

# **Financial Statement**

**2009**

**The Ashikaga Bank, Ltd.**

## **The current business status of the Bank (Non-consolidated)**

All stocks of the Bank, which had been held by the Deposit Insurance Corporation of Japan were transferred to Ashikaga Holding Co. Ltd. (“Ashikaga Holdings”) on July 1, 2008, and since then the Bank has become a wholly-owned subsidiary of Ashikaga Holdings, and the special crisis management over the Bank ended. The Bank has been making a concerted effort to continuously exert its financial intermediary function in the territories centering on Tochigi Prefecture based on a business plan formulated by Ashikaga Holdings.

Further, the Bank formulated a mid-term management plan covering the period ending March 31, 2013 with Ashikaga Holdings, which includes a medium target to construct a solid business foundation as a regional top bank and get Ashikaga Holdings’ stocks listed on the Tokyo Stock Exchange.

## **Business performance of the current term (Non-consolidated)**

Operating income decreased ¥2.7 billion (US\$27,505,000) from a year earlier to ¥104.7 billion (\$1,065,965,000) because fees and commissions decreased due to a decline in sales volume of investment trusts, although interest income increased. On the other hand, operating expenses increased by ¥24.1 billion (\$245,593,000) from a year earlier to ¥93.9 billion (\$955,975,000) as the amounts of transfers to reserves for possible loan losses, write-offs of loans and bills discounted, and write-offs of stocks, etc. increased due to the steep deterioration of the economic and financial environments, although interest expenses decreased.

As a result, operating profit decreased by ¥26.8 billion (\$273,098,000) from a year earlier to ¥10.8 billion (\$109,990,000). Special gains in the amount of ¥256.8 billion (\$2,614,727,000) were posted with the financial support of the Deposit Insurance Corporation of Japan and other factors and corporate tax adjustment, etc. in the negative amount of ¥12.8 billion (\$131,283,000) was also stated due to the recognition of deferred tax assets for one (1) year as an estimate period for future taxable income, as a result of which net profit for the current term stood at ¥280.4 billion (\$2,855,126,000).

In terms of the Bank’s overall financial position, total assets were ¥4,832.6 billion (\$49,197,455,000), an increase of ¥435.5 billion (\$4,433,486,000) from a year earlier, and total liabilities increased by ¥19.9 billion (\$203,006,000) to ¥4,680.8 billion (\$47,652,234,000). In terms of the major accounting items, loans and bills discounted, securities, and deposits respectively increased by ¥178.9 billion (\$1,822,175,000), ¥295.4 billion (\$3,007,992,000), and ¥55.7 billion (\$568,019,000) during the year to ¥3,437.1 billion (\$34,990,483,000), ¥1,191.2 billion (\$12,127,138,000) and ¥4,316.1 billion (\$43,939,624,000). Net assets stood at ¥151.7 billion (\$1,545,220,000) an increase of ¥415.5 billion (\$4,230,480,000) from a year earlier. This is because the Bank received the financial support in the amount of ¥256.5 billion (\$2,612,016,000) from the Deposit Insurance Corporation of Japan with the end of special crisis management, and a capital increase in the amount of ¥160.0 billion (\$1,628,830,000) underwritten by Ashikaga Holdings was implemented, while net unrealized gains on other securities saw some decline.

## Consolidated Balance Sheets

The Ashikaga Bank, Ltd. and consolidated subsidiaries

As of March 31, 2009

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	117,058	1,191,680
Call Loans and Bills Purchased	48,879	497,605
Commercial Paper and Other Debts Purchased	7,366	74,996
Trading Securities	4,819	49,064
Money Held in Trust	242	2,469
Securities	1,162,310	11,832,542
Loans and Bills Discounted	3,438,536	35,004,951
Foreign Exchange	4,300	43,777
Other Assets	22,939	233,526
Tangible Fixed Assets	25,464	259,233
Intangible Fixed Assets	2,518	25,636
Deferred Tax Assets	13,196	134,337
Customer Liabilities for Acceptances and Guarantees	28,582	290,979
Reserves for Possible Loan Losses	(73,506)	(748,312)
<b>Total Assets</b>	<b>4,802,709</b>	<b>48,892,491</b>
<b>Liabilities:</b>		
Deposits	4,269,384	43,463,141
Negotiable Certificates of Deposit	17,109	174,174
Call money and Bills Sold	90,000	916,217
Collateral Deposits Received for Securities Lending	132,431	1,348,175
Borrowed Money	53,990	549,630
Foreign Exchange	481	4,901
Other Liabilities	40,720	414,539
Reserves for Directors' Bonuses	9	101
Reserves for Employee Retirement Benefits	15,141	154,145
Reserves for Directors' Retirement Benefits	71	731
Reserves for Loss on Deposit Refunds	1,155	11,758
Reserves for Contingent Losses	93	948
Reserve for Credit Card Rewards Points	48	491
Acceptances and Guarantees	28,582	290,979
<b>Total Liabilities</b>	<b>4,649,219</b>	<b>47,329,935</b>
<b>Net Assets:</b>		
Capital Stock	135,000	1,374,325
Earned surplus	16,269	165,626
Total Shareholders' Equity	151,269	1,539,952
Net Unrealized Gains (Losses) on Other Securities	2,176	22,154
Gains (Losses) on Deferred Hedges	44	448
Total Valuation and Translation Adjustments, Etc.	2,220	22,603
<b>Total Net Assets</b>	<b>153,489</b>	<b>1,562,555</b>
<b>Total Liabilities and Net Assets</b>	<b>4,802,709</b>	<b>48,892,491</b>

## Consolidated Statement of Income

The Ashikaga Bank, Ltd. and consolidated subsidiaries

From April 1, 2008 to March 31, 2009

	Millions of Yen	Thousands of U.S. Dollar
<b>Operating Income</b>		
Interest Income	88,082	896,698
Interest on Loans and Discounts	73,949	752,815
Interest and Dividends on Securities	11,580	117,895
Fees and Commissions	17,359	176,727
Other Business Income	2,487	25,325
Other Operating Income	1,565	15,939
<b>Total Operating Income</b>	<b>109,496</b>	<b>1,114,691</b>
<b>Operating Expenses</b>		
Interest Expenses	11,867	120,817
Interest on Deposits	11,090	112,905
Fees and Commissions	4,956	50,454
Other Business Expenses	132	1,344
General and Administrative Expenses	54,979	559,705
Other Operating Expenses	26,221	266,939
<b>Total Operating Expenses</b>	<b>98,157</b>	<b>999,261</b>
<b>Operating Profit</b>	<b>11,338</b>	<b>115,429</b>
Special Gains	257,371	2,620,094
Special Losses	456	4,643
Net Profit before Income Taxes	268,254	2,730,880
Corporate, Inhabitant, Business Taxes	276	2,812
Corporate Tax Adjustments, Etc.	(13,225)	(134,642)
Total Corporate Taxes, Etc.	(12,949)	(131,830)
<b>Net Profit</b>	<b>281,204</b>	<b>2,862,711</b>

- Note 1. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥7,300 million (\$74,315,000), non-accrual delinquent loans amounted to ¥105,704 million (\$1,076,086,000), loans past due for 3 months or more totaled ¥454 million (\$4,621,000), and restructured loans stood at ¥37,940 million (\$386,236,000). The total amount of such loans was ¥151,399 million (\$1,541,270,000). The definition for each of the said loans is subject to the provisions prescribed in Article 19-2, paragraph 1, item 5 (b) of the Enforcement Regulations of the Banking Law.
- Consolidated equity ratio prescribed in Article 19-2, paragraph 1, item 3(b) (10): 6.13%.
  - Accumulated depreciation on tangible fixed assets: ¥33,181 million (\$337,795,000).
  - Advanced depreciation on tangible fixed assets: ¥2,508 million (\$25,541,000).
  - Assets pledged as collateral:
 

Securities	¥401,342 million (\$4,085,744,000)
Cash	¥4 million (\$42,000)
- Liabilities related to the above pledged assets:
- |                         |                                    |
|-------------------------|------------------------------------|
| Deposits                | ¥69,595 million (\$708,498,000)    |
| Call Money              | ¥90,000 million (\$916,217,000)    |
| Collateral Deposits     |                                    |
| Received for Securities | ¥132,431 million (\$1,348,175,000) |
| Lending                 |                                    |
| Borrowed Money          | ¥53,800 million (\$547,694,000)    |
- In addition, securities totaling ¥144,100 million (\$1,466,969,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

6. Net assets per share: ¥114.50 (\$1.16)
7. Net profit for this term per share: ¥248.02 (\$2.52)

(Remarks) The conversion rate used was US\$1 = ¥98.23 and all amounts stated were rounded down to the nearest unit.

## Non-Consolidated Balance Sheets

The Ashikaga Bank, Ltd.

As of March 31, 2009

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	117,057	1,191,666
Call Loans and Bills Purchased	48,879	497,605
Commercial Paper and Other Debts Purchased	7,366	74,996
Trading Securities	4,819	49,064
Money Held in Trust	242	2,469
Securities	1,191,248	12,127,138
Loans and Bills Discounted	3,437,115	34,990,483
Foreign Exchange	4,300	43,777
Other Assets	20,282	206,476
Tangible Fixed Assets	26,417	268,937
Intangible Fixed Assets	2,550	25,960
Deferred Tax Assets	12,866	130,978
Customer Liabilities for Acceptances and Guarantees	28,582	290,979
Reserves for Possible Loan Losses	(69,063)	(703,079)
<b>Total Assets</b>	<b>4,832,666</b>	<b>49,197,455</b>
<b>Liabilities:</b>		
Deposits	4,316,189	43,939,624
Negotiable Certificates of Deposit	17,109	174,174
Call money	90,000	916,217
Collateral Deposits Received for Securities Lending	132,431	1,348,175
Borrowed Money	53,990	549,630
Foreign Exchange	481	4,901
Other Liabilities	26,434	269,109
Reserves for Directors' Bonuses	9	101
Reserves for Employee Retirement Benefits	14,330	145,882
Reserves for Directors' Retirement Benefits	71	731
Reserves for Loss on Deposit Refunds	1,155	11,758
Reserves for Contingent Losses	93	948
Reserve for Credit Card Rewards Points	0	0
Acceptances and Guarantees	28,582	290,979
<b>Total Liabilities</b>	<b>4,680,878</b>	<b>47,652,234</b>
<b>Net Assets:</b>		
Capital Stock	135,000	1,374,325
Earned Surplus	14,561	148,234
Other Earned surplus	14,561	148,234
Total Shareholders' Equity	149,561	1,522,559
Net Unrealized Gains (Losses) on Other Securities	2,181	22,212
Gains (Losses) on Deferred Hedges	44	448
Total Valuation and Translation Adjustments, Etc.	2,226	22,661
<b>Total Net Assets</b>	<b>151,787</b>	<b>1,545,220</b>
<b>Total Liabilities and Net Assets</b>	<b>4,832,666</b>	<b>49,197,455</b>

## Non-Consolidated Statement of Income

The Ashikaga Bank, Ltd.

From April 1, 2008 to March 31, 2009

	Millions of Yen	Thousands of US\$
<b>Operating Income</b>		
Interest Income	84,710	862,364
Interest on Loans and Discounts	70,597	718,690
Interest and Dividends on Securities	11,576	117,847
Fees and Commissions	16,114	164,053
Other Business Income	2,366	24,088
Other Operating Income	1,518	15,459
<b>Total Operating Income</b>	<b>104,709</b>	<b>1,065,965</b>
<b>Operating Expenses</b>		
Interest Expenses	11,938	121,539
Interest on Deposits	11,171	113,729
Fees and Commissions	4,956	50,454
Other Business Expenses	24	248
General and Administrative Expenses	53,763	547,320
Other Operating Expenses	23,222	236,411
<b>Total Operating Expenses</b>	<b>93,905</b>	<b>955,975</b>
<b>Operating Profit</b>	<b>10,804</b>	<b>109,990</b>
Special Gains	257,296	2,619,328
Special Losses	451	4,600
Net Profit before Income Taxes	267,649	2,724,717
Corporate, Inhabitant, Business Taxes	85	874
Corporate Tax Adjustments, Etc.	(12,895)	(131,283)
Total Corporate Taxes, Etc.	(12,810)	(130,408)
<b>Net Profit</b>	<b>280,459</b>	<b>2,855,126</b>

- Note 1. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥7,218 million (\$73,480,000), non-accrual delinquent loans amounted to ¥104,295 million (\$1,061,742,000), loans past due for 3 months or more totaled ¥454 million (\$4,621,000), and restructured loans stood at ¥37,940 million (\$386,236,000). The total amount of such loans was ¥149,908 million (\$1,526,091,000). The definition for each of the said loans is subject to the provisions prescribed in Article 19-2, paragraph 1, item 5 (b) of the Enforcement Regulations of the Banking Law.
2. Non-Consolidated equity ratio prescribed in Article 19-2, paragraph 1, item 3(b) (10): 6.05%.
3. Accumulated depreciation on tangible fixed assets: ¥33,182 million (\$337,801,000).
4. Advanced depreciation on tangible fixed assets: ¥2,508 million (\$25,541,000).
5. Assets pledged as collateral:
- |            |                                    |
|------------|------------------------------------|
| Securities | ¥401,342 million (\$4,085,744,000) |
| Cash       | ¥4 million (\$42,000)              |
- Liabilities related to the above pledged assets:
- |                         |                                    |
|-------------------------|------------------------------------|
| Deposits                | ¥69,595 million (\$708,498,000)    |
| Call Money              | ¥90,000 million (\$916,217,000)    |
| Collateral Deposits     |                                    |
| Received for Securities | ¥132,431 million (\$1,348,175,000) |
| Lending                 |                                    |
| Borrowed Money          | ¥53,800 million (\$547,694,000)    |
- In addition, securities totaling ¥144,100 million (\$1,466,969,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.
6. Net assets per share: ¥113.22 (\$1.15)

7. Net profit for this term per share: ¥247.36 (\$2.51)

(Remarks) The conversion rate used was US\$1 = ¥98.23 and all amounts stated were rounded down to the nearest unit.