

Financial Statement

2010

Ashikaga Holdings Co., Ltd.

The current business status of the Ashikaga Holdings Group

The Ashikaga Holdings Group, comprised of Ashikaga Holdings and seven consolidated subsidiaries, primarily provides banking services and other financial services, including credit card. Ashikaga Holdings manages its subsidiaries and provides them with services incidental to its management of them.

The Ashikaga Holdings Group will continue to implement measures based on “The New Ashikaga Bank Creation Project—Moving to a New Stage of Growth with Regional Communities,” its mid-term management plan formulated in February 2009 to construct a solid business foundation as a top regional bank and get its stock listed on the Tokyo Stock Exchange.

Business performance of the current term

As for the consolidated business performance of Ashikaga Holdings for the current term, a gain on sales of bonds including Japanese government bonds, and a gain on sales of stock were posted, but Ashikaga Bank’s consolidated profit of the first quarter of fiscal 2008 (from April 1 to June 30, 2008) was not reflected in the financial statement. Operating income, therefore, came to ¥117.0 billion (\$1,258,093,000), an increase of ¥34.8 billion (\$374,576,000). Operating expenses amounted to ¥92.3 billion (\$992,777,000), a ¥17.0 billion (\$183,613,000) decrease, due largely to lower interest expenses resulting from lower interest rates as well as decreases in credit costs and the write-off of stock.

As a result, operating profit came to ¥24.6 billion (\$265,315,000), a ¥51.9 billion (\$558,189,000) increase, while net income for the current term was ¥25.4 billion (¥273,745,000), a ¥32.0 billion (\$344,617,000) increase.

In terms of consolidated financial position, total assets amounted to ¥4,989.7 billion (\$53,630,590,000), up ¥68.8 billion (\$739,767,000), and total liabilities came to ¥4,755.0

billion (\$51,107,622,000), up ¥29.4 billion (\$316,259,000). In terms of major accounting items, loans and bills discounted were ¥3,367.6 billion (\$36,195,773,000), down ¥70.8 billion (\$761,840,000). This was due to a decrease in corporate loans, despite brisk home loan activity. Securities came to ¥1,238.5 billion (\$13,311,495,000), up ¥76.1 billion (\$818,904,000), owing to the purchase of Japanese bonds, although the Bank sold a portion of its stock holdings in order to limit the impact of stock price volatility on earnings. With an increase in both individual and corporate deposits, deposits amounted to ¥4,363.9 billion (\$46,903,880,000), up ¥99.0 billion (\$1,064,620,000). Negotiable certificates of deposit came to ¥87.7 billion (\$942,989,000), up ¥70.6 billion (\$759,099,000). Net assets were ¥234.7 billion (\$2,522,968,000), up ¥39.4 billion (\$423,508,000), as a result of posting net income in the reporting period and net unrealized gains on other securities.

Consolidated Balance Sheets

Ashikaga Holdings Co. Ltd. and consolidated subsidiaries

As of March 31, 2010

	Millions of Yen	Thousands of US\$
Assets		
Cash and Due From Banks	93,372	1,003,573
Call Loans and Bills Purchased	148,016	1,590,889
Commercial Paper and Other Debts Purchased	6,544	70,336
Trading Securities	4,377	47,044
Money Held in Trust	84	912
Securities	1,238,501	13,311,495
Loans and Bills Discounted	3,367,654	36,195,773
Foreign Exchange	4,477	448,128
Other Assets	23,740	255,164
Tangible Fixed Assets	26,882	288,932
Intangible Fixed Assets	117,336	1,261,136
Deferred Tax Assets	5,433	58,397
Customer Liabilities for Acceptances and Guarantees	24,170	259,785
Reserves for Possible Loan Losses	(70,801)	(760,978)
Total Assets	4,989,790	53,630,590
Liabilities:		
Deposits	4,363,937	46,903,880
Negotiable Certificates of Deposit	87,735	942,989
Collateral Deposits Received for Securities Lending	10,315	110,868
Borrowed Money	215,366	2,314,770
Foreign Exchange	436	4,686
Other Liabilities	36,074	387,735
Reserves for Directors' Bonuses	48	521
Reserves for Employee Retirement Benefits	15,374	165,243
Reserves for Directors' Retirement Benefits	141	1,523
Reserves for Reimbursement of Deposits	1,236	13,284
Reserves for Contingent Losses	164	1,772
Reserve for Credit Card Rewards Points	52	560
Acceptances and Guarantees	24,170	259,785
Total Liabilities	4,755,053	51,107,622
Net Assets:		
Capital Stock	105,010	1,128,654
Earned surplus	95,780	1,029,455
Retained earnings	25,179	270,634
Total Shareholders' Equity	225,970	2,428,744
Net Unrealized Gains (Losses) on Other Securities	8,774	94,304
Gains (Losses) on Deferred Hedges	(7)	(81)
Total Valuation and Translation Adjustments, Etc.	8,766	94,223
Total Net Assets	234,737	2,522,968
Total Liabilities and Net Assets	4,989,790	53,630,590

Consolidated Statement of Income

Ashikaga Holdings Co, Ltd. and consolidated subsidiaries

From April 1, 2009 to March 31, 2010

	Millions of Yen	Thousands of U.S. Dollar
Operating Income		
Interest Income	84,649	909,813
Interest on Loans and Discounts	69,951	751,846
Interest and Dividends on Securities	13,944	149,877
Fees and Commissions	17,016	182,897
Other Business Income	9,723	104,510
Other Operating Income	5,663	60,871
Total Operating Income	117,053	1,258,093
Operating Expenses		
Interest Expenses	10,342	111,164
Interest on Deposits	6,505	69,920
Fees and Commissions	5,152	55,382
Other Business Expenses	114	1,226
General and Administrative Expenses	58,109	624,563
Other Operating Expenses	18,648	200,440
Total Operating Expenses	92,368	992,777
Operating Profit	24,684	265,315
Special Gains	980	10,536
Special Losses	242	2,608
Net Profit before Income Taxes	25,422	273,243
Corporate, Inhabitant, Business Taxes	358	3,856
Corporate Tax Adjustments, Etc.	(405)	(4,358)
Total Corporate Taxes, Etc.	(46)	(502)
Net Profit	25,469	273,745

Note 1. Items concerning the scope of consolidation

- (1) Consolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code: 7

The Ashikaga Bank, Ltd., Ashikaga Credit Guarantee Co., Ltd., Ashigin Business Service Co., Ltd., Ashigin Business Support Co., Ltd., Ashigin System Development Co., Ltd., Ashigin Research Institute, Ltd., and Ashigin DC Card Company Limited.

- (2) Unconsolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code: 2

Ashikaga Company Development Fund No.1 Business Investment Limited Liability Partnership

Ashikaga Company Development Fund No.2 Business Investment Limited Liability Partnership

The above unconsolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code are excluded from the scope of consolidation because their total amounts in terms of assets, operating income, net profit (loss) (comparable to equity portion), retained earnings (comparable to equity portion), and gains (losses) on deferred hedges (comparable to equity portion) are immaterial in that they do not hinder a rational judgment of the Group's financial position and results of operations when excluded from the scope of consolidation.

2. Items concerning application of the equity method

- (1) Unconsolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code that are accounted for by the equity method: None

- (2) Unconsolidated subsidiary companies including those stipulated by the detailed enforcement regulations of the Commercial Code that are not accounted for by the equity method: 2

Ashikaga Company Development Fund No.1 Business Investment Limited Liability Partnership

Ashikaga Company Development Fund No.2 Business Investment Limited Liability Partnership

- (3) Affiliates that are not accounted for by the equity method: None

The above unconsolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code are excluded from the scope of equity method because their total amounts in terms of net profit (loss) (comparable to equity portion), retained earnings (comparable to equity portion), and gains (losses) on deferred hedges (comparable to equity portion) are immaterial that they do not have material impact on consolidated the financial statements when excluded from the scope of equity method.

3. Items concerning evaluation of assets and liabilities of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code:

Assets and liabilities of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code are carried at fair market value based on the market value method applied to all Group companies.

4. Items concerning account settlement dates of consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code: 7

The account settlement date of all consolidated subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code is March 31.

5. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥10,386 million (\$111,629,000), non-accrual delinquent loans amounted to ¥91,294 million (\$981,233,000), loans past due for 3 months or more totaled ¥42 million (\$451,000), and restructured loans stood at ¥26,082 million (\$280,331,000). The total amount of such loans was ¥127,805 million (\$1,373,656,000). 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.

6. Consolidated equity ratio prescribed in Article 34-10, paragraph 1, item 4: 7.63%.

7. Accumulated depreciation on tangible fixed assets: ¥34,376 million (\$369,486,000).

8. Advanced depreciation on tangible fixed assets: ¥2,508 million (\$26,965,000).

9. Assets pledged as collateral:

Securities ¥343,163 million (\$3,688,344,000)

Cash ¥4 million (\$45,000)

Liabilities related to the above pledged assets:

Deposits ¥93,246 million (\$1,002,214,000)

Collateral Deposits

Received for ¥10,315 million (\$110,868,000)

Securities Lending

Borrowed Money ¥135,200 million (\$1,453,138,000)

In addition, securities totaling ¥142,063 million (\$1,526,912,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

10. Net assets per share: ¥57,061.85 (\$613.30)

11. Net income for this term per share: ¥7,333.06 (\$78.81)

(Remarks) The conversion rate used was US\$1 = ¥93.04 and all amounts stated were rounded down to the nearest unit.