

# **Financial Statement**

**2011**

**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 services. Ashikaga Holdings manages its subsidiaries and provides them with services incidental to its management of them.

The Ashikaga Holdings Group will increase its transactions volume with customers, strengthen its management system and build the Ashikaga brand based on its medium-term management plan 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 fiscal year under review**

As for the consolidated business performance of Ashikaga Holdings, interest income declined on the back of lower yields on loans and bills discounted and securities, while gains on sales of bonds including Japanese government bonds also declined. As a result, operating income decreased ¥12.4 billion (\$149,226,000), to ¥104.6 billion (\$1,258,506,000). Operating expenses amounted to ¥88.8 billion (\$1,068,909,000), a ¥3.4 billion (\$41,951,000) decrease, due largely to lower interest expenses resulting from lower interest rates as well as decreases in credit costs, the write-off of stock, and losses on sales of stock.

As a result, operating profit came to ¥15.7 billion (\$189,597,000), a ¥8.9 billion (\$107,275,000) decrease, while net profit was ¥15.9 billion (¥192,244,000), a ¥9.4 billion (\$114,061,000) decrease.

In terms of consolidated financial position, total assets amounted to ¥5,218.6 billion (\$62,762,266,000), up ¥228.8 billion (\$2,752,763,000) and total liabilities came to ¥4,979.4 billion (\$59,885,011,000), up ¥224.3 billion (\$2,698,563,000). In terms of major accounting items, loans and bills discounted were ¥3,474.6 billion (\$41,787,476,000), up ¥106.9 billion

(\$1,286,516,000). This was primarily due to an increase in corporate loans. Securities came to ¥1,335.2 billion (\$16,058,502,000), up ¥96.7 billion (\$1,163,715,000), due to purchases mainly of Japanese government bonds. Deposits amounted to ¥4,481.5 billion (\$53,896,782,000), up ¥117.5 billion (\$1,414,076,000) due to increases in both individual and corporate deposits. Negotiable certificates of deposit came to ¥107.1 billion (\$1,288,265,000), up ¥19.3 billion (\$233,115,000). Net assets were ¥239.2 billion (\$2,877,255,000), up ¥4.5 billion (\$54,200,000), as a result of posting net profit in the reporting year, despite a decrease in net unrealized gains on other securities.

## Consolidated Balance Sheets

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

As of March 31, 2011

	Millions of Yen	Thousands of US\$
<b>Assets</b>		
Cash and Due From Banks	119,674	1,439,264
Call Loans and Bills Purchased	130,385	1,568,072
Commercial Paper and Other Debts Purchased	7,848	94,388
Trading Securities	3,536	42,533
Securities	1,335,264	16,058,502
Loans and Bills Discounted	3,474,628	41,787,476
Foreign Exchange	6,223	74,844
Other Assets	26,456	318,179
Tangible Fixed Assets	26,208	315,195
Intangible Fixed Assets	112,902	1,357,816
Deferred Tax Assets	10,403	125,118
Customer Liabilities for Acceptances and Guarantees	20,247	243,501
Reserves for Possible Loan Losses	(55,097)	(662,627)
<b>Total Assets</b>	<b>5,218,682</b>	<b>62,762,266</b>
<b>Liabilities:</b>		
Deposits	4,481,517	53,896,782
Negotiable Certificates of Deposit	107,119	1,288,265
Collateral Deposits Received for Securities Lending	19,700	236,921
Borrowed Money	289,236	3,478,494
Foreign Exchange	463	5,570
Other Liabilities	43,080	518,103
Reserves for Directors' Bonuses	70	845
Reserves for Employee Retirement Benefits	15,610	187,733
Reserves for Directors' Retirement Benefits	174	2,093
Reserves for Reimbursement of Deposits	1,350	16,235
Reserves for Contingent Losses	286	3,447
Reserve for Credit Card Rewards Points	65	785
Reserve for loss on disaster	518	6,230
Acceptances and Guarantees	20,247	243,501
<b>Total Liabilities</b>	<b>4,979,438</b>	<b>59,885,011</b>
<b>Net Assets:</b>		
Capital Stock	105,010	1,262,898
Capital Surplus	95,780	1,151,901
Retained Earnings	35,494	426,878
Total Shareholders' Equity	236,285	2,841,677
Net Unrealized Gains (Losses) on Other Securities	2,958	35,577
Total Accumulated Other Comprehensive Income	2,958	35,577
<b>Total Net Assets</b>	<b>239,243</b>	<b>2,877,255</b>
<b>Total Liabilities and Net Assets</b>	<b>5,218,682</b>	<b>62,762,266</b>

## Consolidated Statement of Income

Ashikaga Holdings Co., Ltd. and consolidated subsidiaries

From April 1, 2010 to March 31, 2011

	Millions of Yen	Thousands of U.S. Dollar
<b>Operating Income</b>		
Interest Income	78,160	939,992
Interest on Loans and Discounts	66,089	794,819
Interest and Dividends on Securities	11,571	139,166
Fees and Commissions	16,812	202,191
Other Business Income	7,338	88,255
Other Operating Income	2,333	28,067
<b>Total Operating Income</b>	<b>104,644</b>	<b>1,258,506</b>
<b>Operating Expenses</b>		
Interest Expenses	8,521	102,480
Interest on Deposits	4,733	56,923
Fees and Commissions	5,563	66,908
Other Business Expenses	116	1,404
General and Administrative Expenses	59,829	719,535
Other Operating Expenses	14,848	178,580
<b>Total Operating Expenses</b>	<b>88,879</b>	<b>1,068,909</b>
<b>Operating Profit</b>	<b>15,765</b>	<b>189,597</b>
Special Gains	888	10,690
Special Losses	1,317	15,839
Net Profit before Income Taxes	15,336	184,448
Corporate, Inhabitant, Business Taxes	649	7,815
Corporate Tax Adjustments, Etc.	(1,298)	(15,611)
Total Corporate Taxes, Etc.	(648)	(7,795)
Income before Minority Interests	15,985	192,244
<b>Net Profit</b>	<b>15,985</b>	<b>192,244</b>

Note 1. Items concerning the scope of consolidation

- (1) Consolidated subsidiaries 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 Kaihatsu Co., Ltd., Ashigin Research Institute, Ltd., and Ashigin DC Card., Ltd.
- (2) Unconsolidated subsidiaries 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 subsidiaries 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 subsidiaries including those stipulated by the detailed enforcement regulations of the Commercial Code that are accounted for by the equity method:

None

- (2) Unconsolidated subsidiaries 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 that are not accounted for by the equity method 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 the consolidated financial statements when excluded from the scope of equity method.

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

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

4. Items concerning amortization of goodwill

Amortization using the straight-line method over 20 years

5. Of total loans and bills discounted, loans to bankrupt customers amounted to ¥4,553 million (\$54,756,000), non-accrual delinquent loans amounted to ¥89,714 million (\$1,078,941,000), loans past due for 3 months or more totaled ¥18 million (\$216,000), and restructured loans stood at ¥26,046 million (\$313,241,000). The total amount of such loans was ¥120,333 million (\$1,447,179,000).

6. Consolidated equity ratio prescribed in Article 34-10, paragraph 1, item 4: 8.63%.

7. Accumulated depreciation on tangible fixed assets: ¥36,573 million (\$439,852,000).

8. Advanced depreciation on tangible fixed assets: ¥2,695 million (\$32,413,000). (Advanced depreciation for the fiscal year under review: ¥186 million (\$2,239,000))

9. Assets pledged as collateral:

Cash	¥2 million (\$27,000)
Securities	¥436,071 million (\$5,244,396,000)

Liabilities related to the above pledged assets:

Deposits	¥86,762 million (\$1,043,445,000)
Collateral Deposits Received for	¥19,700 million (\$236,921,000)
Securities Lending	
Borrowed Money	¥209,100 million (\$2,514,732,000)

In addition, securities totaling ¥139,248 million (\$1,674,661,000) are deposited as collateral for exchange transactions and derivative transactions, or as margin money for futures trading.

10. Net assets per share: ¥58,731.02 (\$706.32)

11. Net profit for this term per share: ¥3,820.40 (\$45.94)

12. Comprehensive income in Consolidated Statement of Comprehensive Income: ¥10,176 million (\$122,390,000)

(Remarks) The conversion rate used was US\$1 = ¥83.15 and all amounts stated were rounded down to the nearest unit.