

Deposit Insurance Corporation of Japan



9th Fl., Shin Yurakucho Bldg.
1-12-1 Yurakucho, Chiyoda-ku,
Tokyo, 100-0006, Japan
(Website: <http://www.dic.go.jp>)

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Statement by the Governor

Financial Assistance to Ashikaga Bank

1. The DICJ decided financial assistance regarding Ashikaga Holding's purchase of shares of Ashikaga Bank (scheduled on July 1, 2008) in the Policy Board held today.

This financial assistance was applied on May 21, 2008 by Ashikaga Holdings and Ashikaga Bank which is under special crisis management, based on the Deposit Insurance Law (Articles 118 and 59) and a share purchase agreement regarding an acquisition of Ashikaga Bank's shares (concluded and announced on April 11, 2008). Details of the financial assistance are as follows (amounts are rounded off; refer to a scheme diagram attached):

- (1) Monetary grant to Ashikaga Bank (scheduled on June 30, 2008)

Amount: ¥260.3 billion

However, the amount may be increased or decreased on or after the date of acquisition of shares, as follows:

- i) The aforementioned amount is granted for present estimation of liabilities exceeding assets as of June 30, 2008; when the actual amount of liabilities exceeding assets is fixed with extraordinary book closing (unconsolidated) as of the date, monetary grant may be increased or decreased by a resolution of the Policy Board to reflect the actual amount of liabilities exceeding assets.
- ii) Within one year from today, the amount of monetary grant may be increased with the upper limit of ¥4.9 billion to be applied to losses that Ashikaga Bank have suffered or may suffer regarding disputes of which opponents or subjects have been specified, and which have been recognized by the Policy Board. However, an increase in monetary

grant is limited to disputes that have commenced when Ashikaga Bank applies for an increase in monetary grant within 11 months from today.

- iii) The amount of monetary grant may be increased by a resolution of the Policy Board to be applied to losses that Ashikaga Bank is currently suffering or is almost certain to suffer regarding disputes that are difficult to specify but fall under the category determined by the Policy Board as cases being concerned to be filed a suit in the future. However, an increase in monetary grant is limited to disputes that commence by June 30, 2010.

(2) Purchase of assets from Ashikaga Bank (scheduled on June 16, 2008)

Amount: ¥1.7 billion

However, the assets purchase will be entrusted to the Resolution and Collection Corporation (RCC).

- 2. This is the 181st financial assistance and for the first time since the financial assistance for Ishikawa Bank was decided on March 5, 2003. In addition, this is the first financial assistance to a failed bank since the full coverage of deposits was lifted on March 31, 2002, and it is also the first financial assistance for a bank under special crisis management.
- 3. It is stipulated in the Article 121 of the Deposit Insurance Law that in the financial assistance for a bank under special crisis management, the remaining balance of “estimated expenses required for financial assistance” after deduction of “estimated expenses required for insurance pay-out” shall be transferred from the Crisis Management Account to the General Account. However, in the financial assistance this time, the whole amount is paid from the General Account with no transfer from the Crisis Management Account, as shown below:

Estimated expenses required for financial assistance (a+b-c)	¥145.2 billion
Liabilities exceeding assets (estimated) (a)	¥260.3 billion
An increase regarding specified disputes (upper limit) (b)	¥4.9 billion
Payment for acquired shares of Ashikaga Bank (c)	¥120.0 billion
Estimated expenses required for insurance pay-out (payoff cost)	¥620.6 billion
Transfer from the Crisis Management Account to the General Account	-

- 4. Assets purchases from Ashikaga Bank decided by the DICJ have done four times (all entrusted to the RCC), and totaled ¥592.2 billion book value or ¥99.9 billion purchase price including those in a bid to strengthen assets of the bank under special crisis management based on the Article 129 of the Deposit Insurance Law.

	Decision and	Book Value	Purchase Price	Date of Purchase
	Announcement			
Purchases under Article 129	--	¥584.8 billion	¥98.2 billion	--
1st purchase	July 28, 2004	¥36.0 billion	¥5.1 billion	August 23, 2004
2nd purchase	February 28, 2005	¥397.8 billion	¥56.4 billion	March 22, 2005
3rd purchase	January 27, 2006	¥91.1 billion	¥23.5 billion	February 6, 2006
4th purchase	March 21, 2008	¥59.9 billion	¥13.2 billion	March 31, 2008
Purchase under Article 59	June 6, 2008	¥7.4 billion	¥1.7 billion	Jun 16, 2008 (scheduled)
Total	--	¥592.2 billion	¥99.9 billion	--

Scheme of Financial Assistance for Ashikaga Bank

