

AOGIN Annual Report 2019

The Aomori Bank, Ltd.



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Profile

Aomori Bank has been serving its customers for 140 years and is known affectionately in the area as "AOGIN"

The Aomori Bank, Ltd. has engaged in sound business management practices since its founding in 1879. In 1943, five banks based in Aomori Prefecture merged to form the present-day Aomori Bank. Since this time, as the region's leading financial institution, we have continued to show strong growth. In April 2019, we formulated our 16th three-year medium-term business plan. Based on this plan, we aim to increase corporate value and to be able to grow along with the local community.



●Company Name **The Aomori Bank, Ltd.** ●Head Office **9-30, Hashimoto 1-chome, Aomori 030-0823, Japan** ●Web URL **<https://www.a-bank.jp/>**
 ●Date of Establishment **October 1, 1943** ●Date of Foundation **January 20, 1879** ●Number of Employees **1,313** ●Number of Offices **97 head offices and branches**
 ●Paid-in Capital **19,562 million yen** ●Number of Outstanding Shares **20,512 thousand shares** ●Total Assets **3,031.5 billion yen**
 ●Loans and Bills Discounted **1,762.4 billion yen** ●Capital Adequacy Ratio **9.31% (Domestic Standards)** ●Credit Rating **A (Japan Credit Rating Agency, Ltd.)**

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Greeting

I would like to sincerely thank all you stakeholders for your continued support of Aomori Bank, Ltd.

We present the "AOGIN NOW: A Brief Disclosure Document for the Year Ended March 2019," and invite you to read this booklet to further deepen your understanding of the bank.

We celebrated our 140th anniversary on January 20, 2019. I took this occasion to thank every one of the valued customers in our community. As we enter the new Reiwa era, we will continue to commit to a bank management founded on our corporate philosophy of "working for the community, together with customers, and respecting people."

April 2019 marked the launch of the 16th medium-term business plan, "Change the Future." The environment in which the bank must operate is changing rapidly. Social issues such as depopulation, a declining birthrate and an aging population, the rapid progress of digitization, and prolonged monetary easing policies are all issues with which we must contend. To achieve sustained growth amidst these conditions, we must continue to be a bank that works closely with the community and its customers to earn their trust.

Recognizing this, we have created the 16th medium-term business plan to implement the changes necessary in our pursuit of a bright and happy future for our community, customers, employees, and the bank itself. During the three years of this business plan, we intend to transform our business model to create genuine shared value.

In order to better grasp the issues affecting the community and our customers and to contribute to their resolution, the Aomori Bank Group will muster the strength and resources of the entire group and transform it into a consulting bank that moves beyond the framework of conventional banks to sincerely contribute to the development the local economy and to ensure a sustainable foundation for our business.

Finally, I sincerely ask for your continued support and loyalty.



Susumu Narita
 Susumu Narita, President

The 16th Medium-Term Business Plan



The 16th Medium-Term Business Plan

~Change the Future~

Three Years that will Genuinely Change the Future of our Community, our Customers, the Bank, and Our Employees

Community / Customers

Confidence of the community and customers to consult with AOGIN first and expect good results

Bank

Aim of becoming a consulting group that operates beyond the framework of conventional banks

Employees

An active, exciting and energetic workplace culture

[Plan Period] April 2019 to March 2022

Vision

Be the Only One Consulting Bank that creates an affluent and happy future together with the community and our customers

Basic Strategies

I .Practice community- and consumer-first consulting

II .Improve human resource and organizational capabilities

III .Enact business reforms

Management Targets

Non-consolidated net income 3.0 billion or above (during the plan period)	Consolidated net income 3.2 billion or above (during the plan period)	Rate of non-interest income 15% or above (FY2021)	Consolidated return on equity (ROE) 3% or above (FY2021) <small>*5% from a medium- to long-term perspective</small>	Number of new consulting clients in the prefecture +1,500 or above (cumulative total during the plan period)
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1. Rate of non-interest income = (Core gross business profit - Net interest income) / Core gross business profit * Non-consolidated basis
2. ROE = Net income / Shareholders' equity
3. The number of new consulting clients in the prefecture is the total of the "Net increase in the number of debtors in the prefecture as of the end of fiscal 2018" and the "Non-debtors in the prefecture that concluded a solution agreement with the bank (including Group companies)."

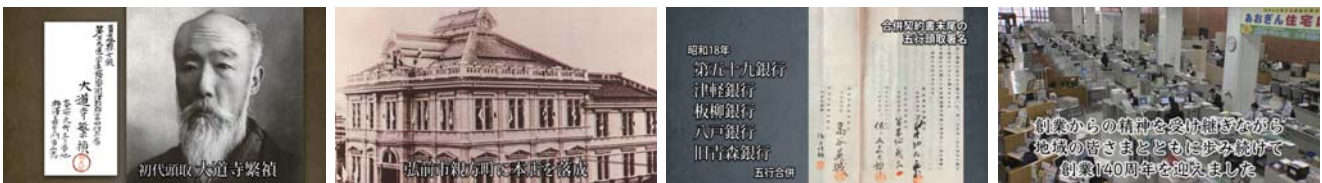
140th Anniversary Memorial Project

—For a "thank you" from the future—

The Aomori Bank, Ltd. celebrated the 140th anniversary of its foundation on January 20, 2019. To mark this occasion, we have been developing a multi-faceted 140th Anniversary Memorial Project under the slogan "For a 'thank you' from the future." This encompasses our desire "to continue to be a bank appreciated with the words 'Thank you for your help back then' by demonstrating our true consulting functions that focus on the future."

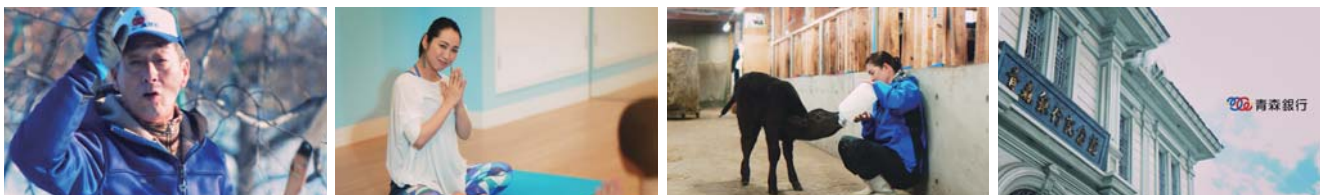


Creating the "140th Anniversary Memorial Film"



We have produced a memorial film, "The 140-Year Path of the Aomori Bank: Aiming to Become the 'Only One Bank' in Aomori Prefecture." This film offers a brief history of the 59th National Bank one of the forebears of the Aomori Bank, founded in January 1879, and then continues on to the Aomori Bank of today. We use this film, for the training of new bank employees to help them understand the roots of our bank and the important role it has played in Aomori Prefecture.

To View our Film



"For a 'thank you' from the future" can be viewed on our official YouTube channel. The film features real customers who work in a multitude of fields in Aomori Prefecture. It was aired on television through the end of April 2019.

Organizing Visiting Lectures on Finance



As part of our CSR educational outreach program, AOGIN offers visiting lectures on finance to local high school students. Looking ahead to an age where adulthood has been conferred on 18-year olds and with the aim of promoting the independence of young adults by helping them to develop financial literacy, we provide visiting lectures on three themes: managing a company and the flow of money, the characteristics of credit cards and electronic money and how a bank works. The content of the lectures can also be tailored to the course of study of the students attending the lecture.

Broadcasting a TV Program, "Aomori Poem"



We produced a television series, "Aomori Poem-People stepping toward their dreams with a smile," broadcast on Aomori TV every Sunday night from January through June 2019. Episodes featured customers striving to meet their individual dreams. The main themes included "starting a business," "operating a new business," and "business succession."

Other Memorial Projects

- Launching the official Aomori Bank YouTube channel
- Launching the official Aomori Bank Facebook account
- Launching the official Aomori Bank blog (aomo blog)
- Holding a memorial dialogue between Aomori Governor Shingo Mimura and Aomori Bank President Susumu Narita
- Updating the bankbook and cash card design
- Visiting customers
- Holding a lecture on the economy with The Aomori Institute of Regional Studies (as its 40th anniversary memorial project) as a co-sponsor.
- Main sponsor of a Nobuyuki Tsujii concert

◆History of the Aomori Bank◆

January 1879	The 59th National Bank (a forerunner of the present Aomori Bank) is founded in Hirosaki City
September 1897	The 59th National Bank converts to an ordinary bank and becomes The 59th Bank, Ltd.
October 1943	The 59th Bank, Tsugaru Bank, Itayanagi Bank, Hachinohe Bank, and the former Aomori Bank merge to form The Aomori Bank, Ltd.
July 1970	Construction of the new head office is completed. The former head office is donated to Aomori Prefecture and is turned into the Aomori Prefectural Museum.
October 1973	Listed in the Second Section of the Tokyo Stock Exchange
March 1975	Elevated to a listing in the First Section of the Tokyo Stock Exchange
December 1998	Construction of the head office annex is completed.
September 2010	Starts handling aomo, a credit card issued by the Aomori Bank
January 2019	Marks the 140th anniversary of foundation

AOGIN's CSR Initiatives

Please visit the following URL for our CSR report (Aomori Bank website → About Aomori Bank → CSR Initiatives)
<https://www.a-bank.jp/contents/guide/aboutabank/csr/report/index.html>

Creation of the Future

Ever since our founding, we at AOGIN have maintained a hope for the “enduring development of Aomori Prefecture and the opportunity to grow with it together.” Going forward, we will continue to engage with all of our stakeholders and generate mutual value for the future, while also coming to grips with environmental, social, economic, and other issues that affect our region.

<AOGIN CSR> Activity Policies

Under the <AOGIN CSR> Activity Policies, AOGIN aims to create mutual value with our stakeholders.

- [Activity Policy 1] Pass the wealth of our hometown on to future generations
- [Activity Policy 2] Contribute to sustainable growth of the local community
- [Activity Policy 3] Help our stakeholders build their future
- [Activity Policy 4] Create a fulfilling workplace
- [Activity Policy 5] Improve corporate value



Our Approach to ESG and the SDGs

- (1) AOGIN recognizes the importance of initiatives for tackling environmental, social and governance issues (ESG) and consider these to be of the utmost importance. We are committed to actively promoting ESG and SDGs through our business activities (CSR) that also aim to create mutual value.
- (2) AOGIN provides ESG information in our CSR Report (on our website). However, we use SDGs, which are a framework common to countries throughout the world, when discussing social sustainability.



Activity Policy 1: Pass the wealth of our hometown on to future generations

Introduction of a new material (LIMEX) to the business cards of executives and employees to conserve water resources

In January, as part of our CSR agenda, we changed the material used for some of the business cards used by our executives and employees from paper to LIMEX*. Business cards made of LIMEX, which does not use water or wood as the raw material, are said to save approximately 10 liters of water per 100 units and contribute to SDG Goal 6: Clean Water and Sanitation.

* LIMEX: A new material developed and manufactured by TBM Co., Ltd., LIMEX is a molded mixture of plastic material such as polypropylene and limestone (mainly calcium carbonate). Grocery bags, garbage bags and the like made of LIMEX was presented at COP24 (The 24th Session of the Conference of the Parties to the United Nations Convention on Climate Change) held in December 2018, and the material is drawing increasing international SDG attention.

Introduction of a road-marking paint (shell marker) as an effective use for scallop shells

In May 2019, we used Shell Marker*, a paint created by recycling scallop shells, to mark the white lines in our Yaeda Branch parking lot in Aomori City. The scallop industry is one of Aomori Prefecture's key industries, but the disposal of the large volume of shells and other material discharged after processing is a community issue due the impact on the environment and disposal costs. Shell Marker is an eco-friendly composite made by recycling scallop shells and performs as well as conventional products. This contributes to the reduction of industrial waste as well as the protection of the natural environment. Using Shell Marker contributes to the United Nations SDG Goal 12: Responsible Consumption and Production.

* Shell Marker: A product approved for the "Let's Buy Aomori's New Product" program promoted by Aomori Prefecture. Manufacturer: Daikan-kogyo Corporation (President: Akira Osaka; Aomori City)

Activity Policy 2: Contribute to sustainable growth of the local community

Conclusion of a business cooperation agreement with the Aomori Tourism Federation

In March 2019, we signed a business cooperation agreement with the Aomori Tourism Federation, with the aim of stimulating the economy through tourism. Under this agreement, we will be leveraging the knowledge and human resources of both parties to enrich the content of regional tourism and boost support for local tourism-related business operators.

Our first cooperative project involves improvements in the aesthetic appeal of accommodation facilities and efforts to enhance their added value. Since April 2019, in a two-year program, we have been dispatching a management consultant specializing in the accommodation sector to hotels and other lodgings in the prefecture.



Initiative to have Jomon Period Archeological Sites in Hokkaido/Northern Tohoku registered as World Heritage sites through a social contribution-type shareholder benefit plan

In support of the initiative to have the Jomon Period archeological sites in Hokkaido/Northern Tohoku registered as a World Heritage site, we have introduced a social contribution-type shareholder benefit plan beginning in fiscal 2018.

Specifically, we added an item that enables shareholders to donate to the "Association to Have Jomon Period Archeological Sites in Aomori Prefecture Registered as World Heritage Sites" to the Breeze Course listed in the shareholder benefit plan catalog issued by the AOGIN Yu-Yu Club. By opting for this item, the shareholder can donate 3,000 yen, which is equivalent to the value of the annual gift that is offered to AOGIN shareholders.

In January 2019, we presented the donations for fiscal 2018 that were received from our shareholders from both inside and outside the prefecture. The donations will be used for activities to promote UNESCO World Heritage status for these Jomon Period sites in Hokkaido/Northern Tohoku.



* The Association to Have Jomon Period Archeological Sites in Aomori Prefecture Registered as World Heritage Sites (Representative: Keiichiro Wakai, President of the Federation of the Aomori Chamber of Commerce and Industry)

Established by the Federation of Aomori Chambers of Commerce and Industry, Aomori UNESCO Association, etc. in September 2016, an organization that promotes activities to have Jomon Period archeological sites in Hokkaido/Northern Tohoku registered as World Heritage sites.

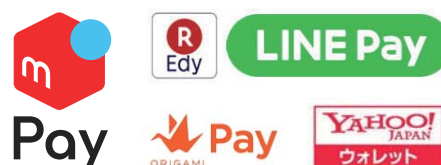
Activity Policy 3: Help our stakeholders build their future

Launch of a service for real-time account transfer to merpay.

In February 2019, we launched a real-time account transfer service*. This service enables users to charge directly from their AOGIN savings account to merpay, a smartphone payment service offered by Merpay, Inc.

Individual customers who have an AOGIN savings account cash card can charge directly to merpay to make payments using the mercari flea market app or at stores or other organizations that use the iD contactless payment service.

In addition, AOGIN also provides a real-time account transfer service for Rakuten Edy, LINE Pay, Origami Pay and Yahoo! Wallet. The addition of merpay enhances the convenience for consumers who prefer cashless payments.



* Real-time account transfer service: a service for making account transfers in real time for each request on a 24 hour, 365-day-a-year basis (excluding service suspension periods).

Activity Policy 4: Create a fulfilling workplace

Implementation of the Fitness Leader Development Program

To promote employee health awareness, we have been running the Fitness Leader Development Program since 2015. This program is managed by the Aomori Medical Association and the Health Capability Enhancement Center.

Forty-five employees, mainly deputy heads of the head office and sales branches, attended the fourth session of the program that took place in October 2018. This session deepened their health awareness by offering bone density, body composition and other health checks as well as lectures on health education, exercise and nutrition.

Those who have completed the program have been conducting fitness activities in their offices as Fitness Leaders.



The Fitness Leaders take the lead in promoting fitness in the community, school, and workplaces designated by the Center.

<AOGIN> Mom's Meeting

In March 2019 we held our <AOGIN> Mom's Meeting, an information exchange meeting for employees who have returned from childcare leave.

The first <AOGIN> Mom's Meeting was held in June 2017 as part of the AOGIN Women's Active Program. During this second meeting, eight female employees with children under the age of three offered their perspectives on and exchanged information about how they have handled work at the office following their return from childcare leave and about childcare in general.

This purpose of this meeting is to help alleviate the concerns and lighten the psychological burden of these working mothers by making it possible for them to talk with other bank employees who share the same experiences. Going forward, we will continue to hold these meetings from time to time to offer working mothers an opportunity to connect with one another.



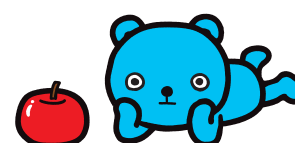
Activity Policy 5: Improve corporate value

Response to prevent money laundering and terrorism financing

Taking measures to prevent money laundering and the financing of terrorist activities are among our most critical management issues. We also recognize the need to strengthen our capacity to do so. We are therefore working to reinforce our internal management framework in order to ensure that money laundering and other illegal activities are, in accordance with the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act (the Foreign Exchange Law), prevented.

Furthermore, to clarify our procedures, we established a Money Laundering and Terrorist Financing Prevention Policy on October 1, 2018 and periodically hold in-house training sessions on money laundering. The aim of these sessions is to improve the understanding of those preventative practices in the daily operations of the bank, such as bank transfers and account opening, that prevent money laundering as well as to enhance the Bank's effectiveness in this field. Moreover, as of September 18, 2018, we have tightened our measures against money laundering and the like by no longer accepting foreign remittance transactions that use cash as the source of the funds. Doing so ensures that economic sanctions are implemented in accordance with Japan's Foreign Exchange Law as well as the laws related to economic sanctions in other countries.

To halt the flow of funds to criminal and terrorist organizations and to maintain safe and convenient financial services, we will continue to strengthen our efforts to prevent money laundering and related activities.

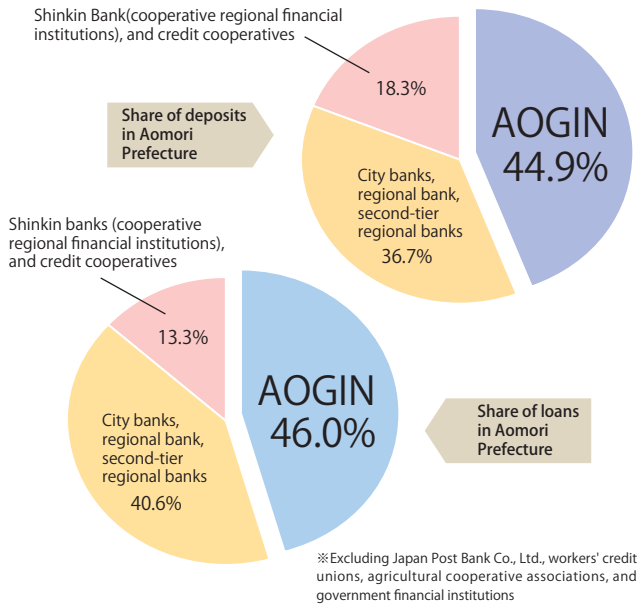


Share of Loans and Assets in Aomori Prefecture

Share of deposits and loans in the prefecture

(End of March 2019)

Thanks to the strong support of our customers, we have maintained the top share in both deposits and loans in Aomori Prefecture. This is the result of having retained customer trust for the nearly 140 years since our founding. We will continue to strive to be a trusted bank.



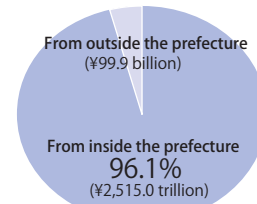
Ratio of deposits and loans in Aomori Prefecture

(End of March 2019)

The Bank's ratio of deposits within Aomori Prefecture was 96.1%, most of which were made by customers in Aomori Prefecture, our home region. Meanwhile, the ratio of loans made in Aomori Prefecture was 80.6%.

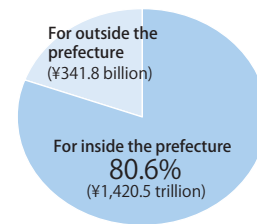
deposits

Ratio of deposits received in Aomori Prefecture



loans

Ratio of loans made in Aomori Prefecture

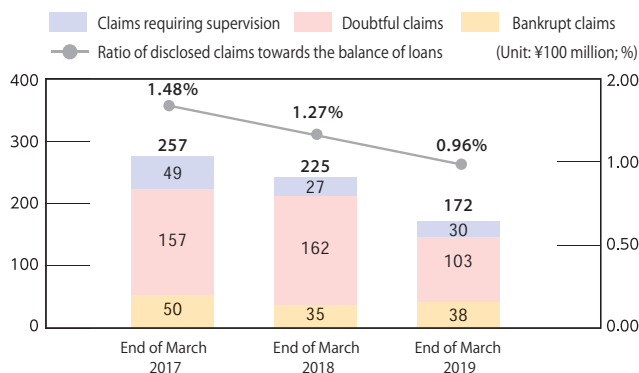


Claims disclosed subject to the Financial Revitalization Law

(End of March 2019)

The amount of loans that were disclosed subject to the Financial Revitalization Law at the end of the term under review decreased by ¥5.3 billion from the end of the previous term to ¥17.2 billion. This change was due to a fall in doubtful claims.

The ratio of the amount of loans disclosed against the overall credit provided declined by 0.31% from the end of the previous term to 0.96%.



Securing claims disclosed subject to the Financial Revitalization Law

(End of March 2019)

Of the amount of loans disclosed, excluding performing claims, 86.2% were secured by reserves, collateral, etc.

(Unit: ¥100 million; %)

	Claims balance (A)	Secured amount (B)	Collateral coverage ratio (B/A)
Bankrupt and substantially bankrupt claims	38	38	100.0
Doubtful claims	103	90	88.0
Claims requiring supervision	30	19	63.1
Total	172	148	86.2

* The listed amounts are abbreviated to the indicated unit. The component ratios, rates of increase or decrease, and other percentages are abbreviated to the indicated numeric values.

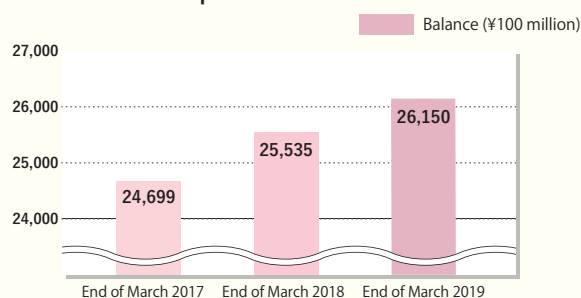
Financial Highlights

Deposits

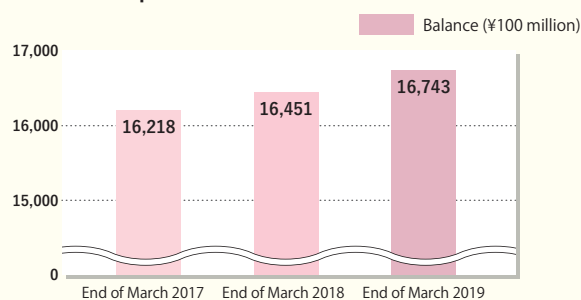
The balance of total deposits, including negotiable deposit certificates, at the end of March 2019 was ¥2,615.0 trillion (up 2.4% from the end of the previous term). This was mainly due to deposits from retail customers remaining firm.

The balance of customers' assets under custody at the end of March 2019 was ¥258.1 billion (up 1.3% from the end of previous term), due to an increase in personal pension insurance, etc.

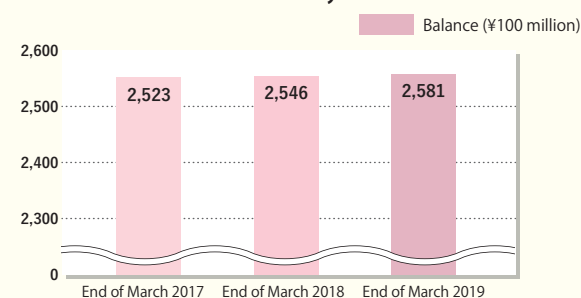
Total balance of deposits



Balance of deposits from individual customers



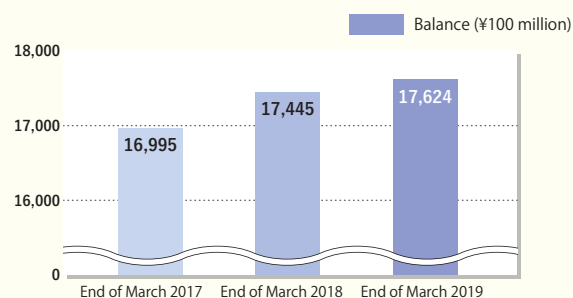
Balance of assets under custody



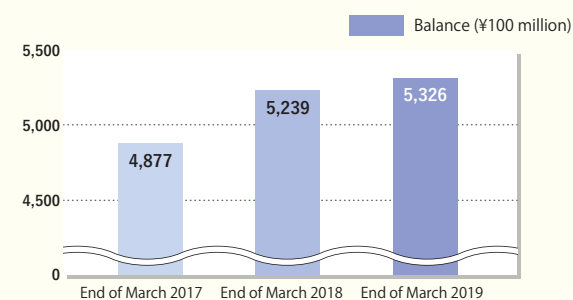
Loans

The balance of total loans at the end of March 2019 was ¥1,762.4 trillion (up 1.0% from the end of previous term). This rise was due to loans to SMEs in the prefecture and customer loans, mainly housing loans, remaining firm.

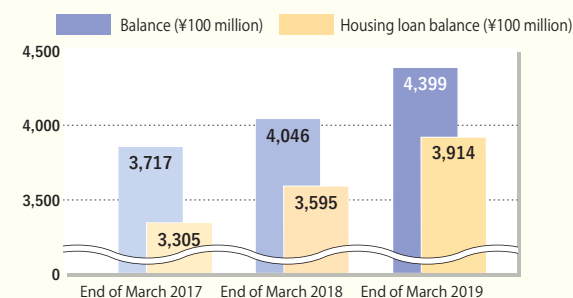
Balance of loans



Balance of SME loans (excluding customer loans)



Balance of customer loans



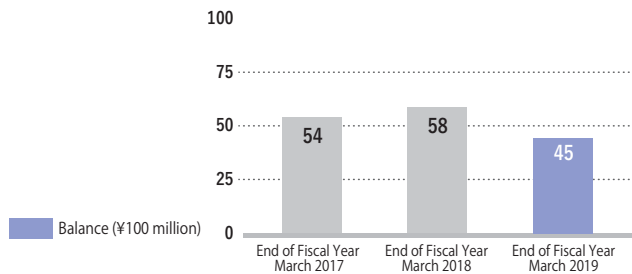
* The listed amounts are abbreviated to the indicated unit. The component ratios, rates of increase or decrease, and other percentages are abbreviated to the indicated numeric values.

Profit and Loss

The net profit from the bank's core business decreased by ¥1.2 billion year-on-year to ¥4.5 billion. This was due to a reduction in fund management income such as interest on securities, a result of lower returns, etc. This was in spite of an increase in net income that resulted from increased commissions. Meanwhile, ordinary profit declined by ¥0.9 billion year-on-year to ¥4.7 billion due to a decrease in the reversal of the allowance for loan gains and losses and gains on stock transactions. Net income also declined by ¥0.9 billion year-on-year to ¥3.2 billion.

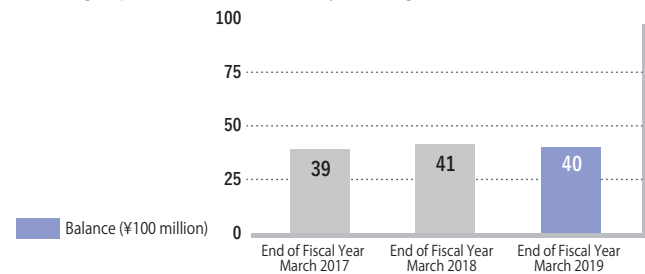
Net business income from the Bank's core businesses

This is a more accurate indicator than others of profit from the Bank's core business.



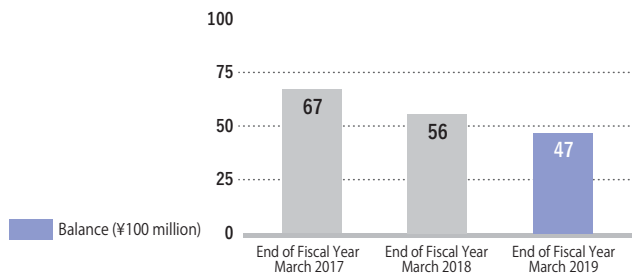
Net business income

This is an indicator of earning power from the Bank's core business, including deposits, loans, and currency exchange business, etc.



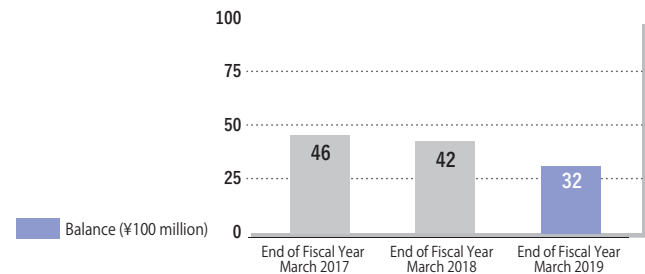
Ordinary profit

Net operating profit derived by adding or subtracting a gain or loss on shares, etc., bad loan write-off costs, etc.



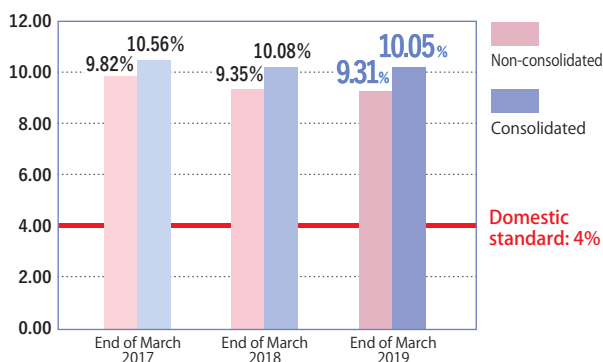
Net income

Net income is derived by adding or subtracting extraordinary items, taxes, etc. to ordinary profit.



Capital adequacy ratio

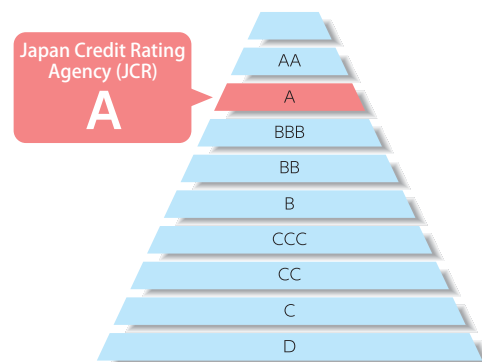
Although the capital adequacy ratio at the end of March 2019 declined by 0.04% from the end of the previous term to 9.31% owing to an increase in loans and other reasons, it still continues to far exceed the domestic standard of 4%.



Rating

The Japan Credit Rating Agency, an objective and authoritative rating agency, assigned a high rating of A (Long-term Issuer Rating) to AOGIN due to the Bank's exceptional record of reliability and security.

(End of March 2019)



* The listed amounts are abbreviated to the indicated unit. The component ratios, rates of increase or decrease, and other percentages are abbreviated to the indicated numeric values.

Non-consolidated Financial Statements

Non-Consolidated Balance Sheets The Aomori Bank, Ltd. As of March 31, 2019 and 2018

	Millions of Yen		Thousands of U.S. dollars
	2019	2018	2019
Assets			
Cash and due from banks	¥381,633	¥292,377	\$3,438,453
Monetary claims bought	2,555	2,512	23,022
Trading account securities	-	200	-
Investment securities	820,912	797,901	7,396,271
Loans and bills discounted	1,762,405	1,744,538	15,878,959
Foreign exchanges	1,359	1,565	12,251
Other assets	27,500	25,162	247,773
Tangible fixed assets	20,529	20,125	184,965
Intangible fixed assets	1,859	1,895	16,750
Prepaid pension cost	3,100	3,016	16,750
Customers' liabilities for acceptances and guarantees	16,154	17,505	145,547
Reserve for possible loan losses	(6,466)	(7,675)	(58,259)
Reserve for investment loss	(7)	(2)	(63)
Total assets	¥3,031,536	¥2,899,123	\$27,313,604
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥2,433,689	¥2,389,528	\$21,927,108
Negotiable certificates of deposits	181,366	164,046	1,634,077
Call money	13,793	20,634	124,276
Payables under securities lending transactions	1,629	-	14,678
Borrowed funds	259,370	184,171	2,336,877
Foreign exchanges	59	28	537
Other liabilities	7,128	3,941	64,222
Reserve for employee's bonus	582	588	5,243
Reserve for stock benefits	176	-	1,593
Reserve for reimbursement of deposit	528	550	4,765
Deferred tax liabilities	3,234	3,587	29,145
Deferred tax liabilities on land revaluation	1,557	1,593	14,031
Acceptances and guarantees	16,154	17,505	145,547
Total liabilities	2,919,270	2,786,175	26,302,106
Net assets			
Shareholder's equity			
Common stock	19,562	19,562	176,255
Capital surplus	12,916	12,916	116,374
Total retained earnings	63,972	61,868	576,383
Legal reserve	6,646	6,646	59,880
Appropriated retained earnings	52,000	49,000	468,510
Unappropriated retained earnings	5,326	6,222	47,991
Treasury stock	(875)	(500)	(7,886)
Total shareholder's equity	95,576	93,846	861,127
Valuation and translation adjustments			
Net unrealized gains (losses) on securities	16,213	16,584	146,084
Net deferred gains (losses) on hedging instruments	(1,881)	(58)	(16,948)
Revaluation reserve for land	2,356	2,423	21,233
Total Valuation and translation adjustments	16,689	18,949	150,370
Stock option rights	-	152	-
Total net assets	112,266	112,948	1,011,497
Total liabilities and net assets	¥3,031,536	¥2,899,123	\$27,313,604

Non-consolidated Income The Aomori Bank, Ltd. Years ended March 31, 2019 and 2018

	Millions of Yen		Thousands of U.S. dollars
	2019	2018	2019
Income			
Interest on;			
Loans and discounts	¥17,456	¥17,837	\$157,284
Securities	7,813	8,844	70,394
Other	25	23	226
	<u>25,295</u>	<u>26,705</u>	<u>227,905</u>
Fees and commissions	6,814	6,461	61,394
Other income	<u>1,755</u>	<u>2,054</u>	<u>15,813</u>
Total income	<u>33,864</u>	<u>35,220</u>	<u>305,112</u>
Expenses			
Interest on;			
Deposits	615	842	5,549
Other	<u>261</u>	<u>167</u>	<u>2,360</u>
	<u>877</u>	<u>1,009</u>	<u>7,909</u>
Fees and commissions	4,058	4,971	36,568
General and administrative expenses	23,459	23,233	211,363
Other expenses	986	615	8,884
Loss on impairment of fixed assets	<u>98</u>	<u>533</u>	<u>884</u>
Total expenses	<u>29,480</u>	<u>30,364</u>	<u>265,610</u>
Income (Loss) before income taxes	4,384	4,856	39,502
Income taxes			
Current income taxes	556	880	5,009
Deferred income taxes	<u>561</u>	<u>(247)</u>	<u>5,061</u>
Total income taxes	<u>1,117</u>	<u>633</u>	<u>10,071</u>
Net income (Loss)	<u>¥3,266</u>	<u>¥4,223</u>	<u>\$29,431</u>
<hr/>			
	Yen		Cents
Net income (Loss) per share	<u>¥160.89</u>	<u>¥207.27</u>	<u>¢ 144.95</u>

Non-consolidated Statements of Changes In Net Assets The Aomori Bank, Ltd. As of March 31, 2019 and 2018

Millions of yen

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings				Treasury stock	
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings	Total retained earnings		
Balances as of March 31, 2018	¥19,562	¥12,916	¥6,646	¥49,000	¥6,222	¥61,868	(¥500)	¥93,846
Changes during the accounting period								
Dividends from surplus					(1,222)	(1,222)		(1,222)
Appropriated retained earnings				3,000	(3,000)			
Net Income					3,266	3,266		3,266
Purchase of treasury stock							(420)	(420)
Disposal of treasury stock					(7)	(7)	45	38
Reversal of land revaluation excess					67	67		67
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	3,000	(895)	2,104	(374)	1,730
Balances as of March 31, 2019	¥19,562	¥12,916	¥6,646	¥52,000	¥5,326	¥63,972	(¥875)	¥95,576

Thousands of US. dollars

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings				Treasury stock	
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings	Total retained earnings		
Balances as of March 31, 2018	\$176,255	\$116,374	\$59,880	\$441,481	\$56,061	\$557,423	(\$4,513)	\$845,540
Changes during the accounting period								
Dividends from surplus					(11,016)	(11,016)		(11,016)
Appropriated retained earnings				27,029	(27,029)			
Net Income					29,431	29,431		29,431
Purchase of treasury stock							(3,785)	(3,785)
Disposal of treasury stock					(65)	(65)	412	346
Reversal of land revaluation excess					610	610		610
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	27,029	(8,069)	18,959	(3,372)	15,587
Balances as of March 31, 2019	\$176,255	\$116,374	\$59,880	\$468,510	\$47,991	\$576,383	(\$7,886)	\$861,127

Non-consolidated Statements of Changes In Net Assets The Aomori Bank, Ltd. As of March 31, 2019 and 2018

	Millions of yen					
	Valuation and translation adjustments				Stock option rights	Total net assets
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Total		
Balances as of March 31, 2018	¥16,584	(¥58)	¥2,423	¥18,949	¥152	¥112,948
Changes during the accounting period						
Dividends from surplus						(1,222)
Appropriated retained earnings						
Net Income						3,266
Purchase of treasury stock						(420)
Disposal of treasury stock						38
Reversal of land revaluation excess						67
Changes other than Shareholders' equity (net)	(370)	(1,822)	(66)	(2,259)	(152)	(2,412)
Total changes during the accounting period	(370)	(1,822)	(66)	(2,259)	(152)	(682)
Balances as of March 31, 2019	¥16,213	(¥1,881)	¥2,356	¥16,689	-	¥112,266

	Thousands of US. dollars					
	Valuation and translation adjustments				Stock option rights	Total net assets
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Total		
Balances as of March 31, 2018	\$149,419	(\$526)	\$21,834	\$170,727	\$1,374	\$1,017,642
Changes during the accounting period						
Dividends from surplus						(11,016)
Appropriated retained earnings						
Net Income						29,431
Purchase of treasury stock						(3,785)
Disposal of treasury stock						346
Reversal of land revaluation excess						610
Changes other than Shareholders' equity (net)	(3,334)	(16,421)	(601)	(20,357)	(1,374)	(21,731)
Total changes during the accounting period	(3,334)	(16,421)	(601)	(20,357)	(1,374)	(6,144)
Balances as of March 31, 2019	\$146,084	(\$16,948)	\$21,233	\$150,370	-	\$1,011,497

(*) The non-consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥110.99= U.S.\$1, the prevailing rate as of March 31, 2019. This conversion rate should not be construed as a representation that all the amounts shown could be converted into U.S. dollars.

Board of Directors and Executive Officers (as of June 26, 2019)

▶ Director / President

Susumu Narita

▶ Directors /Senior Managing Executive Officers

Akihiro Kawamura
Tomohiko Sasaki

▶ Director / Managing Executive Officer

Keitaro Ishikawa

▶ Director

Naotake Atsumi

▶ Directors / Audit & Supervisory Committee Members

Katsuhiko Ogasawara
Norihisa Ishida
Toshisada Kushibiki
Mie Ishida

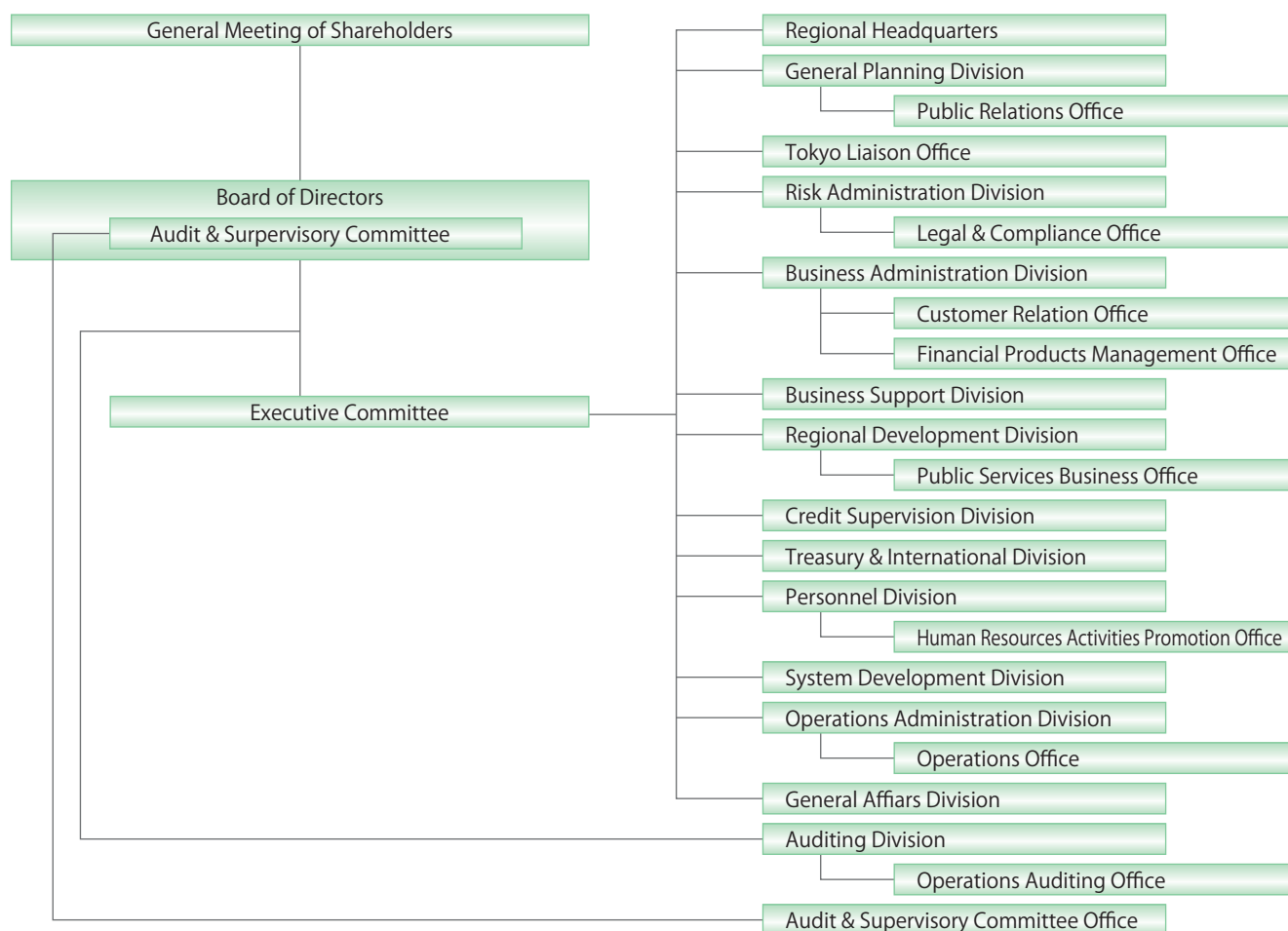
▶ Managing Executive Officers

Satoru Ishibashi
Tsuyoshi Tamura
Tsutomu Shikanai
Yo Mori

▶ Executive Officers

Akira Nakagawa
Takahiro Kudo
Daisuke Yatsu
Shunsuke Kasai
Motomi Shiratori
Yoshiaki Matsuhashi
Shin Kidachi

Organization (as of April 1, 2019)



Corporate Data (as of March 31, 2019)

▶ Company Name

The Aomori Bank, Ltd.

▶ Head Office

9-30, Hashimoto 1-chome, Aomori 030-0823, Japan

▶ Web URL

<https://www.a-bank.jp/>

▶ Date of Establishment

October 1, 1943

▶ Date of Foundation

January 20, 1879

▶ Number of Employees

1,313

▶ Number of Offices

97

▶ Paid-in Capital

19,562 million yen

▶ Number of Outstanding Shares

20,512 thousand shares

▶ Total Assets

3,031.5 billion yen

▶ Loans and Bills Discounted

1,762.4 billion yen

▶ Capital Adequacy Ratio

9.31% (Domestic Standards)

▶ Credit Rating

A (Japan Credit Rating Agency, Ltd.)



AOGIN Annual Report 2019

Issued September 2019 The Aomori Bank, Ltd.

9-30, Hashimoto 1-chome, Aomori 030-0823, Japan telephone number: 017-777-1111 fax number: 017-777-1006