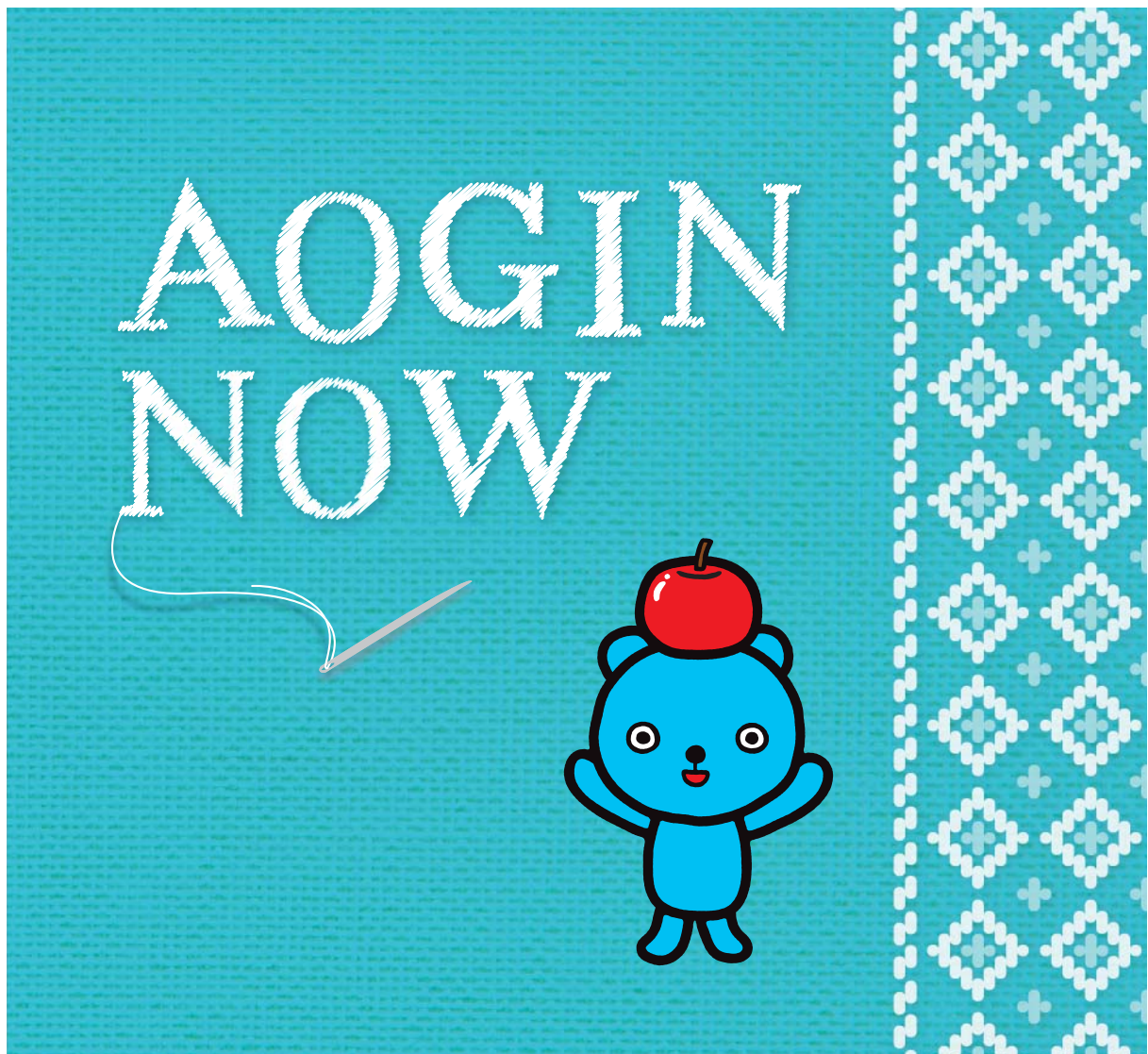


AOGIN Annual Report 2020

The Aomori Bank, Ltd.



AOGIN Annual Report 2020

Profile

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

The Aomori Bank, Ltd. has engaged in sound business practices since its founding as the 59th National Bank in 1879. In 1943, five banks based in Aomori Prefecture subsequently 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 continue growing together with the local community.



●Company Name **The Aomori Bank, Ltd.** ●Head Office **9-30, Hashimoto 1-chome, Aomori 030-8668, Japan** ●Web URL **<https://www.a-bank.jp/>**
 ●Date of Establishment **October 1, 1943** ●Date of Foundation **January 20, 1879** ●Number of Employees **1,272** ●Number of Offices **95**
 ●Paid-in Capital **19,562 million yen** ●Number of Outstanding Shares **20,512 thousand shares** ●Total Assets **3,172.7 billion yen**
 ●Loans and Bills Discounted **1,805.3 billion yen** ●Capital Adequacy Ratio **9.05% (Domestic Standard)** ●Credit Rating **A (Japan Credit Rating Agency, Ltd.)**

Contents

▼Greeting.....	1	▼Non-consolidated Financial Statements	11~14
▼The 16th Medium-Term Business Plan	2	▼Board of Directors and Executive Officers	15
▼AOGIN's CSR Initiatives	3~7	▼Organization	15
▼Share in Aomori Prefecture and Loan Assets	8	▼Corporate Data	16
▼Financial Highlights	9~10		

Greeting

I would like to sincerely thank all our stakeholders for their continued support of the Aomori Bank, Ltd. I also would like to take this opportunity to express my sympathy to those affected by the spread of the novel coronavirus (COVID-19).

We would therefore like to present "AOGIN NOW-A Brief Disclosure Document for the Year Ended March 2020," and invite you to read this booklet to further deepen your understanding of the Bank.

Although the consumption tax hike as well as typhoons and other natural disasters in fiscal 2019 affected the economies of Aomori Prefecture and the country as a whole, we were headed towards a gradual recovery due to strong business performance, favorable employment conditions and other economic indicators. It was under these circumstances that the economy took a turn for the worse due to the spread of novel coronavirus infections after February 2020, raising concerns over the risk of further future downward slides.

While our earnings growth was negative for fiscal year 2019, due to the coronavirus crisis, we sustained profitable operations and maintained a high capital adequacy ratio that was significantly above the domestic standard. With these solid business fundamentals, we will do our utmost in 2020 to support customers who find themselves in difficult situations.

The Aomori Bank Group will continue to transform itself into a consulting bank that can meet the diverse needs of our customers from a medium- to long-term perspective and in ventures that go beyond the framework of conventional banks in order to genuinely contribute to the creation of a prosperous and happy future for the community and for our customers. By doing so, we will 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 customer-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)."

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

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

- [Activity Policy 1] Pass the wealth of our hometowns on to future generations
- [Activity Policy 2] Contribute to the 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 SDGs

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

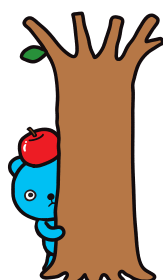


Activity Policy 1: Pass the wealth of our hometowns on to future generations

Initiatives for reforestation: Participation in the "Blue Forest Development Promotion Office" reforestation project

Aomori Prefecture is home to the Aomori *hiba*, the stands of which make up one of the “Three Beautiful Forests of Japan.” While the demand for the prefecture's raw timber has grown significantly, post-logging reforestation is running behind schedule. This is causing concern over the declining volume of timber resources as well as the future public benefits that our forests will provide.

To help solve this problem, in May 2019, we joined the "Blue Forest Development Promotion Fund" management team. This fund subsidizes reforestation projects carried out by forestry business operators. Through this program, we are working to secure forest resources for the future and to promote sustainable forestry management.



Activity Policy 1: Passing on the wealth of our hometowns to future generations

Endeavors to promote energy conservation

To further promote measures against global warming and to strengthen energy conservation efforts, we are engaged in an "Energy Conservation Campaign." The target for fiscal 2020 is to reduce energy consumption by more than 1% over fiscal 2019. Specifically, each one of our employees is working to reduce their use of electricity and other energy sources by rigorously and thoroughly adhering to the campaign agenda by utilizing the Energy Conservation Campaign Check Sheet. This sheet is based on the campaign's code of conduct, which defines energy-saving and other practices with regard to air conditioning, air-conditioned rooms, lighting, computers, work station terminals, photocopier machines, and so forth. Going forward, we will continue to proactively adhere to our commitment to the Energy Conservation Campaign through our promotion of environmentally conscious management, which includes measures to combat climate change.

Additional efforts to reduce greenhouse gas emissions include our "cool biz" and "warm biz" campaigns, initiated in 2008, through which we have encouraged our employees to dress in light, informal clothing in summer and in warm, heavy clothing in winter. During the "cool biz" campaign period from May to the end of October, the room temperature is set to 28°C, while as a rule the thermometer is set at 20°C from November to the end of March the following year.

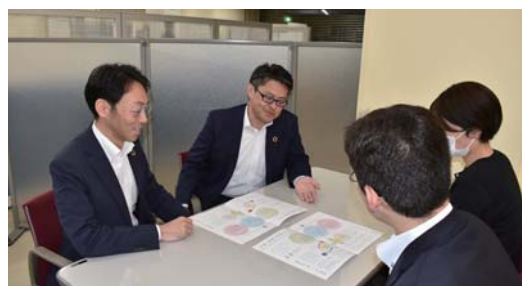



Activity Policy 2: Contributing to the sustainable growth of the local community

Founding of a consulting company, Aomori Creation Partners

Aomori Creation Partners Co., Ltd., which we established in October 2019, began its operations in January 2020.

In the 16th medium-term business plan that was launched in 2019, we presented our vision - "Be the Only One Consulting Bank" that creates a prosperous and happy future together with the community and our customers -. We established the company, which is a consulting company that provides consultations that respond to diverse customer needs and deals with business as well as community-related issues. It was set up as a subsidiary to realize part of our medium-term business plan. As a result, we can now provide medium- to long-term support from an even broader and deeper perspective.



•Overview of Aomori Creation Partners

(1)Trading name	Aomori Creation Partners Co., Ltd.
(2)Head office address	2-2-7 Shinmachi, Aomori City (4F, Aomori Bank Shinmachi Building)
(3)Paid-in capital	50 million yen
(4)Shareholders	The Aomori Bank, Ltd. (wholly-owned subsidiary)
(5)Date of establishment	October 1, 2019

Main business

By offering ever more sophisticated and higher value-added services and information, Aomori Creation Partners strives to provide management support for customers and to assist with regional vitalization

(1) Management-related consulting services

We share many of the same management concerns as our customers and offer hands-on support to help them find optimal solutions.

(2) Consulting services for the creation of a dynamic region

The company actively participates in local government initiatives, and provides support and advice to help resolve various community issues.

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

AOGIN's "Creating the Future" SDGs private placement bond

With the purpose of contributing to the community and the realization of a sustainable society, as well as helping to promote SDGs throughout the community, we have updated the previous CSR private placement bond (a private placement bond with a donation option) and since December 2018 have been managing the "AOGIN 'Creating the Future' SDGs private placement bond."

When we issue an "AOGIN 'Creating the Future' SDGs private placement bond," we contribute an amount equivalent of up to 0.2% of the issued bond, which in turn contributes to the 17 SDGs goals through donations of materials to schools, child welfare facilities, local governments, and other bodies to which the issuing company wishes to donate.

As of the end of March 2020, the cumulative issuance (including that of the former CSR private placement bond) stands at ¥9.06 billion, and the cumulative amount of donations is around ¥18.12 million.



Goshogawara Agriculture and Forestry High School holds its "Gonō Market"

In November 2019, the second annual "Gonō Market," hosted by the Goshogawara Agricultural and Forestry High School (Gonō), was held in the east parking lot of our head office. There, students sold rice, vegetables, flowers and other crops they had grown with tender loving care on the school farm. They also sold processed products such as miso, jam and apple juice.

On the day of the event, volunteers from the Elm Town (Erumu-no-Machi) Branch helped to guide traffic in the parking lot. Despite the bad weather, a long line had formed in front of the booth even before it opened and the area bustled with shoppers throughout the day. Many items quickly sold out.

This event served as a showcase for the high school's educational activities and enabled people in the community to better understand the school and its programs. It also served as an educational tool, helping students learn about how to best serve customers through practical sales training.



Activity Policy 3: Helping our stakeholders build their future

Response to the spread of COVID-19

We are working to prevent the spread of COVID-19 infections by prioritizing the health and security of our customers and employees. We have therefore established the following help desks to provide swift financial services for our customers, including support for fund settlements and business financing. Going forward, we will continue to deal carefully with the situation as it evolves (as of May 2020).

- (1) Business consultation help desk for cases of pneumonia brought on by COVID-19: 72 branches (70 locations)
- (2) Holiday telephone business consultation help desk for cases of pneumonia brought on by COVID-19: Corporate Support Division

Our offices also provide consultations for individual customers regarding loan payments and other issues.

In addition, in an effort to improve community sustainability in coping with disasters, we concluded a "Disaster prevention cooperation agreement" with the Development Bank of Japan in March 2020 to respond to COVID-19 and other potential disasters.

Activity Policy 3: Help our stakeholders build their future

The first crowdfunding collaboration between industry, academia and a financial institution in Aomori Prefecture

We use the crowdfunding platforms "Makuake," "Readyfor," and "CAMPFIRE" to provide new products and services that utilize local resources as well as to support business operators who are working to build local brands by providing financing and information.

In January 2020, we supported the development and commercialization of a "light that does not disturb the sleep of patients but makes it possible to observe them at night as during the daytime," a collaborative project between Kojo Technology Co., Ltd. (Hirakawa City) and Hirosaki University, using "READYFOR College" to raise funds for the project. This was the first foray into crowdfunding in Aomori Prefecture that involved collaboration between an industrial enterprise, a university and a financial institution. The project was successfully completed in February 2020.



Presenting the new <AOGIN> Challenge Program Initiative to strengthen support for business operators in the area of manufacturing

In an endeavor to strengthen manufacturing initiatives within Aomori Prefecture, we established the new "<AOGIN> Challenge Program" in December 2019. The aim of this program is to encourage businesses to utilize advanced technologies and innovative ideas in the area of manufacturing and to assist with the rapid commercialization of the results. This is to be achieved by offering incentives, while at the same time providing hands-on support in cooperation with external professional institutions from the initial concept up through product development and commercialization.

In March 2020, the final meeting was held to evaluate the seven business operators who had applied for and passed the preliminary document screening. As a result of a comprehensive evaluation of innovation, marketability, feasibility and other factors by the judges, all of the business operators who participated in the screening were selected. We will continue to provide support to our manufacturing industries, the results of which we are convinced will have a strong ripple effect throughout the local economy.



Opening deposit accounts at branches using tablets

We have developed a system that uses the core banking system terminal software, BeSTA® (*) to open deposit accounts directly from tablets, launching it at our Matsubara Dori Branch (Aomori City) in March 2020. It was the first such trial by a regional bank in the Tohoku region of a system that links data between tablet and core banking system terminals.

The introduction of this system will reduce the burden for customers who must fill out and submit documents when opening an account. It also promises to shorten their waiting time due to the reduced clerical work that is made possible through data linkage with core banking system terminals. Phasing in the number of branches that handle this system and the continued digitization of our operations will enable us to make banking even more convenient for our customers.

BeSTA® (*) A core banking system software that supports in-bank counter and other clerical services at branch offices by working in conjunction with the core banking system. BeSTA® (*) is a registered trademark of the NTT Data Corporation.



Activity Policy 4: Create a fulfilling workplace

Promoting diversity through workplace attire: Launching the “A-biz style” dress code

To create a vibrant organizational culture and encourage workplace diversity, we are promoting a more flexible approach to workplace attire. In April 2020, we established a new dress code that takes time, place, and occasion into consideration: "A-biz style."

- **Creating a vibrant organizational culture**

In reviewing long-standing workplace clothing customs – where men are expected to wear business suits and women, uniforms - we have taken steps to create a free and open-minded workplace and a more vibrant organizational culture.

- **Promoting diversity**

To foster an organizational culture that promotes diversity as well as the active participation of women, we have broadened, regardless of sex or rank, the freedom of clothing choices and have enhanced our respect for the autonomy of each individual.

- **Advancing the brand**

We are working to overturn the stereotypical image of bank staff and will continue to prioritize improvements in our relationships with customers.



Activity Policy 5: Improve corporate value

Measures to prevent money laundering and terrorist financing

We consider the adoption of measures to prevent money laundering and the financing of terrorist activities to be one of 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 prevented in accordance with the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act.

Furthermore, in order to clarify our procedures for the prevention of money laundering and other such illegal activities, we established a Money Laundering and Terrorist Financing Prevention Policy that provides a response framework and a management system for the Money Laundering and Terrorist Financing Prevention Management Regulations. We also periodically hold in-house training sessions that deal with these issues. The aim of these sessions is to improve knowledge about practices that prevent money laundering in daily operations, such as bank transfers and account openings, in order to enhance the Bank's effectiveness in this field.

We will strengthen our initiatives to prevent money laundering based on the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, published by the Financial Services Agency of Japan, to prevent the flow of funds to criminal organizations or terrorist groups and to provide secure, convenient financial services.

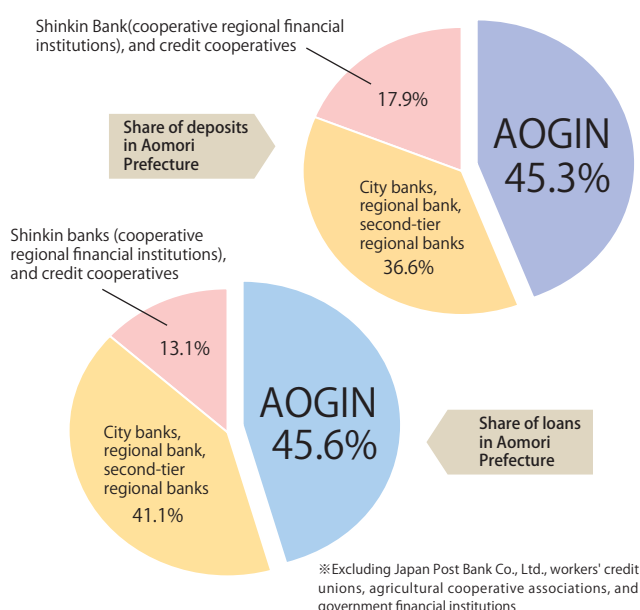


Share of Loans and Assets in Aomori Prefecture

Share of deposits and loans in the prefecture

(End of March 2020)

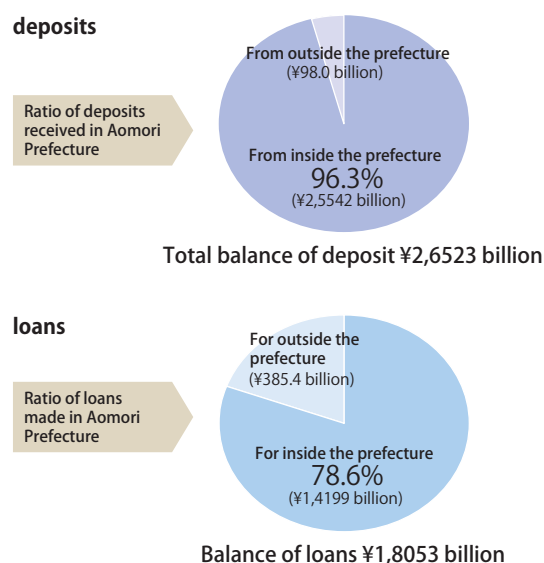
Thanks to the strong support of our customers, we have maintained the top share in both deposits and loans in Aomori Prefecture. This is the result of having retained customer trust for the more than 140 years since our founding. We will continue to strive to be a trusted bank.



Ratio of deposits and loans in Aomori Prefecture

(End of March 2020)

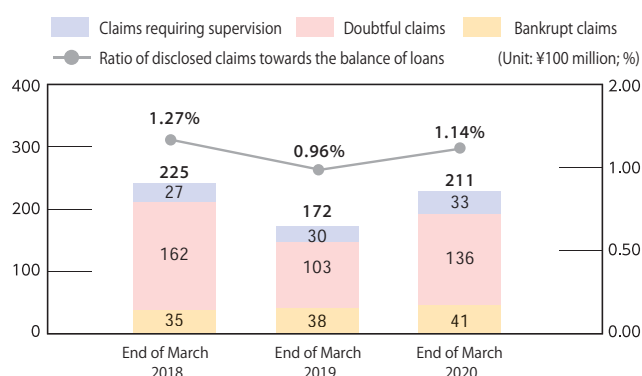
The Bank's ratio of deposits within Aomori Prefecture was 96.3%, most of which were made by customers in Aomori Prefecture, our home region. Meanwhile, the ratio of loans made in Aomori Prefecture was 78.6%.



Claims disclosed subject to the Financial Revitalization Law

(End of March 2020)

The amount of loans that were disclosed subject to the Financial Revitalization Law at the end of the term under review decreased by ¥3.8 billion from the end of the previous term to ¥21.1 billion. This change was due to an increase in doubtful claims. The ratio of the amount of loans disclosed against the overall credit rose by 0.18% from the end of the previous term to 1.14%.



Securing claims disclosed subject to the Financial Revitalization Law

(End of March 2020)

Of the amount of loans disclosed, excluding performing claims, 84.1% 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	41	41	100.0
Doubtful claims	136	116	85.3
Claims requiring supervision	33	20	60.1
Total	211	177	84.1

* 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.

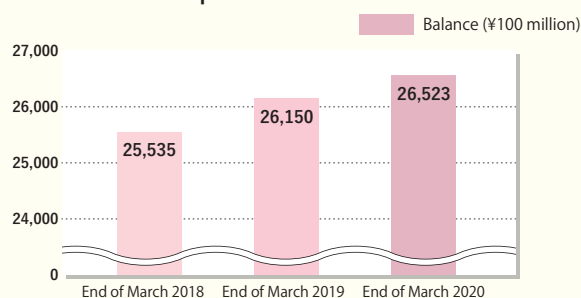
Financial Highlights

Deposits

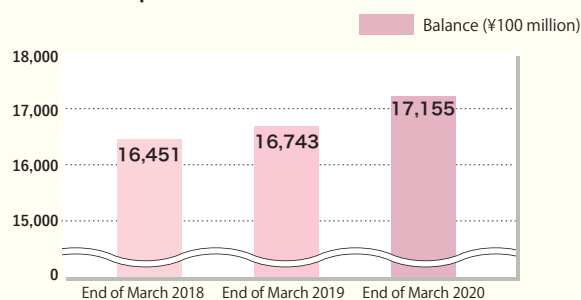
The balance of total deposits, including negotiable deposit certificates, at the end of March 2020 was ¥2,652.3 billion (up 1.4% from the end of the previous term). This was mainly due to deposits from retail customers remaining firm.

The balance of customers' assets under custody at the end of March 2020 was ¥246.0 billion (down 4.6% from the end of the previous term). The reduction is due to a significant decrease in deposits from investment trusts impacted by the worsening market conditions and other challenges, despite an increase in personal pension insurance deposits, etc.

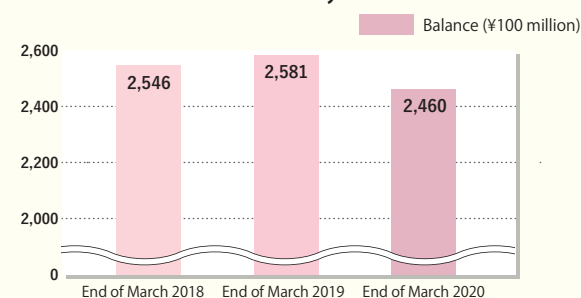
Total balance of deposits



Balance of deposits from individual customers



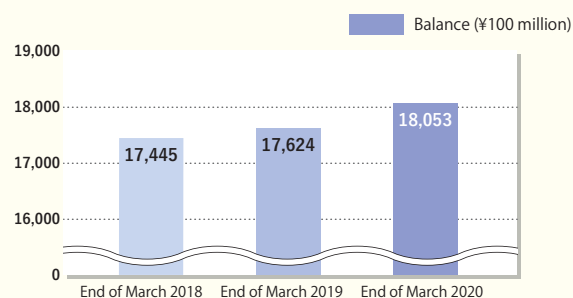
Balance of assets under custody



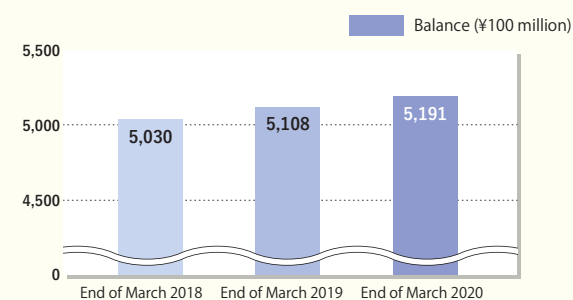
Loans

The balance of total loans at the end of March 2020 was ¥1,805.3 billion (up 2.4% from the end of the previous term). This rise was due to loans to SMEs in the prefecture and customer loans, mainly housing loans, remaining firm.

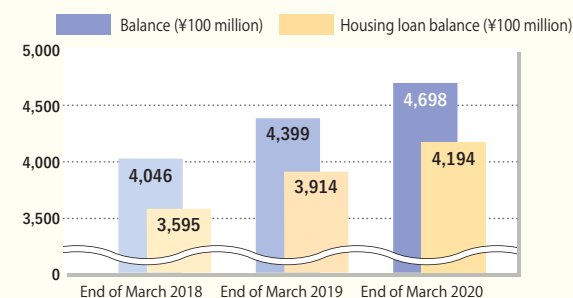
Balance of loans



Balance of SME loans (excluding loans to individual customers)



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.

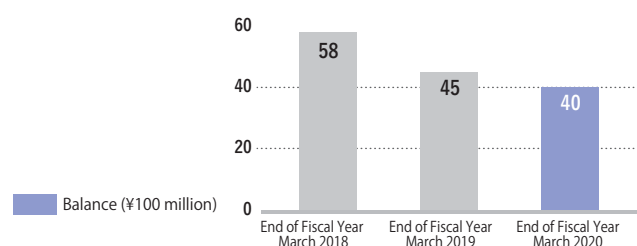
Profit and Loss

The net profit from the Bank's core businesses decreased by ¥0.5 billion year-on-year to ¥4.0 billion. This was due to a reduction in fund management income such as interest on loans and discounts and interest on securities, despite a decrease in expenditures.

Meanwhile, ordinary profit declined by ¥2.9 billion year-on-year to ¥1.7 billion due to an increase in credit costs and a fall in gains on stock transactions. Net income also declined by ¥2.0 billion year-on-year to ¥1.2 billion.

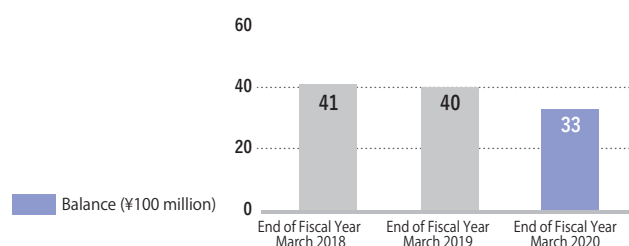
Net business income from the Bank's core businesses

This is the most accurate indicator of profit from the Bank's core businesses.



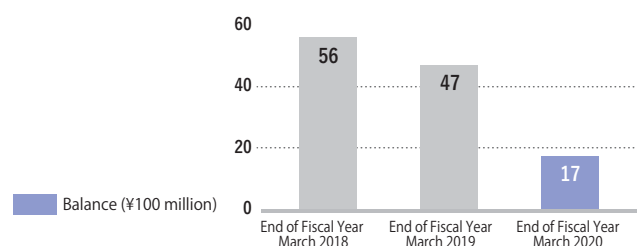
Net business income

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



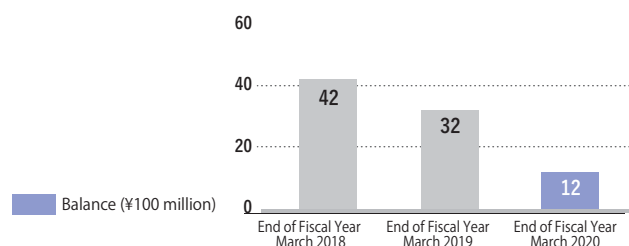
Ordinary profit

Net operating profit is derived by adding or subtracting gains or losses on shares, bad loan write-off costs, etc.



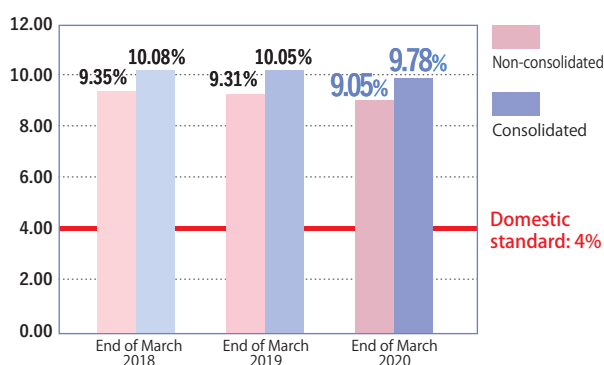
Net income

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



Capital adequacy ratio

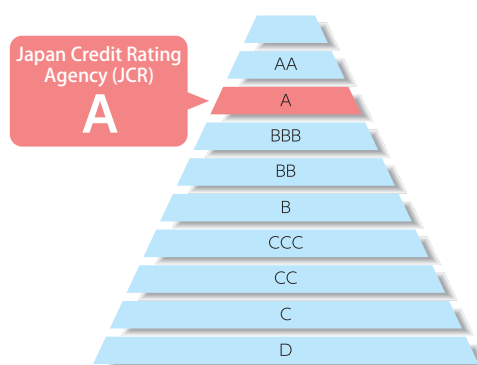
Although the capital adequacy ratio at the end of March 2020 declined by 0.26% from the end of the previous term to 9.05%, owing to an increase in loans and other reasons, it still continues to far exceed the domestic standard of 4%.



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 2020)



* 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, 2020 and 2019

	Millions of Yen		Thousands of U.S. dollars
	2020	2019	2020
Assets			
Cash and due from banks	¥393,648	¥381,633	\$3,617,094
Call loans	15,000	-	137,829
Monetary claims bought	2,604	2,555	23,934
Money held in trust	9,980	-	91,708
Investment securities	864,907	820,912	7,947,329
Loans and bills discounted	1,805,392	1,762,405	16,589,103
Foreign exchange	2,320	1,359	21,320
Other assets	43,269	27,500	397,583
Tangible fixed assets	20,750	20,529	190,667
Intangible fixed assets	1,664	1,859	15,292
Prepaid pension costs	3,199	3,100	29,397
Deferred tax assets	1,466	-	13,472
Customers' liabilities for			
acceptances and guarantees	15,559	16,154	142,975
Reserve for possible loan losses	(6,972)	(6,466)	(64,066)
Reserve for investment losses	-	(7)	-
Total assets	<u>¥3,172,791</u>	<u>¥3,031,536</u>	<u>\$29,153,643</u>
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥2,475,840	¥2,433,689	\$22,749,616
Negotiable certificates of deposit	176,497	181,366	1,621,772
Call money	8,129	13,793	74,698
Payables under securities lending transactions	49,125	1,629	451,395
Borrowed funds	312,000	259,370	2,866,856
Foreign exchange	32	59	296
Other liabilities	31,737	7,128	291,622
Reserve for employees' bonuses	560	582	5,145
Reserve for directors' bonuses	9	-	90
Reserve for stock benefits	127	176	1,173
Reserve for reimbursement of deposits	420	528	3,861
Deferred tax liabilities	-	3,234	-
Deferred tax liabilities for revaluation	1,541	1,557	14,161
Acceptances and guarantees	15,559	16,154	142,975
Total liabilities	<u>3,071,581</u>	<u>2,919,270</u>	<u>28,223,667</u>
Net assets			
Shareholders' equity			
Common stock	19,562	19,562	179,753
Capital surplus	12,916	12,916	118,684
Total retained earnings	63,903	63,972	587,184
Legal reserve	6,646	6,646	61,069
Appropriated retained earnings	55,000	52,000	505,375
Unappropriated retained earnings	2,257	5,326	20,739
Treasury stock	(791)	(875)	(7,276)
Total Shareholders' equity	95,590	95,576	878,345
Valuation and translation adjustments			
Net unrealized gains (losses) on securities	6,836	16,213	62,817
Net deferred gains (losses) on hedging instruments	(3,670)	(1,881)	(33,729)
Revaluation reserve for land	2,453	2,356	22,543
Total Valuation and translation adjustments	5,618	16,689	51,630
Total net assets	<u>101,209</u>	<u>112,266</u>	<u>929,976</u>
Total liabilities and net assets	<u>¥3,172,791</u>	<u>¥3,031,536</u>	<u>\$29,153,643</u>

Non-consolidated Income The Aomori Bank, Ltd. Years ended March 31, 2020 and 2019

	Millions of Yen		Thousands of U.S. dollars
	2020	2019	2020
Income			
Interest on;			
Loans and discounts	¥16,754	¥17,456	\$153,950
Securities	7,557	7,813	69,443
Other	28	25	262
	<u>24,340</u>	<u>25,295</u>	<u>223,656</u>
Fees and commissions	6,828	6,814	62,743
Other income	2,024	1,755	18,606
Total income	<u>33,193</u>	<u>33,864</u>	<u>305,006</u>
Expenses			
Interest on;			
Deposits	419	615	3,853
Other	374	261	3,441
	<u>793</u>	<u>877</u>	<u>7,294</u>
Fees and commissions	4,925	4,058	45,263
General and administrative expenses	23,058	23,459	211,877
Other expenses	2,794	986	25,681
Impairment losses on fixed assets	146	98	1,346
Total expenses	<u>31,719</u>	<u>29,480</u>	<u>291,462</u>
Income (losses) before income taxes	1,473	4,384	13,543
Income taxes			
Current income taxes	171	556	1,579
Deferred income taxes	51	561	476
Total income taxes	<u>223</u>	<u>1,117</u>	<u>2,055</u>
Net income (Loss)	<u>¥1,250</u>	<u>¥3,266</u>	<u>\$11,487</u>
		Yen	Cents
Net income (Loss) per share	¥61.63	¥160.89	¢ 56.62

Non-consolidated Statements of Changes In Net Assets The Aomori Bank, Ltd. As of March 31, 2020 and 2019

Millions of yen

	Shareholders' equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings			
Balances as of March 31, 2019	¥19,562	¥12,916	¥6,646	¥52,000	¥5,326	¥63,972	(¥875)	¥95,576
Changes during the accounting period								
Dividends from surplus					(1,223)	(1,223)		(1,223)
Appropriated retained earnings				3,000	(3,000)			
Net Income					1,250	1,250		1,250
Purchase of treasury stock							(2)	(2)
Disposal of treasury stock							85	85
Reversal of land revaluation excess					(96)	(96)		(96)
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	3,000	(3,069)	(69)	83	13
Balances as of March 31, 2020	¥19,562	¥12,916	¥6,646	¥55,000	¥2,257	¥63,903	(¥791)	¥95,590

Thousands of U.S. dollars

	Shareholders' equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings			
Balances as of March 31, 2019	\$179,753	\$118,684	\$61,069	\$477,809	\$48,944	\$587,823	(\$8,042)	\$878,218
Changes during the accounting period								
Dividends from surplus					(11,238)	(11,238)		(11,238)
Appropriated retained earnings				27,565	(27,565)			
Net Income					11,487	11,487		11,487
Purchase of treasury stock							(20)	(20)
Disposal of treasury stock							786	786
Reversal of land revaluation excess					(888)	(888)		(888)
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	27,565	(28,204)	(638)	766	127
Balances as of March 31, 2020	\$179,753	\$118,684	\$61,069	\$505,375	\$20,739	\$587,184	(\$7,276)	\$878,345

Non-consolidated Statements of Changes In Net Assets The Aomori Bank, Ltd. As of March 31, 2020 and 2019

	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, 2019	¥16,213	(¥1,881)	¥2,356	¥16,689	-	¥112,266
Changes during the accounting period						
Dividends from surplus						(1,223)
Appropriated retained earnings						
Net Income						1,250
Purchase of treasury stock						(2)
Disposal of treasury stock						85
Reversal of land revaluation excess						(96)
Changes other than Shareholders' equity (net)	(9,377)	(1,789)	96	(11,070)	-	(11,070)
Total changes during the accounting period	(9,377)	(1,789)	96	(11,070)	-	(11,056)
Balances as of March 31, 2020	¥6,836	(¥3,670)	¥2,453	¥5,618	-	¥101,209

	Thousands of U.S. 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, 2019	\$148,984	(\$17,284)	\$21,655	\$153,354	-	\$1,031,573
Changes during the accounting period						
Dividends from surplus						(11,238)
Appropriated retained earnings						
Net Income						11,487
Purchase of treasury stock						(20)
Disposal of treasury stock						786
Reversal of land revaluation excess						(888)
Changes other than Shareholders' equity (net)	(86,167)	(16,445)	888	(101,724)	-	(101,724)
Total changes during the accounting period	(86,167)	(16,445)	888	(101,724)	-	(101,596)
Balances as of March 31, 2020	\$62,817	(\$33,729)	\$22,543	\$51,630	-	\$929,976

(*) 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 ¥ 108.83= U.S.\$1, the prevailing rate as of March 31, 2020. This translation 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 25, 2020)

▶ 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

Akira Nakagawa
Norihisa Ishida
Toshisada Kushibiki
Mie Ishida

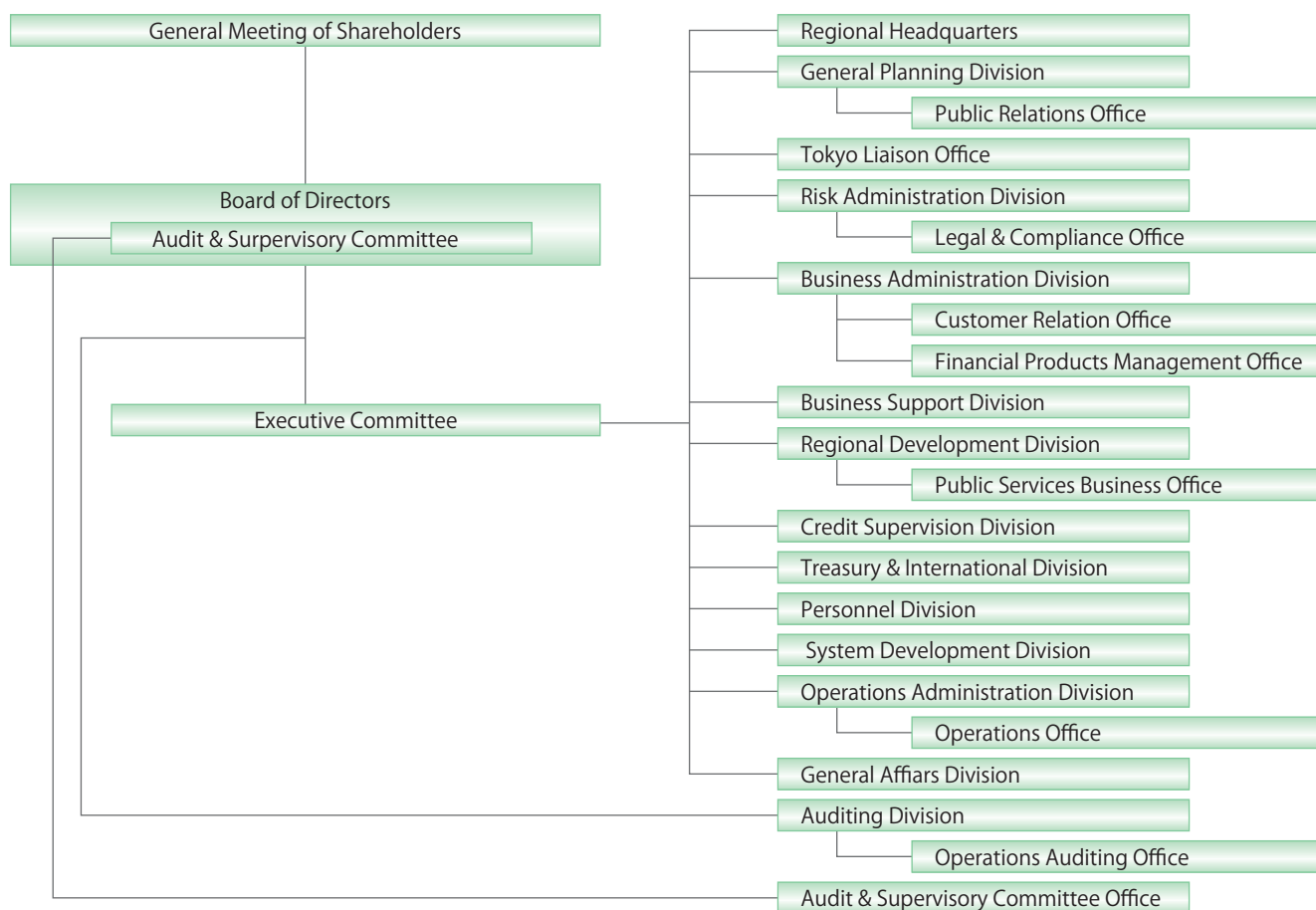
▶ Managing Executive Officers

Tsuyoshi Tamura
Tsutomu Shikanai
Yo Mori
Takahiro Kudo

▶ Executive Officers

Daisuke Yatsu
Shunsuke Kasai
Motomi Shiratori
Yoshiaki Matsuhashi
Shin Kidachi
Kunihiko Yamanaka
Hayato Takahashi

Organization (as of April 1, 2020)



Corporate Data (as of March 31, 2020)

▶ Company Name

The Aomori Bank, Ltd.

▶ Head Office

9-30, Hashimoto 1-chome, Aomori 030-8668, Japan

▶ Web URL

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

▶ Date of Establishment

October 1, 1943

▶ Date of Foundation

January 20, 1879

▶ Number of Employees

1,272

▶ Number of Offices

95

▶ Paid-in Capital

19,562 million yen

▶ Number of Outstanding Shares

20,512 thousand shares

▶ Total Assets

3,172.7 billion yen

▶ Loans and Bills Discounted

1,805.3 billion yen

▶ Capital Adequacy Ratio

9.05% (Domestic Standards)

▶ Credit Rating

A (Japan Credit Rating Agency, Ltd.)



AOGIN Annual Report 2020