

AOGIN Annual Report 2021

The Aomori Bank, Ltd.



AOGIN Annual Report 2021

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 **1,216** ●Number of Offices **90**
 ●Paid-in Capital **19.562 billion yen** ●Number of Outstanding Shares **20.512 million shares** ●Total Assets **3.6664 trillion yen**
 ●Loans and Bills Discounted **1.8563 trillion yen** ●Capital Adequacy Ratio **9.09% (Domestic Standard)** ●Credit Rating **A⁺ (Japan Credit Rating Agency, Ltd.)**

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Greeting

I would like to thank all of you for your continued support. I would also like to express my deepest sympathies to those who have been affected by the COVID-19 pandemic.

I am pleased to present "AOGIN NOW - a Brief Disclosure Document for the Fiscal Year Ended March 2021." I invite you to read through this booklet and sincerely hope that it will deepen your understanding of the bank.

Over the course of fiscal 2020, the economy of Aomori Prefecture, and that of Japan as a whole, faced many challenges. Personal consumption throughout the country declined as coronavirus emergency measures were enacted and export growth slowed with the spread of infections abroad. Locally, economic recovery has slowed as the number of persons infected with COVID-19 has continued to rise and as personal consumption and the number of new job openings have continued to fall. Under these circumstances, the Aomori Bank Group considers the health of the local economy and local employment to be a top priority, and is working diligently to provide prompt and flexible financing to our customers and local businesses.

AOGIN and the other major bank in Aomori Prefecture, the Michinoku Bank, Ltd., have reached a basic agreement on the integration of our business operations, the aim of which is to maximize the strengths of both groups. Regardless of the financial framework that emerges, the two banks will work together to create a new group that can contribute to the growth and development of the region and the well-being of our customers.

The two banks, in order to create shared value with the region and with our customers, in addition to building a sound and efficient management base through enhanced rationalization and efficient management, will continue to expand our business operations by taking advantage of our regional advantages and by strengthening our financial intermediary functions through the integration of our know-how and our information and networks.

The management and employees at AOGIN, together with the local community, will work to overcome this challenging economic environment in order to bring about a happy and prosperous future. We will continue these efforts so that our future stakeholders and the children who will bear the futures of our hometowns will say, "Thank you for that time."

We look forward to your continued support and patronage.



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 a prosperous 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: Passing on the wealth of our hometowns to future generations

Deployment of road-marking paint as an effective use for scallop shells

We used Shell Marker (*), a paint made from recycled scallop shells, to mark the white lines in the parking lots of our Yaeda, Kominato and Tsukuda branches. In May 2021, we also used it in Aomori City in our Matsubara-Dori and Hamadate branch parking lots.

The scallop industry is a key industry in Aomori Prefecture. However, the disposal of the large volume of shells and other materials that remain after processing has become an issue, due to the environmental impact and disposal costs. Shell Marker is an eco-friendly composite that contributes to the reduction of industrial waste and protection of the natural environment, while at the same time maintaining the same level of effectiveness as similar products on the market.

(* Shell Marker: A product approved for the “Let’s Buy New Products Made in Aomori” campaign, introduced by the prefecture in October 2016. Manufacturer: Daikan-kogyo Corporation (Aomori City)



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

The use of certified eco-friendly paper and the elimination of plastic shopping bags

We used paper made from forest products that have received certification (*2) as being sustainably grown and harvested for the "Shareholder Benefit Catalog" that is sent to AOGIN Yū-Yū Club (*1) shareholders as one of their benefits. It was also used for the "Notification of the Convening of the General Shareholders' Meeting," the "AOGIN Annual Report," and the corrugated cardboard boxes that we use for paper product recycling. In doing so, we are doing our part to support forest conservation and the forestry industry as well as help curb illegal logging and other environmentally destructive activities.

In April 2021, we discontinued the distribution of over-the-counter plastic shopping bags. Instead, we have prepared eco-friendly bags made from certified paper as part of our effort to contribute to the reduction of plastic waste and the realization of SDGs.

(*1) Shareholder special benefit plan, "AOGIN Yū-Yū Club"

"AOGIN Yū-Yū Club" is a shareholder benefit plan established in July 1997 to show our gratitude to our shareholders. In this plan, special products from Aomori Prefecture are offered to shareholders who have held their shares for at least one year, with the yen amount that can be ordered from the catalogue determined by the number of shares held as of March 31, 2021.

(*2) Forest certification: A certification system, carried out by an outside auditing body, that certifies a company's sustainable management of forestry resources.



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

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

As part of our commitment to the local community and with the goal of realizing a sustainable society by promoting SDGs throughout the region, we have updated our previous CSR private placement bond (a private placement bond with a donation option). Since December 2018, we have administered the "AOGIN 'Creating the Future' SDGs Private Placement Bond." When this private placement bond is issued, AOGIN will contribute an amount equivalent of up to 0.2% of the issued bond, which then goes to address the 17 SDGs through donations of materials to schools, child welfare facilities, local governments, and other bodies to which the issuing company wishes to donate.

In addition, since October 1, 2020, we have administered the "AOGIN 'Supporting Healthcare Workers' SDGs Private Placement Bond." When this bond is issued, we contribute an amount equivalent of up to 0.2% of the issued bond to the Aomori Medical Association, which is used to support healthcare workers who are serving patients amidst the growing COVID-19 pandemic.



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

Crowdfunding initiatives for regional revitalization

We have utilized the crowdfunding platforms "Makuake," "Readyfor," and "CAMPFIRE" to support regional revitalization projects. The following are the main projects introduced in the second half of fiscal 2020.

"Watching over Hirosaki for 368 years—Calls for support for the restoration of the Saishō-in Temple Niō Guardians —"

- This aim of this project was to fund restoration work on the Niō Guardian statues, the oldest statues in Aomori. These statues were placed at the entrance of the Kongōzan Saishō-in Temple (Shingon sect) in Hirosaki 368 years ago. Saishō-in itself dates back over 500 years to its original construction in 1532. This fundraising project reached its target with the support of many donors.



"Enjoy the taste of Singapore at home—The ultimate bak kut teh soup kit made in Takko with the aroma of garlic—"

- The goal of this project was to raise the profile of bak kut teh soup made with garlic grown in Takko, a town located in the eastern part of Aomori Prefecture that is well known for the garlic that is grown there. Takanao Igarashi, the president of Aomori Trading, moved the company to Takko in order to replicate this iconic Singaporean dish with an infusion of Takko garlic, as well as to realize his desire to contribute to the revitalization of the Takko area. The contributions of many donors helped this project meet its target.



Activity Policy 3: Helping our stakeholders build their future

Support for the expansion of Mutsu Bay scallop exports

In March 2021, we collaborated with the Aomori branch of the Japan Finance Corporation to provide financing for the Yamajin Co., Ltd. to enable it to upgrade its automated storage freezers.

Established in 1973, Yamajin is one of the leading scallop processors in Aomori Prefecture. It processes scallops raised in Mutsu Bay into frozen boiled scallops, frozen raw scallops and frozen breaded scallops for deep-frying. It ships out nearly 2,500 tons of product a year.

Although the company continued to export processed scallops to the EU, the export of breaded scallops to France has been held up largely due to COVID-19. However, since scallops from Mutsu Bay are of the highest quality, the company believes demand will increase when the situation returns to normal. It has therefore been preparing to resume these exports to the EU.

Specifically, Yamajin will build an automated storage freezer adjacent to its main building that will be attached to the processing facility, a facility that obtained EU-HACCP certification in 2018. The next aim of Yamajin is to obtain EU-HACCP certification for the entire production process—from raw material storage to processing and product storage—which would enable the company to export all its products to the EU. Previously, the company had been leasing a freezer in a warehouse in Hachinohe for the storage of raw materials and finished products, which has been an issue in obtaining the certification. This investment, however, will solve this issue.



Activity Policy 3: Helping our stakeholders build their future

Responses to the spread of Covid-19

We are working to prevent the spread of COVID-19 by prioritizing the health and safety of our customers and employees. We have also established a consultation desk to provide prompt financial services for our customers, including support for business financing and consultations for business improvement.

Business consultation help desk for COVID-19 related issues at 72 branches (70 locations) (as of March 31, 2021)

* Our office also provides consultations for individual customers regarding loan payments and other issues.

Initiatives for agribusiness

We have established a "Agri-Partner Team," made up of agribusiness specialists in our Business Partner Department, to bolster our efforts to promote Aomori Prefecture's core industries of agriculture, forestry and fisheries.

In April 2021, AOGIN co-hosted, with Aomori Prefecture and the city of Hirosaki, a demonstration at Hirosaki Apple Park of labor-saving farm implements that can collect pruned tree branches and spread fertilizer.

This demonstration was planned to show ways, given the challenges presented by an aging farming population and increasing labor shortages, that labor inputs can be reduced by mechanizing springtime apple orchard work. Another aim was to show how technological advances can support farm management improvements through the expansion of scale.

Around 70 farmers from Hirosaki and other areas attended the demonstration. Staff from the machine manufacturers, Yamabiko Corp. and Shirakami Agri Service Inc., explained how the implements worked and then demonstrated the collection of pruned branches and the application of fertilizer using a tractor and a riding mower equipped with a special implement designed for these tasks.



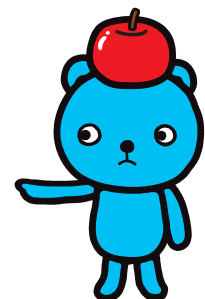
Launch of the management support platform Aogin Big Advance

In April 2021, we launched the management support platform Aogin Big Advance (*), the aim of which is to help local business owners deal with some of the operational challenges they face.

Aogin Big Advance is a one-stop service that offers a diversity of content through its membership site on the web. It is a one-stop service that can help local businessmen, among other things, expand sales channels and improve operational efficiency. By introducing this service, we are continuing our efforts to contribute to the growth of local businesses.

(*) Aogin Big Advance

This is a digital platform service based on Big Advance, developed by Kokopelli Inc. It offers business matching between over 900 major companies and financial institutions that participate in the platform. It also provides one-stop solutions for management issues faced by local businesses, such as how to expand sales channels and improve operational efficiency. It also supports the creation of new technologies, services, and new businesses in the community through open innovation programs with large companies.



Activity Policy 4: Creating a fulfilling workplace

Meetings between management teams and employees to exchange ideas

We have been holding meetings between employees and management teams every year since 2007. These meetings provide opportunities for management to convey the Bank's management policies and sales strategies as well as to receive feedback from participating employees. In 2020, discussions were held with employees from all branches at 48 locations; approximately 900 employees participated. Going forward, we will continue to work to build good relationships within the Bank through honest and open discussions between management and employees.



Introduction of a flextime system

In April 2020, we introduced a flextime system (*) to improve productivity by reducing total working hours and to enhance the work-life balance of our employees. The introduction of this system has enabled our employees to distribute their working hours in such a way that makes it possible for them to carry out their work for the Bank in an efficient way while also allowing for a diversity of workstyles and individual living situations such as those that involve childcare and elderly care responsibilities.

(*) Flextime

A system that allows employees to determine their working hours and their starting and finishing times for each workday, set within a predetermined range of total working hours for a certain period (one month).

Activity Policy 5: Improving corporate value

Measures to prevent money laundering and the financing of terrorist activities

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 bolster 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, we have clarified our procedures for the prevention of money laundering and other such illegal activities and have established a "Money Laundering and Terrorist Financing Prevention Policy" to provide the response framework and management system necessary to align with the "Money Laundering and Terrorist Financing Prevention Management Regulations."

We also periodically provide in-house training sessions that deal with these issues, the aim of which is to improve the Bank's effectiveness as well as our knowledge of the practices that prevent money laundering in the Bank's daily operations, such as bank transfers and account openings.

We will strengthen our efforts to prevent money laundering and the flow of funds to criminal organizations and terrorists in line with the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism," published by the Financial Services Agency of Japan.

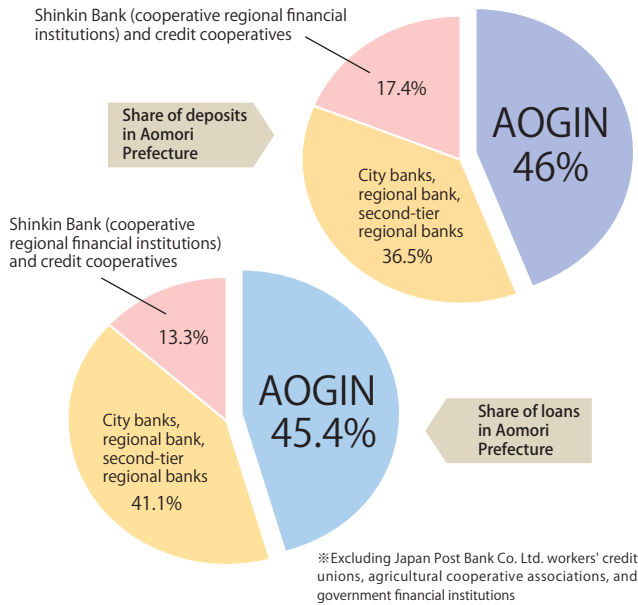


Share of Loans and Assets in Aomori Prefecture

Share of deposits and loans in the prefecture

(End of March 2021)

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.



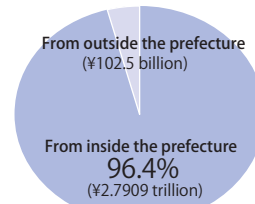
Ratio of deposits and loans in Aomori Prefecture

(End of March 2021)

The Bank's ratio of deposits within Aomori Prefecture was 96.4%, 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%.

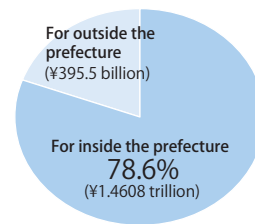
deposits

Ratio of deposits received in Aomori Prefecture



loans

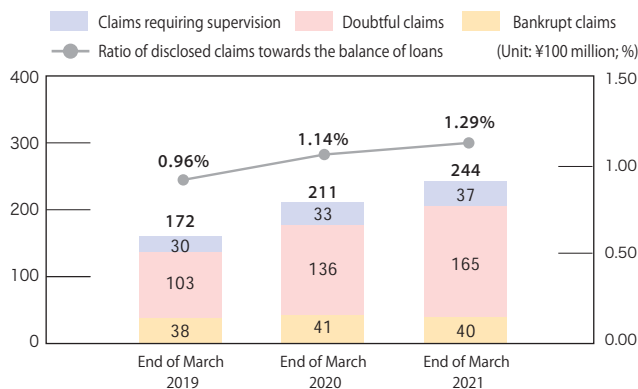
Ratio of loans made in Aomori Prefecture



Claims disclosed subject to the Financial Revitalization Law

(End of March 2021)

The amount of loans that were disclosed subject to the Financial Revitalization Law at the end of the term under review decreased by ¥3.2 billion from the end of the previous term to ¥24.4 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 0.15% from the end of the previous term to 1.29%.



Securing claims disclosed subject to the Financial Revitalization Law

(End of March 2021)

Of the amount of loans disclosed, excluding performing claims, 81.0% 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	40	40	100.0
Doubtful claims	165	136	82.5
Claims requiring supervision	37	20	54.0
Total	244	197	81.0

* 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.

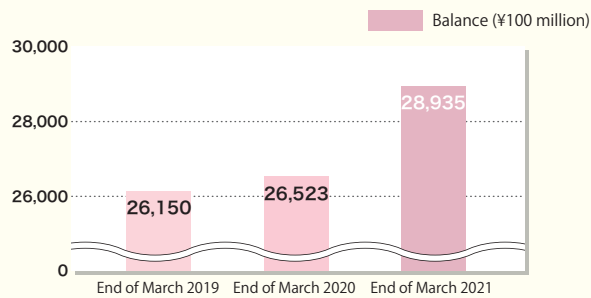
Financial Highlights

Deposits

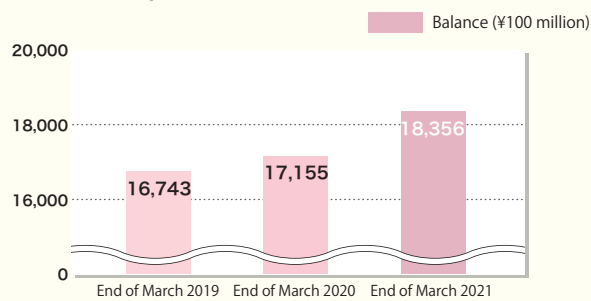
The total balance of deposits at the end of March 2021, including negotiable certificates of deposit, was ¥2.8935 trillion (up 9.0% from the end of the previous fiscal year). This was due to the favorable growth of personal and corporate deposits.

The balance of assets under custody at the end of March 2021 was ¥247.8 billion (up 0.7% from the end of the previous fiscal year). This was due to an increase in investment trusts that resulted from improvements in the market environment, this despite a drop in public bonds handled by the Bank.

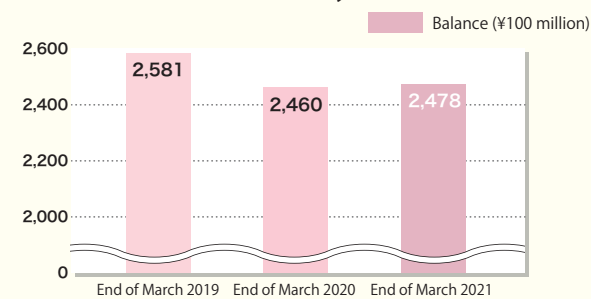
Total balance of deposits



Balance of deposits from individual customers



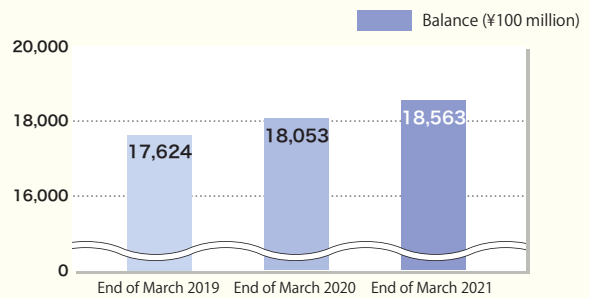
Balance of assets under custody



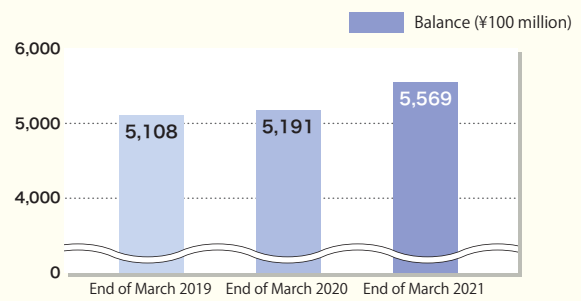
Loans

The total loan balance at the end of March 2021 was ¥1.8563 trillion (up 2.8% from the end of the previous fiscal year) due to an increase in loans to general corporations within the prefecture and an increase in personal loans, largely for home mortgages.

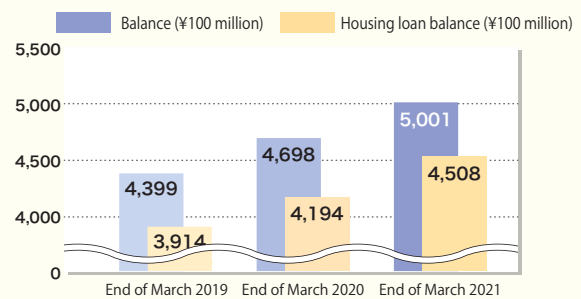
Balance of loans



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.

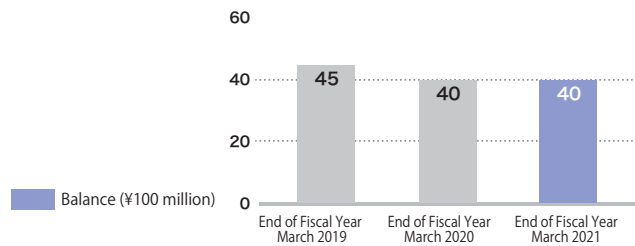
Profit and Loss

Core net business profit increased ¥19 million year-on-year to ¥4 billion. Although net interest income fell, due to a decrease in fund management income, this was offset by an increase in business profits as well as a reduction of expenses. Ordinary profits also increased by ¥1.1 billion year-on-year to ¥2.9 billion due to an improvement in gains on investment securities.

net income also increased by ¥0.9 billion year-on-year to ¥2.1 billion, due in part to an extraordinary gain resulting from the merger by acquisition of a subsidiary.

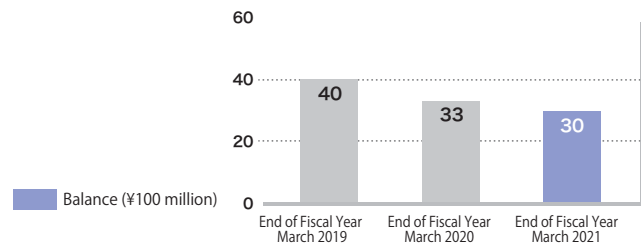
Core net business profit

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



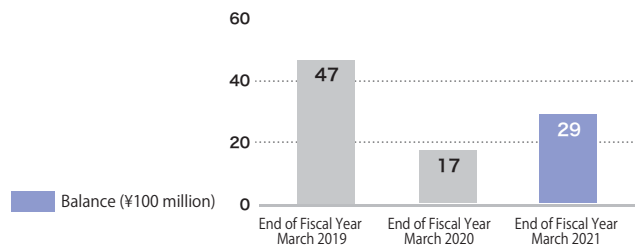
Net business income

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



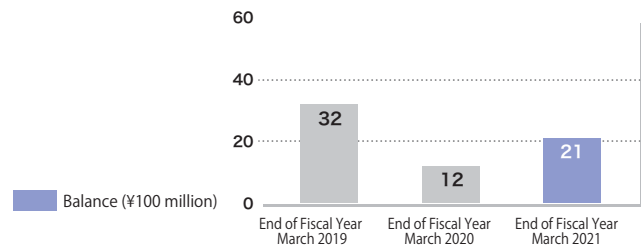
Ordinary profit

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



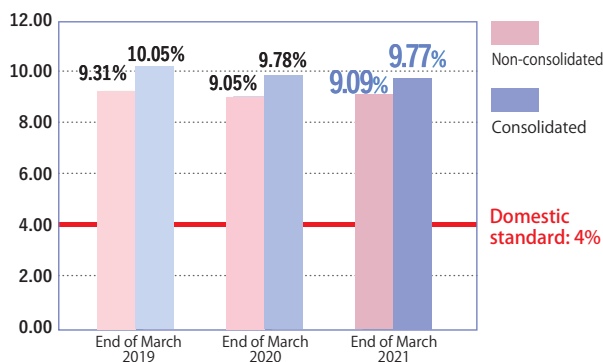
Net income

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



Capital adequacy ratio

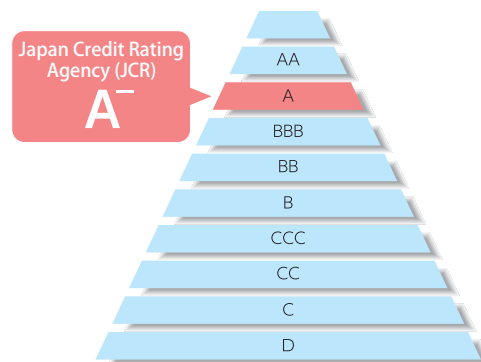
The capital adequacy ratio at the end of March 2021 increased 0.04% from the end of the previous fiscal year to 9.09%, due to an accumulation of profits. This continues to be well above the domestic standard of 4%.



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 2021)



* 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, 2021 and 2020

	Millions of Yen		Thousands of U.S. dollars
	2021	2020	2021
Assets			
Cash and due from banks	¥878,144	¥393,648	\$7,931,931
Call loans	20,000	15,000	180,652
Monetary claims bought	2,483	2,604	22,431
Money held in trust	5,000	9,980	45,163
Investment securities	839,458	864,907	7,582,502
Loans and bills discounted	1,856,349	1,805,392	16,767,675
Foreign exchange	1,575	2,320	14,232
Other assets	30,361	43,269	274,245
Tangible fixed assets	20,686	20,750	186,851
Intangible fixed assets	1,914	1,664	17,293
Prepaid pension costs	3,618	3,199	32,684
Deferred tax assets	-	1,466	-
Customers' liabilities for acceptances and guarantees	14,224	15,559	128,485
Reserve for possible loan losses	(7,398)	(6,972)	(66,823)
Total assets	¥3,666,419	¥3,172,791	\$33,117,326
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥2,714,057	¥2,475,840	\$24,515,015
Negotiable certificates of deposit	179,483	176,497	1,621,202
Call money	1,107	8,129	10,000
Payables under securities lending transactions	103,423	49,125	934,180
Borrowed funds	522,500	312,000	4,719,537
Foreign exchange	3	32	27
Other liabilities	17,616	31,737	159,124
Reserve for employees' bonuses	523	560	4,724
Reserve for directors' bonuses	14	9	127
Reserve for stock benefits	153	127	1,390
Reserve for reimbursement of deposits	333	420	3,013
Deferred tax liabilities	1,690	-	15,271
Deferred tax liabilities for revaluation	1,481	1,541	13,382
Acceptances and guarantees	14,224	15,559	128,485
Total liabilities	3,556,612	3,071,581	32,125,482
Net assets			
Shareholders' equity			
Common stock	19,562	19,562	176,701
Capital surplus	12,916	12,916	116,669
Total retained earnings	65,118	63,903	588,190
Legal reserve	6,646	6,646	60,032
Appropriated retained earnings	55,500	55,000	501,309
Unappropriated retained earnings	2,972	2,257	26,848
Treasury stock	(783)	(791)	(7,078)
Total Shareholders' equity	96,813	95,590	874,481
Valuation and translation adjustments			
Net unrealized gains (losses) on securities	12,132	6,836	109,592
Net deferred gains (losses) on hedging instruments	(1,525)	(3,670)	(13,774)
Revaluation reserve for land	2,385	2,453	21,544
Total Valuation and translation adjustments	12,993	5,618	117,362
Total net assets	109,807	101,209	991,844
Total liabilities and net assets	¥3,666,419	¥3,172,791	\$33,117,326

Non-consolidated Income
The Aomori Bank, Ltd.
Years ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. dollars
	2021	2020	2021
Income			
Interest on;			
Loans and discounts	¥16,352	¥16,754	\$147,705
Securities	6,595	7,557	59,573
Other	82	28	745
	<u>23,030</u>	<u>24,340</u>	<u>208,024</u>
Fees and commissions	7,156	6,828	64,643
Other income	1,489	2,024	13,452
Total income	<u>31,676</u>	<u>33,193</u>	<u>286,120</u>
Expenses			
Interest on;			
Deposits	215	419	1,945
Other	390	374	3,527
	<u>605</u>	<u>793</u>	<u>5,472</u>
Fees and commissions	4,193	4,925	37,877
General and administrative expenses	22,238	23,058	200,867
Other expenses	1,521	2,794	13,744
Impairment losses on fixed assets	244	146	2,208
Total expenses	<u>28,803</u>	<u>31,719</u>	<u>260,170</u>
Net Profits before taxes	2,872	1,473	25,949
Income taxes			
Corporate tax, local taxes, business tax	850	171	7,682
Corporate tax adjustments	(143)	51	(1,299)
Tax total	<u>706</u>	<u>223</u>	<u>6,382</u>
Net profits	<u>¥2,166</u>	<u>¥1,250</u>	<u>\$19,567</u>
		Yen	U.S. DOLLARS
Net profits per share	¥106.76	¥61.63	\$0.9643

Non-consolidated Statements of Changes in Net Assets The Aomori Bank, Ltd. As of March 31, 2021 and 2020

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, 2020	¥19,562	¥12,916	¥6,646	¥55,000	¥2,257	¥63,903	(¥791)	¥95,590
Changes during the accounting period								
Dividends from surplus					(1,019)	(1,019)		(1,019)
Appropriated retained earnings				500	(500)			
Net Income					2,166	2,166		2,166
Purchase of treasury stock							(1)	(1)
Disposal of treasury stock							10	10
Reversal of land revaluation excess					68	68		68
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	500	715	1,215	8	1,223
Balances as of March 31, 2021	¥19,562	¥12,916	¥6,646	¥55,500	¥2,972	¥65,118	(¥783)	¥96,813

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, 2020	\$176,701	\$116,669	\$60,032	\$496,793	\$20,387	\$577,213	(\$7,153)	\$863,430
Changes during the accounting period								
Dividends from surplus					(9,205)	(9,205)		(9,205)
Appropriated retained earnings				4,516	(4,516)			
Net Income					19,567	19,567		19,567
Purchase of treasury stock							(16)	(16)
Disposal of treasury stock							90	90
Reversal of land revaluation excess					615	615		615
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	4,516	6,460	10,977	74	11,051
Balances as of March 31, 2021	\$176,701	\$116,669	\$60,032	\$501,309	\$26,848	\$588,190	(\$7,078)	\$874,481

Non-consolidated Statements of Changes in Net Assets The Aomori Bank, Ltd. As of March 31, 2021 and 2020

	Valuation and translation adjustments				Millions of yen
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Total	Total net assets
Balances as of March 31, 2020	¥6,836	(¥3,670)	¥2,453	¥5,618	¥101,209
Changes during the accounting period					
Dividends from surplus					(1,019)
Appropriated retained earnings					
Net Income					2,166
Purchase of treasury stock					(1)
Disposal of treasury stock					10
Reversal of land revaluation excess					68
Changes other than Shareholders' equity (net)	5,296	2,145	(68)	7,374	7,374
Total changes during the accounting period	5,296	2,145	(68)	7,374	8,597
Balances as of March 31, 2021	¥12,132	(¥1,525)	¥2,385	¥12,993	¥109,807

	Valuation and translation adjustments				Thousands of U.S. dollars
	Net unrealized gains(losses) on securities	Deferred gains(losses) on hedging instruments	Revaluation reserve for land	Total	Total net assets
Balances as of March 31, 2020	\$61,750	(\$33,156)	\$22,160	\$50,753	\$914,184
Changes during the accounting period					
Dividends from surplus					(9,205)
Appropriated retained earnings					
Net Income					19,567
Purchase of treasury stock					(16)
Disposal of treasury stock					90
Reversal of land revaluation excess					615
Changes other than Shareholders' equity (net)	47,842	19,382	(615)	66,608	66,608
Total changes during the accounting period	47,842	19,382	(615)	66,608	77,659
Balances as of March 31, 2021	\$109,592	(\$13,774)	\$21,544	\$117,362	\$991,844

(*) 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 ¥ 110.71 = U.S.\$1, the prevailing rate as of March 31, 2021. 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 24, 2021)

▶ Director / President

Susumu Narita

▶ Director / Deputy President

Akihiro Kawamura

▶ Directors/ Senior Managing Executive Officers

Tomohiko Sasaki

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

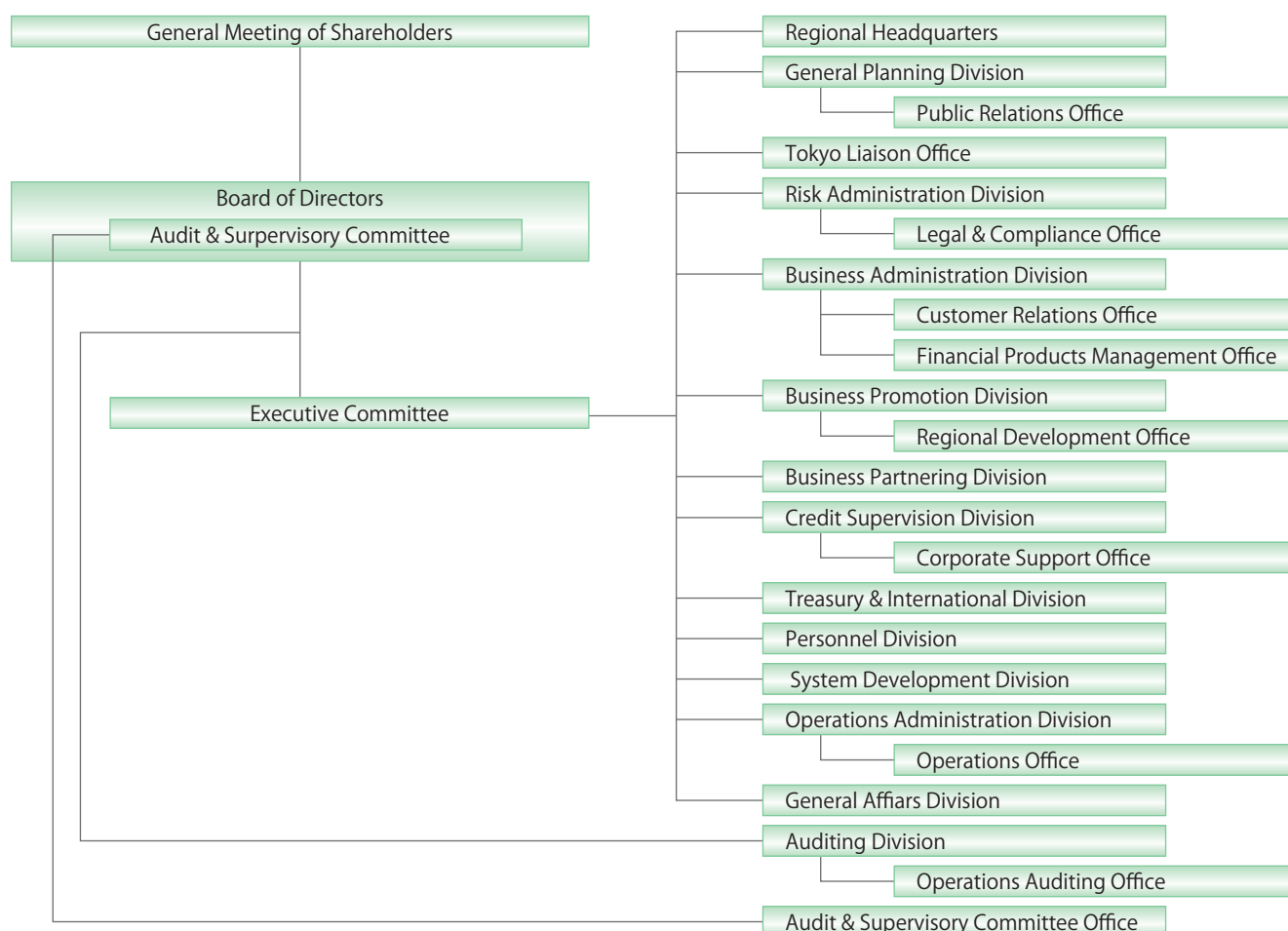
Yoshiaki Matsuhashi

Shin Kidachi

Kunihiko Yamanaka

Hayato Takahashi

Organization (as of April 1, 2021)



Corporate Data (as of March 31, 2021)

▶ 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

1,216

▶ Number of Offices

90

▶ Paid-in Capital

19.562 billion yen

▶ Number of Outstanding Shares

20.512 million shares

▶ Total Assets

3.6664 trillion yen

▶ Loans and Bills Discounted

1.8563 trillion yen

▶ Capital Adequacy Ratio

9.09% (Domestic Standards)

▶ Credit Rating

A⁻ (Japan Credit Rating Agency, Ltd.)



AOGIN Annual Report 2021