

A O M O R I
B A N K
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Annual Report

Profile

The Aomori Bank, Ltd. has traveled the path of sound business management for almost 130 years since its founding in 1879. In 1943, five banks based in Aomori Prefecture merged to form the present-day Aomori Bank, following which we have continued our strong growth as the region's leading financial institution.

In April 2007, we formulated our 12th three-year medium-term business plan "Step up Plan 12th". Based on this plan, we aim to increase corporate value and to be able to grow along with local community.



Non-Consolidated Balance Sheets
The Aomori Bank, Ltd.
As of March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. dollars
	2008	2007	2008
Assets			
Cash and due from banks	¥39,186	¥57,869	\$391,126
Call loans	25,000	80,000	249,525
Trading account securities	782	467	7,812
Investment securities	598,456	621,255	5,973,213
Loans and bills discounted	1,390,857	1,330,199	13,882,198
Foreign exchanges	4,274	1,658	42,666
Other assets	7,665	14,836	76,509
Tangible fixed assets	25,108	25,611	250,608
Intangible fixed assets	1,828	2,119	18,246
Deferred income taxes	10,361	5,268	103,422
Customers' liabilities for acceptances and guarantees	22,982	26,121	229,388
Reserve for possible loan losses	(14,056)	(18,024)	(140,294)
Total assets	<u>¥2,112,448</u>	<u>¥2,147,383</u>	<u>\$21,084,424</u>
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥1,970,164	¥1,981,075	\$19,664,283
Call money	4,007	10,270	40,000
Guarantee deposits received under securities lending transactions	505	546	5,047
Borrowed funds	4,500	9,500	44,914
Foreign exchanges	28	27	280
Corporate bond	20,000	20,000	199,620
Other liabilities	4,736	6,693	47,279
Reserve for employee's bonus	703	679	7,016
Reserve for employee's retirement benefit	596	-	5,950
Retirement benefits for directors and corporate auditors	626	596	6,250
Reserve for reimbursement of deposit	737	-	7,361
Deferred tax liabilities on land revaluation	2,777	2,852	27,726
Acceptances and guarantees	22,982	26,121	229,388
Total liabilities	<u>2,032,366</u>	<u>2,058,362</u>	<u>20,285,121</u>
Net assets			
Shareholder's equity			
Common stock	15,221	15,221	151,924
Capital surplus	8,575	8,575	85,588
Total retained earnings	53,285	53,032	531,847
Legal reserve	6,039	5,828	60,282
Appropriated retained earnings	44,700	43,700	446,152
Unappropriated retained earnings	2,546	3,504	25,412
Treasury stock	(400)	(381)	(3,999)
Total shareholder's equity	<u>76,681</u>	<u>76,447</u>	<u>765,360</u>
Valuation and translation adjustments			
Net unrealized gains on securities	1,144	10,196	11,421
Net deferred gains (losses) on hedging instruments	(111)	0	(1,116)
Revaluation reserve for land	2,368	2,376	23,638
Total Valuation and translation adjustments	<u>3,400</u>	<u>12,573</u>	<u>33,943</u>
Total net assets	<u>80,082</u>	<u>89,021</u>	<u>799,303</u>
Total liabilities and net assets	<u>¥2,112,448</u>	<u>¥2,147,383</u>	<u>\$21,084,424</u>

Non-Consolidated Statements of Changes in Net Assets
The Aomori Bank, Ltd.
As of March 31, 2008 and 2007

Millions of yen

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings			
Balances as of March 31,2007	¥15,221	¥8,575	¥5,828	¥43,700	¥3,504	¥53,032	(¥381)	¥76,447
Changes during the accounting period								
Dividends from surplus			210		(1,265)	(1,054)		(1,054)
Appropriated retained earnings				1,000	(1,000)	-		-
Net Income					1,267	1,267		1,267
Purchase of treasury stock							(37)	(37)
Disposal of treasury stock					(2)	(2)	18	16
Reversal of land revaluation excess					41	41		41
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	-	-	210	1,000	(958)	252	(18)	234
Balances as of March 31,2008	¥15,221	¥8,575	¥6,039	¥44,700	¥2,546	¥53,285	(¥400)	¥76,681

Thousands of US. dollars

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings			
Balances as of March 31,2007	\$151,924	\$85,588	\$58,177	\$436,171	\$34,974	\$529,322	(\$3,811)	\$763,024
Changes during the accounting period								
Dividends from surplus			2,105		(12,634)	(10,528)		(10,528)
Appropriated retained earnings				9,981	(9,981)	-		-
Net Income					12,655	12,655		12,655
Purchase of treasury stock							(375)	(375)
Disposal of treasury stock					(20)	(20)	186	166
Reversal of land revaluation excess					418	418		418
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	-	-	2,105	9,981	(9,561)	2,524	(188)	2,336
Balances as of March 31,2008	\$151,924	\$85,588	\$60,282	\$446,152	\$25,412	\$531,847	(\$3,999)	\$765,360

Non-Consolidated Statements of Changes In Net Assets
The Aomori Bank, Ltd.
As of March 31, 2008 and 2007

Millions of yen

	Valuation and translation adjustments				Total net assets
	Net unrealized fains(losses) on securities	Deferred fains(losses) on hedging instruments	Revaluation reserve for land	Total	
Balances as of March 31,2007	¥10,196	¥0	¥2,376	¥12,573	¥89,021
Changes during the accounting period					
Dividends from surplus					(1,054)
Appropriated retained earnings					—
Net Income					1,267
Purchase of treasury stock					(37)
Disposal of treasury stock					16
Reversal of land revaluation excess					41
Changes other than Shareholders' equity (net)	(9,052)	(112)	(8)	(9,172)	(9,172)
Total changes during the accounting period	(9,052)	(112)	(8)	(9,172)	(8,938)
Balances as of March 31,2008	¥1,144	(¥111)	¥2,368	¥3,400	¥80,082

Thousands of US. dollars

	Valuation and translation adjustments				Total net assets
	Net unrealized fains(losses) on securities	Deferred fains(losses) on hedging instruments	Revaluation reserve for land	Total	
Balances as of March 31,2007	\$101,775	\$3	\$23,719	\$125,498	\$888,522
Changes during the accounting period					
Dividends from surplus					(10,528)
Appropriated retained earnings					-
Net Income					12,655
Purchase of treasury stock					(375)
Disposal of treasury stock					166
Reversal of land revaluation excess					418
Changes other than Shareholders' equity (net)	(90,353)	(1,119)	(81)	(91,554)	(91,554)
Total changes during the accounting period	(90,353)	(1,119)	(81)	(91,554)	(89,218)
Balances as of March 31,2008	\$11,421	(\$1,116)	\$23,638	\$33,943	\$799,303

(*) 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 ¥100.19= U.S.\$1, the prevailing rate as of March 31, 2008. 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 Corporate Auditors

(as of March 31, 2008)

Chairman

Akio Ibata

President

Yoshisada Kafuku

Managing Directors

Seiji Hayashi
Satoshi Hamaya
Tadashi Takayashiki

Directors

Atsushi Naito
Toru Sasaki
Hiroshi Sugita
Hiroshi Yamagata
Shoji Adachi
Mitsuo Hayashi

Executive Officers

Masaki Yamada
Mitsuaki Suto
Susumu Narita
Shoji Fukui

Standing Corporate Auditor

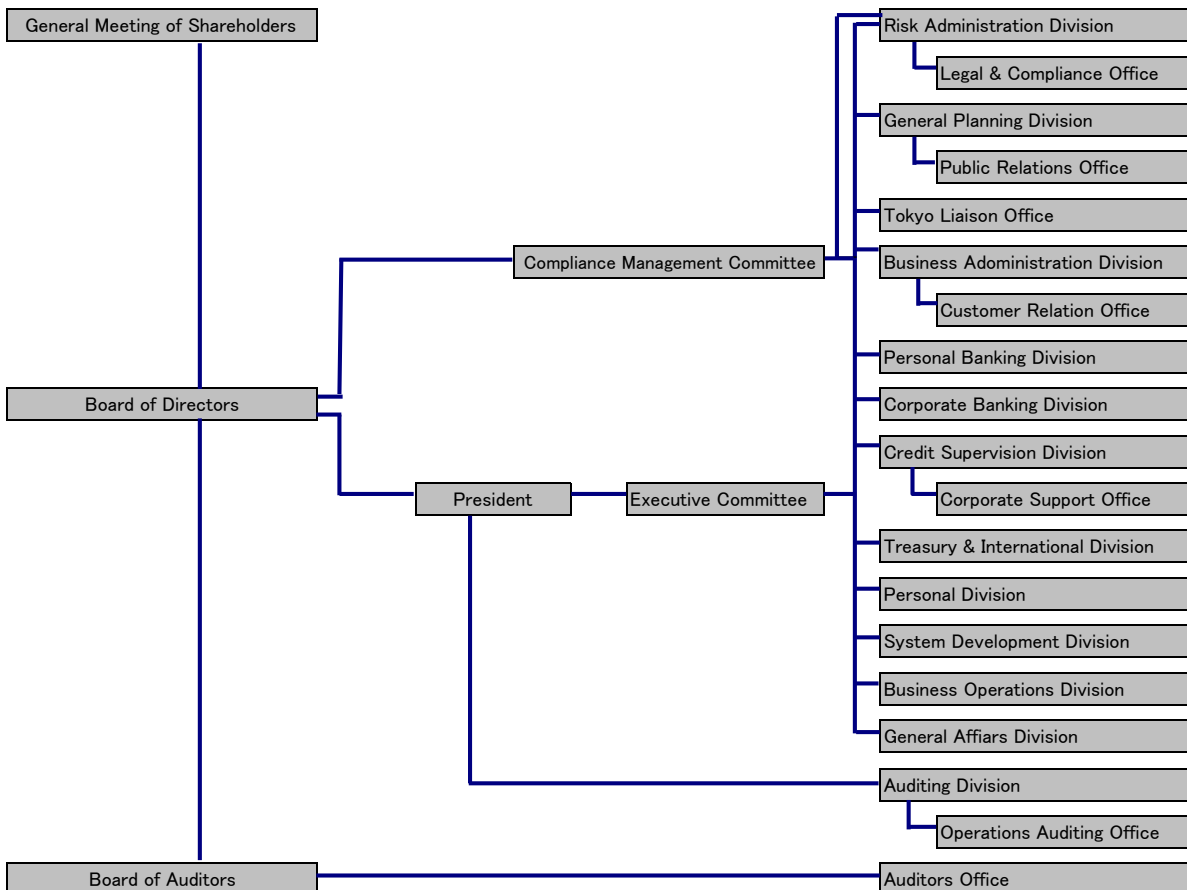
Naomitsu Kikuchi

Corporate Auditors

Kenichi Tanaka
Kazumi Osawa
Saburobe Nanao
Tetsuo Seito

Organization

(as of March 31, 2008)



Corporate Data

(as of March 31, 2008)

Company Name The Aomori Bank, Ltd.	Number of Employees 1,481	Loans and Bills Discounted 1,390.8 billion yen
Head Office 9-30, Hashimoto 1-chome, Aomori 03-0823, Japan	Number of Offices 110	Capital Adequacy Ratio 12.37%(Domestic Standards)
WEB URL http://www.a-bank.jp/	Paid-in Capital 15,221 million yen	Credit Rating A(Japan Credit Rating Agency, Ltd)
Date of Establishment October 1, 1943	Number of Outstanding Shares 176,621 thousand	
Date of Foundation January 20, 1879	Total Assets 2,112.4 billion yen	

Group Companies

(as of March 31, 2008)

Company name	Business	Paid-in capital (¥million)	Equity (%)
Aogin Koda Co., Ltd	Property management	10	100
Aogin Business Service Co., Ltd	Centralized processing of clerical operations	20	100
Aogin Property Reserch Co., Ltd	Collateral evaluation	10	100
Aogin Staff Service Co., Ltd	Dispatch of temporary staff	20	100
Aogin DC Card Co., Ltd	Credit card business	20	5.0
Aogin Lease Co., Ltd	Leasing	60	5.0
Aogin Computer Service Co., Ltd	Computer systems development and services	30	5.0
Aogin Credit Card Co., Ltd	Credit card business	36	4.1
Aogin Confidence Guarantee Co., Ltd	Loan guarantees	30	2.5

(*) Aogin Staff Service Co., Ltd resolved dissolution at the extraordinary meeting of shareholders on March 25, 2008, and completed liquidation on June 25, 2008.
Aogin Property Reserch Co., Ltd resolved disolution at the regular meeting of shareholders on June 30, 2008, and will complete liquidation on September 2008.

The Aomori Bank, Ltd.

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