

A O M O R I

B A N K

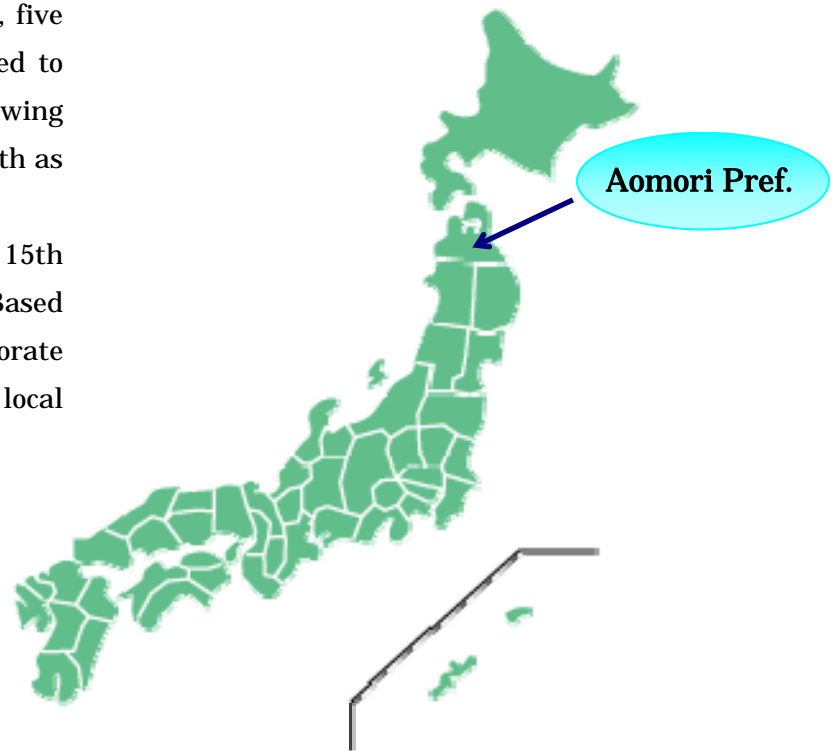
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Annual Report

Profile

The Aomori Bank, Ltd. has traveled the path of sound business management for about 140 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 2016, we formulated our 15th three-year medium-term business plan. 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, 2016 and 2015

	Millions of Yen		Thousands of U.S. dollars
	2016	2015	2016
Assets			
Cash and due from banks	¥97,937	¥85,427	\$869,164
Call loans	40,000	45,000	354,987
Monetary claims bought	2,260	1,980	20,065
Trading account securities	36	37	328
Money held in trust	-	919	-
Investment securities	873,710	901,566	7,753,906
Loans and bills discounted	1,659,576	1,578,880	14,728,228
Foreign exchanges	1,344	1,236	11,928
Other assets	4,885	5,458	43,359
Tangible fixed assets	20,050	20,258	177,940
Intangible fixed assets	1,308	1,278	11,610
Prepaid pension cost	2,757	2,837	11,610
Customers' liabilities for			
acceptances and guarantees	17,370	16,818	154,154
Reserve for possible loan losses	(9,465)	(12,567)	(84,001)
Reserve for investment loss	(24)	(28)	(218)
Total assets	<u>¥2,711,748</u>	<u>¥2,649,103</u>	<u>\$24,065,922</u>
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥2,286,800	¥2,263,993	\$20,294,648
Negotiable certificates of deposits	132,470	130,200	1,175,630
Call money	34,517	40,166	306,329
Payables under securities lending transactions	2,719	2,923	24,131
Borrowed funds	101,381	53,714	899,732
Foreign exchanges	5	3	52
Other liabilities	14,603	15,140	129,597
Reserve for employee's bonus	596	613	5,289
Reserve for employee's retirement benefit	275	5,452	2,447
Reserve for reimbursement of deposit	422	450	3,748
Deferred tax liabilities	6,606	7,023	58,633
Deferred tax liabilities on land revaluation	1,731	1,926	15,363
Acceptances and guarantees	17,370	16,818	154,154
Total liabilities	<u>2,599,500</u>	<u>2,538,425</u>	<u>23,069,757</u>
Net assets			
Shareholder's equity			
Common stock	19,562	19,562	173,612
Capital surplus	12,916	12,916	114,629
Total retained earnings	55,220	51,841	490,067
Legal reserve	6,646	6,646	58,982
Appropriated retained earnings	42,000	39,000	372,736
Unappropriated retained earnings	6,574	6,195	58,347
Treasury stock	(731)	(699)	(6,494)
Total shareholder's equity	<u>86,968</u>	<u>83,620</u>	<u>771,814</u>
Valuation and translation adjustments			
Net unrealized gains (losses) on securities	22,533	24,294	199,975
Net deferred gains (losses) on hedging instruments	(23)	(43)	(210)
Revaluation reserve for land	2,680	2,698	23,792
Total Valuation and translation adjustments	<u>25,190</u>	<u>26,949</u>	<u>223,557</u>
Stock option rights	89	107	792
Total net assets	<u>112,247</u>	<u>110,678</u>	<u>996,164</u>
Total liabilities and net assets	<u>¥2,711,748</u>	<u>¥2,649,103</u>	<u>\$24,065,922</u>

Non-Consolidated Income
The Aomori Bank, Ltd.
Years ended March 31, 2016 and 2015

	Millions of Yen		Thousands of U.S. dollars
	2016	2015	2016
Income			
Interest on;			
Loans and discounts	¥19,725	¥20,797	\$175,061
Securities	9,380	9,030	83,248
Other	343	275	3,046
	<u>29,449</u>	<u>30,103</u>	<u>261,356</u>
Fees and commissions	6,473	7,362	57,452
Other income	3,938	2,096	34,953
Total income	<u>39,861</u>	<u>39,562</u>	<u>353,762</u>
Expenses			
Interest on;			
Deposits	1,639	1,740	14,551
Borrowings and rediscounts	170	167	1,509
Other	478	267	4,243
	<u>2,287</u>	<u>2,176</u>	<u>20,304</u>
Fees and commissions	4,267	3,261	37,873
General and administrative expenses	23,354	23,992	207,263
Other expenses	1,189	1,136	10,559
Loss on impairment of fixed assets	525	547	4,664
Total expenses	<u>31,625</u>	<u>31,114</u>	<u>280,665</u>
Income (Loss) before income taxes	8,236	8,447	73,096
Income taxes			
Current income taxes	2,104	2,235	18,677
Deferred income taxes	884	1,239	7,847
Total income taxes	<u>2,988</u>	<u>3,474</u>	<u>26,525</u>
Net income (Loss)	<u>¥5,247</u>	<u>¥4,973</u>	<u>\$46,571</u>
	Yen	Yen	Cents
Net income (Loss) per share	<u>¥25.81</u>	<u>¥24.32</u>	<u>¢ 22.90</u>

Non-Consolidated Statements of Changes in Net Assets
The Aomori Bank, Ltd.
As of March 31, 2016 and 2015

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, 2015	¥19,562	¥12,916	¥6,646	¥39,000	¥6,195	¥51,841	(¥699)	¥83,620
Changes during the accounting period								
Dividends from surplus					(1,228)	(1,228)		(1,228)
Appropriated retained earnings				3,000	(3,000)			
Net Income					5,247	5,247		5,247
Purchase of treasury stock							(923)	(923)
Disposal of treasury stock					(26)	(26)	170	144
Cancellation of treasury stock					(720)	(720)	720	-
Reversal of land revaluation excess					107	107		107
Changes other than Shareholders' equity (net)								
Total changes during the accounting period				3,000	379	3,379	(32)	3,347
Balances as of March 31, 2016	¥19,562	¥12,916	¥6,646	¥42,000	¥6,574	¥55,220	(¥731)	¥86,968

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, 2015	\$173,612	\$114,629	\$58,982	\$346,112	\$54,979	\$460,074	(\$6,207)	\$742,108
Changes during the accounting period								
Dividends from surplus					(10,905)	(10,905)		(10,905)
Appropriated retained earnings				26,624	(26,624)			
Net Income					46,571	46,571		46,571
Purchase of treasury stock							(8,194)	(8,194)
Disposal of treasury stock					(231)	(231)	1,510	1,278
Cancellation of treasury stock					(6,398)	(6,398)	6,398	-
Reversal of land revaluation excess					956	956		956
Changes other than Shareholders' equity (net)								
Total changes during the accounting period				26,624	3,368	29,992	(286)	29,706
Balances as of March 31, 2016	\$173,612	\$114,629	\$58,982	\$372,736	\$58,347	\$490,067	(\$6,494)	\$771,814

Non-Consolidated Statements of Changes In Net Assets
The Aomori Bank, Ltd.
As of March 31, 2016 and 2015

	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 31,2015	¥24,294	(¥43)	¥2,698	¥26,949	¥107	¥110,678
Changes during the accounting period						
Dividends from surplus						(1,228)
Appropriated retained earnings						
Net Income						5,247
Purchase of treasury stock						(923)
Disposal of treasury stock						144
Cancellation of treasury stock						-
Reversal of land revaluation excess						107
Changes other than Shareholders' equity (net)	(1,761)	19	(17)	(1,759)	(18)	(1,777)
Total changes during the accounting period	(1,761)	19	(17)	(1,759)	(18)	1,569
Balances as of March 31,2016	¥22,533	(¥23)	¥2,680	¥25,190	¥89	¥112,247

	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 31,2015	\$215,607	(\$382)	\$23,945	\$239,171	\$953	\$982,233
Changes during the accounting period						
Dividends from surplus						(10,905)
Appropriated retained earnings						
Net Income						46,571
Purchase of treasury stock						(8,194)
Disposal of treasury stock						1,278
Cancellation of treasury stock						-
Reversal of land revaluation excess						956
Changes other than Shareholders' equity (net)	(15,632)	171	(153)	(15,613)	(161)	(15,774)
Total changes during the accounting period	(15,632)	171	(153)	(15,613)	(161)	13,931
Balances as of March 31,2016	\$199,975	(\$210)	\$23,792	\$223,557	\$792	\$996,164

(*) 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 ¥112.68= U.S.\$1, the prevailing rate as of March 31, 2016. 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 Eecutive Officers

(as of June 23, 2016)

Chairman

Satoshi Hamaya

President

Susumu Narita

Senior Managing Director

Reiji Tatebe

Managing Directors

Fumitaka Demachi
Akihiro Kawamura
Hitoshi Takeuchi

Directors

Tomohiko Sasaki
Keitaro Ishikawa

Directors / Audit & Supervisory Committee Members

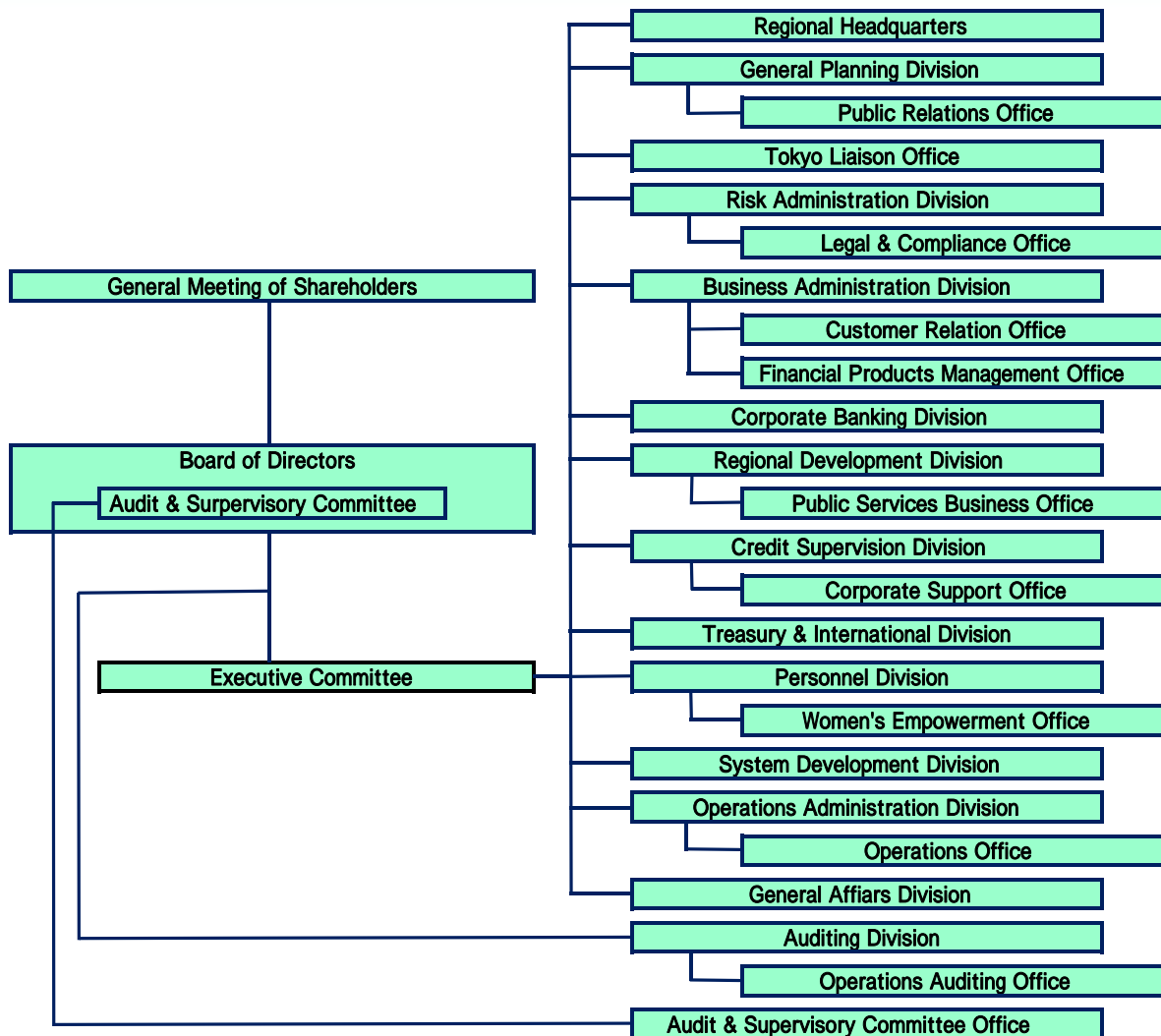
Hiomiki Sugiyama
Takashi Oya
Norihisa Ishida
Toshisada Kushibiki

Executive Officers

Satoru Ishibashi
Katsuhiko Ogasawara
Tsuyoshi Tamura

Organization

(as of June 23, 2016)



Corporate Data

(as of March 31, 2016)

Company Name

The Aomori Bank, Ltd.

Head Office

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

WEB URL

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

Date of Establishment

October 1, 1943

Date of Foundation

January 20, 1879

Number of Employees

1,353

Number of Offices

102

Paid-in Capital

19,562 million yen

Number of Outstanding Shares

205,121 thousand

Total Assets

2,711.7 billion yen

Loans and Bills Discounted

1,659.5 billion yen

Capital Adequacy Ratio

11.02%(Domestic Standards)

Credit Rating

A(Japan Credit Rating Agency, Ltd)