

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, 2017 and 2016

	Millions of Yen		Thousands of U.S. dollars
	2017	2016	2017
Assets			
Cash and due from banks	¥286,918	¥97,937	\$2,557,432
Call loans	-	40,000	-
Monetary claims bought	2,448	2,260	21,827
Trading account securities	236	36	2,111
Investment securities	855,210	873,710	7,622,872
Loans and bills discounted	1,699,525	1,659,576	15,148,635
Foreign exchanges	1,202	1,344	10,715
Other assets	12,372	4,885	110,284
Tangible fixed assets	20,055	20,050	178,761
Intangible fixed assets	1,645	1,308	14,663
Prepaid pension cost	2,852	2,757	14,663
Customers' liabilities for			
acceptances and guarantees	17,124	17,370	152,634
Reserve for possible loan losses	(7,145)	(9,465)	(63,691)
Reserve for investment loss	(3)	(24)	(31)
Total assets	<u>¥2,892,442</u>	<u>¥2,711,748</u>	<u>\$25,781,642</u>
Liabilities and shareholders' equity			
Liabilities			
Deposits	¥2,318,081	¥2,286,800	\$20,662,103
Negotiable certificates of deposits	151,897	132,470	1,353,934
Call money	83,521	34,517	744,468
Payables under securities lending transactions	5,164	2,719	46,029
Borrowed funds	174,953	101,381	1,559,439
Foreign exchanges	10	5	94
Other liabilities	24,287	14,603	216,483
Reserve for employee's bonus	592	596	5,276
Reserve for employee's retirement benefit	-	275	-
Reserve for reimbursement of deposit	615	422	5,485
Deferred tax liabilities	4,040	6,606	36,017
Deferred tax liabilities on land revaluation	1,648	1,731	14,694
Acceptances and guarantees	17,124	17,370	152,634
Total liabilities	<u>2,781,937</u>	<u>2,599,500</u>	<u>24,796,663</u>
Net assets			
Shareholder's equity			
Common stock	19,562	19,562	174,370
Capital surplus	12,916	12,916	115,130
Total retained earnings	58,795	55,220	524,071
Legal reserve	6,646	6,646	59,240
Appropriated retained earnings	46,000	42,000	410,018
Unappropriated retained earnings	6,149	6,574	54,812
Treasury stock	(494)	(731)	(4,410)
Total shareholder's equity	<u>90,779</u>	<u>86,968</u>	<u>809,161</u>
Valuation and translation adjustments			
Net unrealized gains (losses) on securities	17,112	22,533	152,532
Net deferred gains (losses) on hedging instruments	(3)	(23)	(30)
Revaluation reserve for land	2,495	2,680	22,247
Total Valuation and translation adjustments	<u>19,605</u>	<u>25,190</u>	<u>174,749</u>
Stock option rights	119	89	1,067
Total net assets	<u>110,504</u>	<u>112,247</u>	<u>984,979</u>
Total liabilities and net assets	<u>¥2,892,442</u>	<u>¥2,711,748</u>	<u>\$25,781,642</u>

Non-Consolidated Statements of Changes In Net Assets
The Aomori Bank, Ltd.
As of March 31, 2017 and 2016

Millions of yen

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings		Total retained earnings	
Balances as of March 31, 2016	¥19,562	¥12,916	¥6,646	¥42,000	¥6,574	¥55,220	(¥731)	¥86,968
Changes during the accounting period								
Dividends from surplus					(1,222)	(1,222)		(1,222)
Appropriated retained earnings				4,000	(4,000)			
Net Income					4,612	4,612		4,612
Purchase of treasury stock							(5)	(5)
Disposal of treasury stock					(0)	(0)	242	242
Reversal of land revaluation excess					185	185		185
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	4,000	(425)	3,574	236	3,811
Balances as of March 31, 2017	¥19,562	¥12,916	¥6,646	¥46,000	¥6,149	¥58,795	(¥494)	¥90,779

Thousands of US. dollars

	Shareholder's equity							Total
	Common stock	Capital surplus	Retained earnings			Treasury stock		
			Legal reserve	Appropriated retained earnings	Unappropriated retained earnings		Total retained earnings	
Balances as of March 31, 2016	\$174,370	\$115,130	\$59,240	\$374,364	\$58,602	\$492,207	(\$6,522)	\$775,185
Changes during the accounting period								
Dividends from surplus					(10,896)	(10,896)		(10,896)
Appropriated retained earnings				35,653	(35,653)			
Net Income					41,115	41,115		41,115
Purchase of treasury stock							(52)	(52)
Disposal of treasury stock					(3)	(3)	2,165	2,161
Reversal of land revaluation excess					1,649	1,649		1,649
Changes other than Shareholders' equity (net)								
Total changes during the accounting period	—	—	—	35,653	(3,789)	31,864	2,112	33,976
Balances as of March 31, 2017	\$174,370	\$115,130	\$59,240	\$410,018	\$54,812	\$524,071	(\$4,410)	\$809,161

Non-Consolidated Statements of Changes In Net Assets
The Aomori Bank, Ltd.
As of March 31, 2017 and 2016

	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 31,2016	¥22,533	(¥23)	¥2,680	¥25,190	¥89	¥112,247	
Changes during the accounting period							
Dividends from surplus						(1,222)	
Appropriated retained earnings							
Net Income						4,612	
Purchase of treasury stock						(5)	
Disposal of treasury stock						242	
Reversal of land revaluation excess						185	
Changes other than Shareholders' equity (net)	(5,420)	20	(185)	(5,585)	30	(5,554)	
Total changes during the accounting period	(5,420)	20	(185)	(5,585)	30	(1,743)	
Balances as of March 31,2017	¥17,112	(¥3)	¥2,495	¥19,605	¥119	¥110,504	

	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 31,2016	\$200,849	(\$211)	\$23,896	\$224,534	\$795	\$1,000,515	
Changes during the accounting period							
Dividends from surplus						(10,896)	
Appropriated retained earnings							
Net Income						41,115	
Purchase of treasury stock						(52)	
Disposal of treasury stock						2,161	
Reversal of land revaluation excess						1,649	
Changes other than Shareholders' equity (net)	(48,316)	181	(1,649)	(49,784)	272	(49,512)	
Total changes during the accounting period	(48,316)	181	(1,649)	(49,784)	272	(15,536)	
Balances as of March 31,2017	\$152,532	(\$30)	\$22,247	\$174,749	\$1,067	\$984,979	

(*) 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 ¥112.19= U.S.\$1, the prevailing rate as of March 31, 2017. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars.

Corporate Data

(as of March 31, 2017)

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

1,317

Number of Offices

101

Paid-in Capital

19,562 million yen

Number of Outstanding Shares

205,121 thousand

Total Assets

2,892.4 billion yen

Loans and Bills Discounted

1,699.5 billion yen

Capital Adequacy Ratio

9.82%(Domestic Standards)

Credit Rating

A(Japan Credit Rating Agency, Ltd)