

Financial Statements

For the Six Months Ended Sep. 30, 2017

Yamaguchi Financial Group, Inc.

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CONSOLIDATED FINANCIAL INFORMATION

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(Note)

- ① Information presented herein has been extracted from the original material, solely for the convenience of the readers outside Japan.
The amounts presented herein have not been audited.
- ② "△" means a negative number.
- ③ Figures less than ¥1 million are omitted.

CONSOLIDATED FINANCIAL INFORMATION

1. CONSOLIDATED BALANCE SHEETS

March 31 and September 30, 2017

		Millions of yen	
		March 31	September 30
ASSETS			
Assets	(資産の部)		
Cash and due from banks	現金預け金	960,386	878,598
Call loans and bills purchased	コールローン及び買入手形	278,731	317,193
Monetary claims bought	買入金銭債権	8,881	8,830
Trading assets	特定取引資産	2,799	2,485
Money held in trust	金銭の信託	46,952	40,697
Securities	有価証券	1,900,270	1,813,974
Loans and bills discounted	貸出金	6,751,377	6,930,399
Foreign exchanges	外国為替	16,052	21,517
Lease receivables and investment assets	リース債権及びリース投資資産	14,285	15,532
Other assets	その他資産	125,830	181,494
Tangible fixed assets	有形固定資産	91,501	93,060
Intangible fixed assets	無形固定資産	8,728	9,747
Net defined benefit asset	退職給付に係る資産	29,596	30,310
Deferred tax assets	繰延税金資産	1,711	1,215
Customers' liabilities for acceptances and guarantees	支払承諾見返	43,067	42,362
Allowance for loan losses	貸倒引当金	△ 54,393	△ 51,554
Total assets	資産の部合計	10,225,781	10,335,866
LIABILITIES AND NET ASSETS			
Liabilities	(負債の部)		
Deposits	預金	8,453,837	8,633,437
Negotiable certificates of deposit	譲渡性預金	775,958	716,857
Call money and bills sold	コールマネー及び売渡手形	82,666	35,025
Payables under securities lending transactions	債券貸借取引受入担保金	32,860	41,561
Trading liabilities	特定取引負債	2,173	1,714
Borrowed money	借入金	31,395	31,609
Foreign exchanges	外国為替	475	430
Bonds with warrants	新株予約権付社債	67,314	67,638
Other liabilities	その他負債	91,108	88,365
Provision for bonuses	賞与引当金	3,153	3,159
Net defined benefit liability	退職給付に係る負債	1,878	1,757
Provision for directors' retirement benefits	役員退職慰労引当金	259	268
Provision for loss on interest repayments	利息返還損失引当金	14	13
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,541	1,342
Provision for customers point services	ポイント引当金	77	76
Provision for management board benefit trust	役員株式給付引当金	108	183
Reserves under special laws	特別法上の引当金	23	24
Deferred tax liabilities	繰延税金負債	9,942	15,390
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	10,871	10,871
Acceptances and guarantees	支払承諾	43,067	42,362
Total liabilities	負債の部合計	9,608,729	9,692,089
Net Assets			
	(純資産の部)		
Capital stock	資本金	50,000	50,000
Capital surplus	資本剰余金	60,765	60,907
Retained earnings	利益剰余金	442,258	459,059
Treasury stock	自己株式	△ 22,702	△ 22,373
Total shareholders' equity	株主資本合計	530,322	547,593
Unrealized gains on available-for-sale securities	その他有価証券評価差額金	55,524	64,233
Deferred losses on hedges	繰延ヘッジ損益	△ 216	△ 135
Revaluation reserve for land	土地再評価差額金	24,532	24,532
Remeasurements of defined benefit plans	退職給付に係る調整累計額	980	1,333
Total accumulated other comprehensive income	その他包括利益累計額合計	80,821	89,964
Stock options	新株予約権	512	427
Non-controlling interests	非支配株主持分	5,396	5,790
Total net assets	純資産の部合計	617,052	643,777
Total liabilities and net assets	負債及び純資産の部合計	10,225,781	10,335,866

2. CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The six months ended September 30, 2016 and 2017

(CONSOLIDATED STATEMENTS OF INCOME)

		Millions of yen	
		2016	2017
Ordinary Income	経常収益	84,641	81,655
Interest income:	資金運用収益	47,099	49,787
Interest on loans and discounts	(うち貸出金利息)	36,931	37,094
Interest and dividends on securities	(うち有価証券利息配当金)	9,674	12,163
Fees and commissions	役務取引等収益	11,836	13,613
Trading income	特定取引収益	1,006	1,541
Other ordinary income	その他業務収益	12,503	8,315
Other income	その他経常収益	12,196	8,396
Ordinary Expenses	経常費用	59,495	54,446
Interest expense:	資金調達費用	3,659	3,773
Interest on deposits	(うち預金利息)	2,569	2,249
Fees and commissions payments	役務取引等費用	4,103	4,422
Trading expenses	特定取引費用	—	6
Other operating expenses	その他業務費用	8,495	8,348
General and administrative expenses	営業経費	40,922	35,335
Other expenses	その他経常費用	2,314	2,560
Ordinary profit	経常利益	25,146	27,209
Extraordinary income	特別利益	196	666
Gain on disposal of non-current assets	固定資産処分益	196	0
Compensation for transfer	移転補償金	—	289
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	—	376
Extraordinary loss	特別損失	89	80
Loss on disposal of non-current assets	固定資産処分損	72	12
Impairment losses	減損損失	14	67
Transfer to reserve for financial products transaction liabilities	金融商品取引責任準備金繰入額	2	0
Income before income taxes and minority interests	税金等調整前中間純利益	25,254	27,794
Income taxes-Current	法人税、住民税及び事業税	6,964	6,641
Income taxes-Deferred	法人税等調整額	1,312	2,032
Total income taxes	法人税等合計	8,276	8,674
Net income	中間純利益	16,977	19,120
Net income attributable to non-controlling interests	非支配株主に帰属する中間純利益	41	340
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益	16,935	18,780

(CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

		Millions of yen	
		2016	2017
Net income	中間純利益	16,977	19,120
Other comprehensive income	その他の包括利益	△ 7,917	9,146
Unrealized gains (losses) on available-for-sale securities	その他有価証券評価差額金	△ 8,512	8,712
Deferred gains (losses) on hedges	繰延ヘッジ損益	27	81
Remeasurements of defined benefit plans	退職給付に係る調整額	566	352
Comprehensive income	中間包括利益	9,059	28,266
Comprehensive income attributable to:	(内訳)		
Total comprehensive income attributable to owners of the parent	親会社株主に係る中間包括利益	9,022	27,923
Total comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	37	343

3. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

The six months ended September 30, 2016

	Million of yen				
	Shareholders' Equity				
	株主資本				
	Capital Stock 資本金	Capital Surplus 資本剰余金	Retained Earnings 利益剰余金	Tresuary Stock 自己株式	Total Shareholders' Equity 株主資本合計
Balance at beginning of current period 当期首残高	50,000	60,780	415,100	△ 23,426	502,455
Changes of items during period 当中間期変動額					
Dividend paid 剰余金の配当			△ 1,960		△ 1,960
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益			16,935		16,935
Purchase of treasury stock 自己株式の取得				△ 616	△ 616
Disposal of treasury stock 自己株式の処分		△ 181		1,049	867
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）					
Total changes of items during period 当中間期変動額合計	—	△ 181	14,974	432	15,226
Balance at end of current period 当中間期末残高	50,000	60,599	430,075	△ 22,993	517,681

	Million of yen							
	Accumulated other comprehensive income					Stock options	Non-controlling Interests	Total Net Assets
	その他の包括利益累計額							
	Unrealized gain on available-for-sale securities その他有価証券評価差額金	Deferred losses on hedges 繰延ヘッジ損益	Revaluation reserve for land 土地再評価差額金	Remeasurements of defined benefit plans 退職給付に係る調整累計額	Total accumulated other comprehensive income その他の包括利益累計額合計	新株予約権	非支配株主持分	純資産合計
Balance at beginning of current period 当期首残高	54,020	△ 306	24,522	△ 3,288	74,947	600	5,163	583,167
Changes of items during period 当中間期変動額								
Dividend paid 剰余金の配当								△ 1,960
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益								16,935
Purchase of treasury stock 自己株式の取得								△ 616
Disposal of treasury stock 自己株式の処分								867
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）	△ 8,507	27	—	566	△ 7,913	△ 87	74	△ 7,926
Total changes of items during period 当中間期変動額合計	△ 8,507	27	—	566	△ 7,913	△ 87	74	7,299
Balance at end of current period 当中間期末残高	45,512	△ 278	24,522	△ 2,722	67,034	512	5,238	590,467

The six months ended September 30, 2017

	Million of yen				
	Shareholders' Equity				
	株主資本				
	Capital Stock 資本金	Capital Surplus 資本剰余金	Retained Earnings 利益剰余金	Tresuary Stock 自己株式	Total Shareholders' Equity 株主資本合計
Balance at beginning of current period 当期首残高	50,000	60,765	442,258	△ 22,702	530,322
Changes of items during period 当中間期変動額					
Dividend paid 剰余金の配当			△ 1,979		△ 1,979
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益			18,780		18,780
Purchase of treasury stock 自己株式の取得				△ 11	△ 11
Disposal of treasury stock 自己株式の処分		142		339	482
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）					
Total changes of items during period 当中間期変動額合計	—	142	16,800	328	17,271
Balance at end of current period 当中間期末残高	50,000	60,907	459,059	△ 22,373	547,593

	Million of yen							
	Accumulated other comprehensive income					Stock options	Non-controlling Interests	Total Net Assets
	その他の包括利益累計額							
	Unrealized gain on available-for-sale securities その他有価証券評価差額金	Deferred losses on hedges 繰延ヘッジ損益	Revaluation reserve for land 土地再評価差額金	Remeasurements of defined benefit plans 退職給付に係る調整累計額	Total accumulated other comprehensive income その他の包括利益累計額合計	新株予約権	非支配株主持分	純資産合計
Balance at beginning of current period 当期首残高	55,524	△ 216	24,532	980	80,821	512	5,396	617,052
Changes of items during period 当中間期変動額								
Dividend paid 剰余金の配当								△ 1,979
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益								18,780
Purchase of treasury stock 自己株式の取得								△ 11
Disposal of treasury stock 自己株式の処分								482
Net changes in terms other than shareholders' equity 株主資本以外の項目の当中間期変動額（純額）	8,709	81	—	352	9,143	△ 85	394	9,452
Total changes of items during period 当中間期変動額合計	8,709	81	—	352	9,143	△ 85	394	26,724
Balance at end of current period 当中間期末残高	64,233	△ 135	24,532	1,333	89,964	427	5,790	643,777

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

The six months ended September 30, 2016 and 2017

		Millions of yen	
		2016	2017
Cash flows from operating activities:	営業活動によるキャッシュ・フロー		
Income before income taxes and minority interests	税金等調整前中間純利益	25,254	27,794
Depreciation	減価償却費	3,231	1,947
Impairment losses	減損損失	14	67
Amortization of goodwill	のれん償却額	2,465	197
Equity in earnings of affiliates	持分法による投資損益 (△は益)	△ 2	△ 2
Net change in allowance for loan losses	貸倒引当金の増減 (△)	△ 3,667	△ 2,839
Net change in provision for bonuses	賞与引当金の増減額 (△は減少)	△ 85	5
Net change in defined benefit asset	退職給付に係る資産の増減額 (△は増加)	△ 1,586	△ 714
Net change in defined benefit liability	退職給付に係る負債の増減額 (△は減少)	△ 94	△ 121
Net change in provision for directors' retirement benefits	役員退職慰労引当金の増減額 (△は減少)	△ 12	9
Net change in provision for management board benefit trust	役員株式給付引当金の増減額 (△は減少)	42	75
Net change in provision for loss on interest repayments	利息返還損失引当金の増減額 (△は減少)	△ 12	△ 0
Net change in provision for reimbursement of deposits	睡眠預金払戻損失引当金の増減 (△)	△ 115	△ 198
Net change in provision for customers point services	ポイント引当金の増減額 (△は減少)	7	△ 0
Net change in reserves under special laws	特別法上の引当金の増減額 (△は減少)	2	0
Interest income	資金運用収益	△ 47,099	△ 49,787
Interest expenses	資金調達費用	3,659	3,773
Net gains related to securities transactions	有価証券関係損益 (△)	△ 13,619	△ 7,777
Net gains from money held in trust	金銭の信託の運用損益 (△は運用益)	1,003	1,094
Net exchange gains	為替差損益 (△は益)	7,406	△ 2,241
Net losses from disposition of fixed assets	固定資産処分損益 (△は益)	△ 124	12
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	—	△ 376
Net change in trading assets	特定取引資産の純増 (△) 減	1,137	314
Net change in trading liabilities	特定取引負債の純増減 (△)	△ 1,652	△ 459
Net change in loans and bills discounted	貸出金の純増 (△) 減	△ 109,289	△ 179,021
Net change in deposits	預金の純増減 (△)	△ 149,669	179,599
Net change in negotiable certificates of deposits	譲渡性預金の純増減 (△)	△ 120,498	△ 59,100
Net change in borrowed money excluding subordinated loans	借入金 (劣後特約付借入金を除く) の純増減 (△)	△ 2,409	214
Net change in deposits with bank	預け金 (日銀預け金を除く) の純増 (△) 減	△ 7,967	1,434
Net change in call loans and bills purchased	コールローン等の純増 (△) 減	△ 144,381	△ 38,411
Net change in call money and bills sold	コールマネー等の純増減 (△)	697	△ 47,641
Net change in payables under securities lending transactions	債券貸借取引受入担保金の純増減 (△)	6,514	8,700
Net change in foreign exchanges (asset account)	外国為替 (資産) の純増 (△) 減	△ 8,894	△ 5,464
Net change in foreign exchanges (liability account)	外国為替 (負債) の純増減 (△)	355	△ 45
Net change in lease receivables and investment assets	リース債権及びリース投資資産の純増 (△) 減	△ 292	△ 1,247
Interest received	資金運用による収入	46,226	44,400
Interest paid	資金調達による支出	△ 3,270	△ 3,600
Other, net	その他	16,337	△ 43,784
Subtotal	小計	△ 500,387	△ 173,194
Income taxes paid	法人税等の支払額	△ 8,618	△ 3,038
Income taxes refunds	法人税等の還付額	0	37
Net cash provided by operating activities	営業活動によるキャッシュ・フロー	△ 509,005	△ 176,196
Cash flows from investing activities:	投資活動によるキャッシュ・フロー		
Purchases of securities	有価証券の取得による支出	△ 879,809	△ 1,110,362
Proceeds from sales of securities	有価証券の売却による収入	773,536	1,124,821
Proceeds from maturity of securities	有価証券の償還による収入	111,471	81,940
Purchases of money held in trust	金銭の信託の増加による支出	△ 13,569	△ 2,990
Proceeds from sales of money held in trust	金銭の信託の減少による収入	11,039	8,382
Purchases of tangible fixed assets	有形固定資産の取得による支出	△ 2,871	△ 2,864
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	25	0
Purchases of intangible fixed assets	無形固定資産の取得による支出	△ 1,270	△ 1,961
Net cash provided by (used in) investing activities	投資活動によるキャッシュ・フロー	△ 1,448	96,966
Cash flows from financing activities:	財務活動によるキャッシュ・フロー		
Dividends paid	配当金の支払額	△ 1,960	△ 1,979
Dividends paid to non-controlling shareholders	非支配株主への配当金の支払額	△ 2	△ 2
Purchases of treasury stock	自己株式の取得による支出	△ 616	△ 11
Proceeds from disposal of treasury stock	自己株式の処分による収入	911	279
Proceeds from sales of shares of parent held by subsidiaries	子会社の所有する親会社株式の売却による収入	—	587
Net cash used in financing activities	財務活動によるキャッシュ・フロー	△ 1,667	△ 1,126
Effect of exchange rate changes on cash and cash equivalents	現金及び現金同等物に係る換算差額	△ 22	2
Net change in cash and cash equivalents	現金及び現金同等物の増減額 (△は減少)	△ 512,144	△ 80,352
Cash and cash equivalents at beginning of period	現金及び現金同等物の期首残高	1,158,707	937,565
Cash and cash equivalents at end of period	現金及び現金同等物の中間期末残高	646,562	857,213