

Financial Statements

For the Six Months Ended Sep. 30, 2016

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, 2016

		Millions of yen	
		March 31	September 30
ASSETS			
Assets	(資産の部)		
Cash and due from banks	現金預け金	1,174,641	670,464
Call loans and bills purchased	コールローン及び買入手形	356,718	501,086
Monetary claims bought	買入金銭債権	7,909	7,922
Trading assets	特定取引資産	4,250	3,113
Money held in trust	金銭の信託	47,655	49,170
Securities	有価証券	2,120,651	2,074,713
Loans and bills discounted	貸出金	6,448,887	6,558,176
Foreign exchanges	外国為替	14,990	23,884
Lease receivables and investment assets	リース債権及びリース投資資産	13,784	14,077
Other assets	その他資産	146,530	162,301
Tangible fixed assets	有形固定資産	88,665	90,493
Intangible fixed assets	無形固定資産	9,173	5,680
Net defined benefit asset	退職給付に係る資産	21,693	23,279
Deferred tax assets	繰延税金資産	2,211	2,522
Customers' liabilities for acceptances and guarantees	支払承諾見返	47,719	43,526
Allowance for loan losses	貸倒引当金	△ 67,478	△ 63,811
Total assets	資産の部合計	10,438,004	10,166,604
LIABILITIES AND NET ASSETS			
Liabilities	(負債の部)		
Deposits	預金	8,703,690	8,554,021
Negotiable certificates of deposit	譲渡性預金	806,398	685,900
Call money and bills sold	コールマネー及び売渡手形	73,343	74,040
Payables under securities lending transactions	債券貸借取引受入担保金	32,000	38,515
Trading liabilities	特定取引負債	3,525	1,873
Borrowed money	借入金	34,552	32,143
Foreign exchanges	外国為替	374	730
Bonds with warrants	新株予約権付社債	67,608	60,672
Other liabilities	その他負債	63,755	64,980
Provision for bonuses	賞与引当金	3,439	3,353
Net defined benefit liability	退職給付に係る負債	2,056	1,962
Provision for directors' retirement benefits	役員退職慰労引当金	39	27
Provision for management board benefit trust	役員株式給付引当金	—	42
Provision for loss on interest repayments	利息返還損失引当金	29	17
Provision for reimbursement of deposits	睡眠預金払戻損失引当金	1,404	1,289
Provision for customers point services	ポイント引当金	75	82
Reserves under special laws	特別法上の引当金	17	19
Deferred tax liabilities	繰延税金負債	3,932	2,065
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	47,719	43,526
Total liabilities	負債の部合計	9,854,836	9,576,136
Net Assets	(純資産の部)		
Capital stock	資本金	50,000	50,000
Capital surplus	資本剰余金	60,780	60,599
Retained earnings	利益剰余金	415,100	430,075
Treasury stock	自己株式	△ 23,426	△ 22,993
Total shareholders' equity	株主資本合計	502,455	517,681
Unrealized gains on available-for-sale securities	その他有価証券評価差額金	54,020	45,512
Deferred losses on hedges	繰延ヘッジ損益	△ 306	△ 278
Revaluation reserve for land	土地再評価差額金	24,522	24,522
Remeasurements of defined benefit plans	退職給付に係る調整累計額	△ 3,288	△ 2,722
Total accumulated other comprehensive income	その他包括利益累計額合計	74,947	67,034
Stock options	新株予約権	600	512
Non-controlling interests	非支配株主持分	5,163	5,238
Total net assets	純資産の部合計	583,167	590,467
Total liabilities and net assets	負債及び純資産の部合計	10,438,004	10,166,604

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

The six months ended September 30, 2015 and 2016

(CONSOLIDATED STATEMENTS OF INCOME)

		Millions of yen	
		2015	2016
Ordinary Income	経常収益	82,180	84,641
Interest income:	資金運用収益	50,377	47,099
Interest on loans and discounts	(うち貸出金利息)	38,424	36,931
Interest and dividends on securities	(うち有価証券利息配当金)	11,054	9,674
Fees and commissions	役務取引等収益	12,367	11,836
Trading income	特定取引収益	1,097	1,006
Other ordinary income	その他業務収益	8,168	12,503
Other income	その他経常収益	10,170	12,196
Ordinary Expenses	経常費用	56,202	59,495
Interest expense:	資金調達費用	3,974	3,659
Interest on deposits	(うち預金利息)	3,004	2,569
Fees and commissions payments	役務取引等費用	3,906	4,103
Trading expenses	特定取引費用	11	—
Other operating expenses	その他業務費用	7,217	8,495
General and administrative expenses	営業経費	39,808	40,922
Other expenses	その他経常費用	1,284	2,314
Ordinary profit	経常利益	25,977	25,146
Extraordinary income	特別利益	1,241	196
Gain on disposal of non-current assets	固定資産処分益	14	196
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	1,226	—
Extraordinary loss	特別損失	57	89
Loss on disposal of non-current assets	固定資産処分損	37	72
Impairment losses	減損損失	16	14
Transfer to reserve for financial products transaction liabilities	金融商品取引責任準備金繰入額	3	2
Income before income taxes and minority interests	税金等調整前中間純利益	27,161	25,254
Income taxes-Current	法人税、住民税及び事業税	7,108	6,964
Income taxes-Deferred	法人税等調整額	2,350	1,312
Total income taxes	法人税等合計	9,458	8,276
Net income	中間純利益	17,702	16,977
Net income attributable to non-controlling interests	非支配株主に帰属する中間純利益	294	41
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益	17,407	16,935

(CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

		Millions of yen	
		2015	2016
Net income	中間純利益	17,702	16,977
Other comprehensive income	その他の包括利益	△ 18,654	△ 7,917
Unrealized gains (losses) on available-for-sale securities	その他有価証券評価差額金	△ 18,016	△ 8,512
Deferred gains (losses) on hedges	繰延ヘッジ損益	21	27
Remeasurements of defined benefit plans	退職給付に係る調整額	△ 659	566
Comprehensive income	中間包括利益	△ 952	9,059
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	△ 1,240	9,022
Total comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	288	37

3. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

The six months ended September 30, 2015

	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	59,686	386,187	△ 24,320	471,553
Changes of items during period 当中間期変動額					
Dividend paid 剰余金の配当			△ 1,711		△ 1,711
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益			17,407		17,407
Purchase of treasury stock 自己株式の取得				△ 27	△ 27
Disposal of treasury stock 自己株式の処分		△ 39		215	175
Changes in subsidiaries' equity 連結子会社持分の増減		△ 98		2	△ 95
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	—	△ 138	15,695	190	15,748
Balance at end of current period 当中間期末残高	50,000	59,548	401,883	△ 24,130	487,301

	Million of yen							
	Accumulated other comprehensive income その他の包括利益累計額					Stock options 新株予約権	Non-controlling Interests 非支配株主持分	Total Net Assets 純資産合計
	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			
Balance at beginning of current period 当期首残高	71,146	△ 315	23,993	5,003	99,827	511	6,495	578,387
Changes of items during period 当中間期変動額								
Dividend paid 剰余金の配当								△ 1,711
Net income attributable to owners of the parent 親会社株主に帰属する中間純利益								17,407
Purchase of treasury stock 自己株式の取得								△ 27
Disposal of treasury stock 自己株式の処分								175
Changes in subsidiaries' equity 連結子会社持分の増減								△ 95
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）	△ 18,010	21	—	△ 659	△ 18,648	4	394	△ 18,248
Total changes of items during period 当中間期変動額合計	△ 18,010	21	—	△ 659	△ 18,648	4	394	△ 2,500
Balance at end of current period 当中間期末残高	53,135	△ 293	23,993	4,343	81,178	516	6,890	575,887

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

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

The six months ended September 30, 2015 and 2016

		Millions of yen	
		2015	2016
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	27,161	25,254
Depreciation	減価償却費	3,671	3,231
Impairment losses	減損損失	16	14
Amortization of goodwill	のれん償却額	2,465	2,465
Equity in earnings of affiliates	持分法による投資損益 (△は益)	△ 0	△ 2
Net change in allowance for loan losses	貸倒引当金の増減 (△)	△ 2,597	△ 3,667
Net change in provision for bonuses	賞与引当金の増減額 (△は減少)	59	△ 85
Net change in defined benefit asset	退職給付に係る資産の増減額 (△は増加)	889	△ 1,586
Net change in defined benefit liability	退職給付に係る負債の増減額 (△は減少)	△ 110	△ 94
Net change in provision for directors' retirement benefits	役員退職慰労引当金の増減額 (△は減少)	△ 1	△ 12
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
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)	△ 2	△ 12
Net change in provision for reimbursement of deposits	睡眠預金払戻損失引当金の増減 (△)	△ 162	△ 115
Net change in provision for customers point services	ポイント引当金の増減額 (△は減少)	9	7
Net change in reserves under special laws	特別法上の引当金の増減額 (△は減少)	3	2
Interest income	資金運用収益	△ 50,377	△ 47,099
Interest expenses	資金調達費用	3,974	3,659
Net gains related to securities transactions	有価証券関係損益 (△)	△ 8,325	△ 13,619
Net gains from money held in trust	金銭の信託の運用損益 (△は運用益)	△ 1,087	1,003
Net exchange gains	為替差損益 (△は益)	△ 3,166	7,406
Net losses from disposition of fixed assets	固定資産処分損益 (△は益)	23	△ 124
Gain on exemption from employees' retirement benefit trust	退職給付信託返還益	△ 1,226	—
Net change in trading assets	特定取引資産の純増 (△) 減	644	1,137
Net change in trading liabilities	特定取引負債の純増減 (△)	△ 591	△ 1,652
Net change in loans and bills discounted	貸出金の純増 (△) 減	△ 115,355	△ 109,289
Net change in deposits	預金の純増減 (△)	△ 35,129	△ 149,669
Net change in negotiable certificates of deposits	譲渡性預金の純増減 (△)	△ 61,256	△ 120,498
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 (△)	△ 3,461	△ 2,409
Net change in deposits with bank	預け金 (日銀預け金を除く) の純増 (△) 減	1,106	△ 7,967
Net change in call loans and bills purchased	コールローン等の純増 (△) 減	66,841	△ 144,381
Net change in call money and bills sold	コールマネー等の純増減 (△)	△ 31,742	697
Net change in payables under securities lending transactions	債券貸借取引受入担保金の純増減 (△)	3,745	6,514
Net change in foreign exchanges (asset account)	外国為替 (資産) の純増 (△) 減	936	△ 8,894
Net change in foreign exchanges (liability account)	外国為替 (負債) の純増減 (△)	△ 42	355
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	7	△ 292
Interest received	資金運用による収入	48,605	46,226
Interest paid	資金調達による支出	△ 3,626	△ 3,270
Other, net	その他	△ 16,179	16,337
Subtotal	小計	△ 174,278	△ 500,387
Income taxes paid	法人税等の支払額	△ 5,169	△ 8,618
Income taxes refunds	法人税等の還付額	1	0
Net cash provided by operating activities	営業活動によるキャッシュ・フロー	△ 179,445	△ 509,005
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	△ 796,827	△ 879,809
Proceeds from sales of securities	有価証券の売却による収入	770,410	773,536
Proceeds from maturity of securities	有価証券の償還による収入	156,807	111,471
Purchases of money held in trust	金銭の信託の増加による支出	△ 5,109	△ 13,569
Proceeds from sales of money held in trust	金銭の信託の減少による収入	6,087	11,039
Purchases of tangible fixed assets	有形固定資産の取得による支出	△ 1,140	△ 2,871
Proceeds from sales of tangible fixed assets	有形固定資産の売却による収入	15	25
Purchases of intangible fixed assets	無形固定資産の取得による支出	△ 586	△ 1,270
Net cash provided by (used in) investing activities	投資活動によるキャッシュ・フロー	129,657	△ 1,448
Cash flows from financing activities:	財務活動によるキャッシュ・フロー		
Decrease in subordinated bonds payable	劣後特約付社債の償還による支出	△ 25,000	—
Dividends paid	配当金の支払額	△ 1,711	△ 1,960
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	△ 27	△ 616
Proceeds from disposal of treasury stock	自己株式の処分による収入	272	911
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	連結の範囲の変更を伴わない子会社株式の売却による収入	18	—
Net cash used in financing activities	財務活動によるキャッシュ・フロー	△ 26,450	△ 1,667
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	△ 0	△ 22
Net change in cash and cash equivalents	現金及び現金同等物の増減額 (△は減少)	△ 76,239	△ 512,144
Cash and cash equivalents at beginning of period	現金及び現金同等物の期首残高	942,982	1,158,707
Cash and cash equivalents at end of period	現金及び現金同等物の中間期末残高	866,743	646,562