

Translation

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Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: Yamaguchi Financial Group, Inc.
 Stock exchange listing: Tokyo
 Stock code: 8418 URL <https://www.ymfg.co.jp>
 Representative: President and CEO Keisuke Mukunashi
 General Manager of Accounting
 Inquiries: Office, Corporate Planning Department Kentaro Hama TEL 083-223-5511
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 Trading accounts: Yes
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	157,324	7.0	25,698	–	17,894	–
Year ended March 31, 2022	147,016	(19.8)	(7,635)	–	(13,005)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Ordinary profit/ordinary income
	Yen	Yen	%	%	%
Year ended March 31, 2023	77.41	77.39	2.9	0.2	16.3
Year ended March 31, 2022	(53.29)	–	(2.0)	(0.1)	(5.2)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	12,211,645	614,665	5.0	2,718.04
As of March 31, 2022	12,182,662	636,344	5.2	2,652.26

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	(143,348)	(155,575)	1,764	1,854,674
Year ended March 31, 2022	(77,132)	461,973	(13,202)	2,151,826

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	14.00	–	14.00	28.00	6,810	–	1.0
Year ended March 31, 2023	–	15.00	–	16.00	31.00	7,098	40.0	1.2
Year ending March 31, 2024 (Forecast)	–	21.00	–	22.00	43.00		40.3	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	16,500	(1.0)	11,000	(10.3)	48.87
Full year	35,000	36.2	24,000	34.1	106.62

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	264,353,616 shares	As of March 31, 2022	264,353,616 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	39,260,405 shares	As of March 31, 2022	26,865,558 shares
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Average number of shares during the period

Year ended March 31, 2023	231,170,754 shares	Year ended March 31, 2022	244,077,267 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Cash and due from banks	2,175,913	1,878,858
Call loans and bills bought	31,713	934
Monetary claims bought	5,442	2,457
Trading account assets	3,101	3,976
Money held in trust	35,059	17,404
Securities	1,354,033	1,534,139
Loans and bills discounted	8,143,997	8,347,832
Foreign exchanges	30,041	36,772
Lease receivables and investments in leases	19,698	19,805
Other assets	288,261	250,907
Tangible fixed assets	83,132	81,121
Buildings, net	19,695	19,443
Land	54,304	52,910
Leased assets, net	107	93
Construction in progress	212	245
Other tangible fixed assets	8,811	8,428
Intangible fixed assets	6,991	6,577
Software	5,689	5,349
Goodwill	412	359
Leased assets	—	0
Other intangible fixed assets	889	868
Retirement benefit asset	32,727	34,335
Deferred tax assets	3,513	9,964
Customers' liabilities for acceptances and guarantees	50,382	58,967
Allowance for loan losses	(81,348)	(72,410)
Total assets	12,182,662	12,211,645

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Deposits	9,931,230	9,954,008
Negotiable certificates of deposit	403,327	371,711
Call money and bills sold	78,078	340,052
Cash collateral received for securities lent	314,958	285,322
Trading account liabilities	1,379	1,813
Borrowed money	626,546	403,303
Foreign exchanges	171	98
Bonds payable	20,000	42,400
Other liabilities	102,981	123,479
Provision for bonuses	2,878	2,695
Retirement benefit liability	2,652	2,588
Provision for retirement benefits for directors (and other officers)	287	281
Provision for loss on interest repayment	18	13
Provision for reimbursement of deposits	530	359
Provision for point card certificates	83	124
Provision for management board benefit trust	488	427
Reserves under special laws	17	17
Deferred tax liabilities	1,421	683
Deferred tax liabilities for land revaluation	8,883	8,628
Acceptances and guarantees	50,382	58,967
Total liabilities	11,546,318	11,596,980
Net assets		
Share capital	50,000	50,000
Capital surplus	58,648	58,639
Retained earnings	511,253	522,893
Treasury shares	(25,045)	(34,847)
Total shareholders' equity	594,855	596,685
Valuation difference on available-for-sale securities	8,171	(17,237)
Deferred gains or losses on hedges	4,749	11,253
Revaluation reserve for land	20,001	19,432
Remeasurements of defined benefit plans	2,101	1,678
Total accumulated other comprehensive income	35,023	15,126
Share acquisition rights	81	43
Non-controlling interests	6,382	2,809
Total net assets	636,344	614,665
Total liabilities and net assets	12,182,662	12,211,645

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	147,016	157,324
Interest income	92,239	104,859
Interest on loans and discounts	67,496	85,780
Interest and dividends on securities	22,546	16,724
Interest on call loans and bills bought	102	556
Interest on deposits with banks	2,042	1,754
Other interest income	50	42
Trust fees	0	0
Fees and commissions	26,569	25,940
Gain on trading account transactions	1,752	1,094
Other ordinary income	20,108	13,011
Other income	6,347	12,417
Recoveries of written off receivables	9	9
Other	6,337	12,408
Ordinary expenses	154,652	131,625
Interest expenses	5,464	17,188
Interest on deposits	1,579	3,575
Interest on negotiable certificates of deposit	14	17
Interest on call money and bills sold	299	1,942
Interest expenses on cash collateral received for securities lent	381	4,579
Interest on borrowings and rediscounts	66	52
Interest expenses on bonds	158	261
Other interest expenses	2,965	6,758
Fees and commissions payments	9,561	9,156
Other ordinary expenses	47,785	32,217
General and administrative expenses	60,562	61,155
Other expenses	31,278	11,908
Provision of allowance for loan losses	22,047	6,243
Other	9,231	5,664
Ordinary profit (loss)	(7,635)	25,698
Extraordinary income	9,274	1,783
Gain on disposal of non-current assets	180	371
Gain on bargain purchase	-	907
Gain on step acquisitions	-	504
Gain on return of assets from retirement benefits trust	9,094	-
Extraordinary losses	7,142	795
Loss on disposal of non-current assets	269	203
Impairment losses	5,631	592
Loss on revision of retirement benefit plan	1,241	-
Provision of reserve for financial instruments transaction liabilities	0	-
Profit (loss) before income taxes	(5,503)	26,686
Income taxes - current	940	7,530
Income taxes - deferred	6,431	1,111
Total income taxes	7,372	8,641
Profit (loss)	(12,876)	18,044
Profit attributable to non-controlling interests	129	150
Profit (loss) attributable to owners of parent	(13,005)	17,894

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	(12,876)	18,044
Other comprehensive income	(18,459)	(19,346)
Valuation difference on available-for-sale securities	(11,277)	(25,428)
Deferred gains or losses on hedges	3,269	6,503
Remeasurements of defined benefit plans, net of tax	(10,451)	(422)
Comprehensive income	(31,335)	(1,302)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(31,492)	(1,433)
Comprehensive income attributable to non-controlling interests	157	131

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	58,654	528,085	(18,649)	618,091
Cumulative effects of changes in accounting policies			(318)		(318)
Restated balance	50,000	58,654	527,767	(18,649)	617,772
Changes during period					
Dividends of surplus			(6,699)		(6,699)
Profit (loss) attributable to owners of parent			(13,005)		(13,005)
Purchase of treasury shares				(6,501)	(6,501)
Disposal of treasury shares		(6)		104	98
Purchase of shares of consolidated subsidiaries					–
Reversal of revaluation reserve for land			3,191		3,191
Net changes in items other than shareholders' equity					
Total changes during period	–	(6)	(16,513)	(6,396)	(22,916)
Balance at end of period	50,000	58,648	511,253	(25,045)	594,855

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	19,477	1,480	23,192	12,553	56,702	117	6,228	681,139
Cumulative effects of changes in accounting policies								(318)
Restated balance	19,477	1,480	23,192	12,553	56,702	117	6,228	680,820
Changes during period								
Dividends of surplus								(6,699)
Profit (loss) attributable to owners of parent								(13,005)
Purchase of treasury shares								(6,501)
Disposal of treasury shares								98
Purchase of shares of consolidated subsidiaries								–
Reversal of revaluation reserve for land								3,191
Net changes in items other than shareholders' equity	(11,305)	3,269	(3,191)	(10,451)	(21,678)	(35)	154	(21,559)
Total changes during period	(11,305)	3,269	(3,191)	(10,451)	(21,678)	(35)	154	(44,476)
Balance at end of period	8,171	4,749	20,001	2,101	35,023	81	6,382	636,344

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	58,648	511,253	(25,045)	594,855
Changes during period					
Dividends of surplus			(6,822)		(6,822)
Profit (loss) attributable to owners of parent			17,894		17,894
Purchase of treasury shares				(10,000)	(10,000)
Disposal of treasury shares		9		198	208
Purchase of shares of consolidated subsidiaries		(18)			(18)
Reversal of revaluation reserve for land			568		568
Net changes in items other than shareholders' equity					
Total changes during period	–	(8)	11,640	(9,801)	1,829
Balance at end of period	50,000	58,639	522,893	(34,847)	596,685

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,171	4,749	20,001	2,101	35,023	81	6,382	636,344
Changes during period								
Dividends of surplus								(6,822)
Profit (loss) attributable to owners of parent								17,894
Purchase of treasury shares								(10,000)
Disposal of treasury shares								208
Purchase of shares of consolidated subsidiaries								(18)
Reversal of revaluation reserve for land								568
Net changes in items other than shareholders' equity	(25,409)	6,503	(568)	(422)	(19,897)	(38)	(3,572)	(23,508)
Total changes during period	(25,409)	6,503	(568)	(422)	(19,897)	(38)	(3,572)	(21,678)
Balance at end of period	(17,237)	11,253	19,432	1,678	15,126	43	2,809	614,665

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(5,503)	26,686
Depreciation	5,400	5,037
Impairment losses	5,631	592
Amortization of goodwill	400	67
Gain on bargain purchase	–	(907)
Loss (gain) on step acquisitions	–	(504)
Share of loss (profit) of entities accounted for using equity method	5	(16)
Increase (decrease) in allowance for loan losses	8,004	(8,938)
Increase (decrease) in provision for bonuses	26	(182)
Decrease (increase) in retirement benefit asset	26,878	(1,607)
Increase (decrease) in retirement benefit liability	(137)	(63)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(6)	(5)
Increase (decrease) in provision for share awards for directors (and other officers)	54	(60)
Increase (decrease) in provision for loss on interest repayment	(24)	(4)
Increase (decrease) in provision for reimbursement of deposits	(177)	(171)
Increase (decrease) in provision for point card certificates	12	41
Increase (decrease) in reserves under special laws	0	–
Interest income	(92,239)	(104,859)
Interest expenses	5,464	17,188
Loss (gain) related to securities	34,738	7,612
Loss (gain) on money held in trust	(244)	1,288
Foreign exchange losses (gains)	(18,785)	(12,176)
Loss (gain) on disposal of non-current assets	89	(167)
Net decrease (increase) in trading account assets	(1,120)	(875)
Net increase (decrease) in trading account liabilities	630	434
Net decrease (increase) in loans and bills discounted	(249,871)	(203,835)
Net increase (decrease) in deposits	323,939	22,778
Net increase (decrease) in negotiable certificates of deposit	(956)	(31,616)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(11,806)	(223,243)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	3,391	(95)
Net decrease (increase) in call loans	(23,411)	33,763
Net increase (decrease) in call money	(89,074)	261,974
Net increase (decrease) in cash collateral received for securities lent	(11,456)	(29,635)
Net decrease (increase) in foreign exchanges - assets	(7,632)	(6,731)
Net increase (decrease) in foreign exchanges - liabilities	(21)	(72)
Net decrease (increase) in lease receivables and investments in leases	621	(106)
Losses (gains) on cancellation of employee retirement benefit trust	(9,094)	–
Loss (gain) on revision of retirement benefit plan	1,241	–

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Interest received	81,233	99,259
Interest paid	(5,614)	(16,386)
Other, net	(40,471)	21,509
Subtotal	(69,883)	(144,031)
Income taxes paid	(9,095)	(6,336)
Income taxes refund	1,846	7,018
Net cash provided by (used in) operating activities	(77,132)	(143,348)
Cash flows from investing activities		
Purchase of securities	(2,107,076)	(820,504)
Proceeds from sale of securities	2,534,143	622,107
Proceeds from redemption of securities	35,223	30,140
Increase in money held in trust	(8,509)	(4,960)
Decrease in money held in trust	8,970	21,126
Purchase of tangible fixed assets	(1,515)	(2,018)
Proceeds from sale of tangible fixed assets	2,740	1,362
Purchase of intangible assets	(1,991)	(2,446)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(382)
Purchase of shares of associates accounted for using equity method	(9)	–
Net cash provided by (used in) investing activities	461,973	(155,575)
Cash flows from financing activities		
Issuance of subordinated bonds	–	22,270
Dividends paid	(6,699)	(6,822)
Dividends paid to non-controlling interests	(2)	(2)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(3,679)
Purchase of treasury shares	(6,501)	(10,000)
Proceeds from disposal of treasury shares	0	0
Net cash provided by (used in) financing activities	(13,202)	1,764
Effect of exchange rate change on cash and cash equivalents	7	7
Net increase (decrease) in cash and cash equivalents	371,646	(297,151)
Cash and cash equivalents at beginning of period	1,780,179	2,151,826
Cash and cash equivalents at end of period	2,151,826	1,854,674