

YMFG Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2015 and 2014

ASSETS		Millions of yen	Millions of yen	Thousands of
		2015	2014	U.S. dollars (Note 1)
				2015
Assets	Cash and due from banks (Notes 3, 4 and 9)	¥ 965,275	¥ 915,056	\$ 8,032,579
	Call loans and bills purchased (Note 4)	283,251	315,198	2,357,086
	Monetary claims bought	8,362	8,869	69,585
	Trading assets (Notes 4 and 6)	6,244	5,753	51,960
	Money held in trust (Notes 4 and 6)	48,096	49,996	400,233
	Securities (Notes 4, 5, 6 and 9)	2,323,985	2,071,990	19,339,145
	Loans and bills discounted (Notes 4 and 7)	6,228,014	5,964,133	51,826,696
	Foreign exchanges	14,281	15,497	118,840
	Lease receivables and investment assets	13,349	—	111,084
	Other assets	185,284	171,199	1,541,846
	Tangible fixed assets (Notes 10, 15 and 20)	87,999	89,348	732,288
	Intangible fixed assets (Note 20)	16,886	28,098	140,518
	Net defined benefit asset	33,476	22,882	278,572
	Deferred tax assets (Note 21)	2,880	15,639	23,966
	Customers' liabilities for acceptances and guarantees (Note 16)	52,293	48,079	435,159
	Allowance for loan losses	(74,491)	(86,693)	(619,880)
	Total assets	¥ 10,195,184	¥ 9,635,044	\$ 84,839,677

LIABILITIES AND NET ASSETS

Liabilities	Deposits (Notes 4 and 9)	¥ 9,209,080	¥ 8,764,966	\$ 76,633,769
	Call money and bills sold (Note 9)	75,071	78,897	624,707
	Payables under securities lending transactions (Note 9)	24,028	13,269	199,950
	Trading liabilities (Notes 4 and 6)	5,424	3,188	45,136
	Borrowed money (Notes 9 and 12)	39,822	29,769	331,381
	Foreign exchanges	309	287	2,571
	Bonds payable (Notes 4 and 13)	25,000	45,000	208,039
	Bonds with warrants	72,102	30,876	600,000
	Other liabilities	81,218	75,812	675,858
	Provision for bonuses	3,015	3,093	25,089
	Net defined benefit liability	3,467	4,479	28,851
	Provision for directors' retirement benefits	36	28	300
	Provision for loss on interest repayments	37	62	308
	Provision for reimbursement of deposits	1,357	1,108	11,292
	Provision for customers point services	71	67	591
	Reserves under special laws	12	7	100
	Deferred tax liabilities (Note 21)	12,991	1,917	108,105
	Deferred tax liabilities for land revaluation (Notes 15 and 21)	11,463	12,670	95,390
	Acceptances and guarantees (Note 16)	52,293	48,079	435,159
	Total liabilities	9,616,796	9,113,574	80,026,596
Net Assets (Notes 20 and 21)	Capital stock	50,000	50,000	416,077
	Capital surplus	59,686	59,713	496,680
	Retained earnings	386,187	361,184	3,213,672
	Treasury stock	(24,320)	(10,393)	(202,380)
	Total shareholders' equity	471,553	460,504	3,924,049
	Unrealized gains (losses) on available-for-sale securities	71,146	36,706	592,045
	Deferred gains (losses) on hedges	(316)	(352)	(2,630)
	Revaluation reserve for land (Note 15)	23,994	22,845	199,667
	Remeasurements of defined benefit plans	5,003	(3,465)	41,633
	Total accumulated other comprehensive income	99,827	55,734	830,715
	Stock options	512	431	4,261
Minority interests	6,496	4,801	54,056	
Total net assets	578,388	521,470	4,813,081	
Total liabilities and net assets	¥ 10,195,184	¥ 9,635,044	\$ 84,839,677	

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2015 and 2014

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Income			
Interest income:			
Interest on loans and discounts	¥ 78,181	¥ 80,457	\$ 650,587
Interest and dividends on securities	25,326	21,324	210,751
Other interest income	1,289	1,191	10,726
Trust fees	1	1	8
Fees and commissions	24,348	24,782	202,613
Trading income	2,574	2,330	21,420
Other ordinary income	14,580	11,461	121,328
Recoveries of written-off claims	321	21	2,671
Negative goodwill generated	2,391	—	19,897
Other income (Note 17)	12,426	19,613	103,404
Total income	161,437	161,180	1,343,405
Expenses			
Interest expense:			
Interest on deposits	6,859	7,606	57,077
Interest on borrowings and rediscounts	684	519	5,692
Interest on bonds payable	418	581	3,478
Other interest expense	283	287	2,355
Fees and commissions payments	7,465	7,331	62,120
Other operating expenses	7,318	5,321	60,897
General and administrative expenses (Note 18)	85,423	87,387	710,851
Impairment losses (Note 11)	132	46	1,098
Losses related to staged acquisition	200	—	1,664
Other expenses (Note 19)	3,340	2,511	27,796
Total expenses	112,122	111,589	933,028
Income before income taxes	49,315	49,591	410,377
Income taxes (Note 21):			
Current	11,244	9,908	93,567
Deferred	6,992	7,663	58,184
Income before minority interests	31,079	32,020	258,626
Minority interests in income	556	778	4,627
Net income	¥ 30,523	¥ 31,242	\$ 253,999

	Yen 2015	Yen 2014	U.S. dollars (Note 1) 2015
Amounts per share of common stock:			
Net income (Note 29)	¥ 120.88	¥ 120.68	\$ 1.01

See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Years ended March 31, 2015 and 2014

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Income before minority interests	¥ 31,079	¥ 32,020	\$ 258,626
Other comprehensive income (Note 26)	44,132	2,302	367,246
Unrealized gains (losses) on available-for-sale securities	34,454	2,204	286,709
Deferred gains (losses) on hedges	36	94	300
Revaluation reserve for land	1,187	—	9,878
Remeasurements of defined benefit plans	8,468	—	70,467
Share of other comprehensive income in affiliated companies accounted for using equity method	(13)	4	(108)
Comprehensive income (Note 26)	75,211	34,322	625,872
Total comprehensive income attributable to owners of the parent	74,645	33,544	621,162
Total comprehensive income attributable to minority interests	566	778	4,710

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2015 and 2014

	Millions of yen												
	Shareholders' Equity					Accumulated other comprehensive income					Stock options	Minority Interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at 31st March 2013	¥50,000	¥ 79,628	¥332,868	¥ (2,731)	¥459,765	¥34,498	¥(446)	¥23,333	¥ —	¥57,385	¥249	¥4,024	¥521,423
Cumulative effects of changes in accounting policies		(367)	(27)	398	4								4
Restated balance	50,000	79,261	332,841	(2,333)	459,769	34,498	(446)	23,333	—	57,385	249	4,024	521,427
Changes of items during the year													
Dividend paid			(3,387)		(3,387)								(3,387)
Net income			31,242		31,242								31,242
Purchase of treasury stock				(27,972)	(27,972)								(27,972)
Disposal of treasury stock		(13)		377	364								364
Retirement of treasury stock		(19,535)		19,535	—								—
Reversal of revaluation reserve for land			488		488								488
Net changes in terms other than shareholders' equity						2,208	94	(488)	(3,465)	(1,651)	182	777	(692)
Total changes of items during the year	—	(19,548)	28,343	(8,060)	735	2,208	94	(488)	(3,465)	(1,651)	182	777	43
Balance at 31st March 2014	¥50,000	¥ 59,713	¥361,184	¥(10,393)	¥460,504	¥36,706	¥(352)	¥22,845	¥(3,465)	¥55,734	¥431	¥4,801	¥521,470
Cumulative effects of changes in accounting policies			(1,994)		(1,994)								(1,994)
Restated balance	50,000	59,713	359,190	(10,393)	458,510	36,706	(352)	22,845	(3,465)	55,734	431	4,801	519,476
Changes of items during the year													
Dividend paid			(3,564)		(3,564)								(3,564)
Net income			30,523		30,523								30,523
Purchase of treasury stock				(14,320)	(14,320)								(14,320)
Disposal of treasury stock		(27)		407	380								380
Increase in treasury stock associated with an increase in consolidated subsidiaries				(29)	(29)								(29)
Decrease in treasury stock associated with a decrease in affiliates accounted for under the equity method				15	15								15
Reversal of revaluation reserve for land			38		38								38
Net changes in terms other than shareholders' equity						34,440	36	1,149	8,468	44,093	81	1,695	45,869
Total changes of items during the year	—	(27)	26,997	(13,927)	13,043	34,440	36	1,149	8,468	44,093	81	1,695	58,912
Balance at 31st March 2015	¥50,000	¥ 59,686	¥386,187	¥(24,320)	¥471,553	¥71,146	¥(316)	¥23,994	¥ 5,003	¥99,827	¥512	¥6,496	¥578,388

	Thousands of U.S. dollars (Note 1)												
	Shareholders' Equity					Accumulated other comprehensive income					Stock options	Minority Interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized gains on available-for-sale securities	Deferred losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at 31st March 2014	\$416,077	\$496,904	\$3,005,609	\$ (86,486)	\$3,832,104	\$305,451	\$(2,930)	\$190,106	\$(28,834)	\$463,793	\$3,587	\$39,960	\$4,339,444
Cumulative effects of changes in accounting policies			(16,594)		(16,594)								(16,594)
Restated balance	416,077	496,904	2,989,015	(86,486)	3,815,510	305,451	(2,930)	190,106	(28,834)	463,793	3,587	39,960	4,322,850
Changes of items during the year													
Dividend paid			(29,658)		(29,658)								(29,658)
Net income			253,999		253,999								253,999
Purchase of treasury stock				(119,165)	(119,165)								(119,165)
Disposal of treasury stock		(224)		3,387	3,163								3,163
Increase in treasury stock associated with an increase in consolidated subsidiaries				(241)	(241)								(241)
Decrease in treasury stock associated with a decrease in affiliates accounted for under the equity method				125	125								125
Reversal of revaluation reserve for land			316		316								316
Net changes in terms other than shareholders' equity						286,594	300	9,561	70,467	366,922	674	14,096	381,692
Total changes of items during the year	—	(224)	224,657	(115,894)	108,539	286,594	300	9,561	70,467	366,922	674	14,096	490,231
Balance at 31st March 2015	\$416,077	\$496,680	\$3,213,672	\$(202,380)	\$3,924,049	\$592,045	\$(2,630)	\$199,667	\$ 41,633	\$830,715	\$4,261	\$54,056	\$4,813,081

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2015 and 2014

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes	¥ 49,315	¥ 49,591	\$ 410,377
Depreciation	10,518	10,786	87,526
Impairment losses	132	46	1,098
Amortization of goodwill	4,935	4,950	41,067
Negative goodwill generated	(2,391)	—	(19,897)
Losses related to staged acquisition	200	—	1,664
Equity in earnings of affiliates	(44)	(31)	(366)
Net change in allowance for loan losses	(12,203)	(11,459)	(101,548)
Net change in provision for bonuses	(78)	181	(649)
Net change in defined benefit asset	(10,594)	(11,476)	(88,158)
Net change in defined benefit liability	(1,012)	1,899	(8,421)
Net change in provision for directors' retirement benefits	9	6	75
Net change in provision for loss on interest repayments	(25)	(24)	(208)
Net change in provision for reimbursement of deposits	250	22	2,080
Net change in provision for customers point services	3	(8)	25
Net change in reserves under special laws	5	3	42
Interest income	(104,797)	(102,971)	(872,073)
Interest expenses	8,244	8,993	68,603
Net gains related to securities transactions	(12,936)	(13,646)	(107,647)
Net losses (gains) from money held in trust	1,162	(677)	9,670
Net exchange gains	(13,554)	(8,479)	(112,790)
Net losses from disposition of fixed assets	70	203	583
Net change in trading assets	(492)	3,479	(4,094)
Net change in trading liabilities	2,236	227	18,607
Net change in loans and bills discounted	(263,881)	(152,167)	(2,195,897)
Net change in deposits	294,519	278,468	2,450,853
Net change in negotiable certificates of deposits	149,596	33,440	1,244,870
Net change in borrowed money excluding subordinated loans	10,053	532	83,656
Net change in deposits with bank	18,559	(7,002)	154,440
Net change in call loans and bills purchased	32,454	333,440	270,067
Net change in call money and bills sold	(3,826)	35,906	(31,838)
Net change in payables under securities lending transactions	10,759	8,939	89,531
Net change in foreign exchanges (asset account)	1,216	(2,758)	10,119
Net change in foreign exchanges (liability account)	22	(182)	183
Net change in lease receivables and investment assets	(13,349)	—	(111,084)
Net change in issuance and redemption of unsubordinated bonds payable	(20,000)	(30,000)	(166,431)
Interest received	97,621	101,712	812,357
Interest paid	(11,091)	(8,118)	(92,294)
Other, net	15,000	13,390	124,820
Subtotal	236,605	537,215	1,968,918
Income taxes paid	(10,385)	(11,028)	(86,419)
Income taxes refunds	994	18	8,272
Net cash provided by operating activities	227,214	526,205	1,890,771
Cash flows from investing activities:			
Purchases of securities	(3,063,268)	(2,758,575)	(25,491,121)
Proceeds from sales of securities	2,775,634	2,723,138	23,097,562
Proceeds from maturity of securities	113,275	88,616	942,623
Purchases of money held in trust	(11,000)	(9,480)	(91,537)
Proceeds from sales of money held in trust	11,574	15,638	96,314
Purchases of tangible fixed assets	(1,936)	(2,897)	(16,111)
Proceeds from sales of tangible fixed assets	37	141	308
Purchases of intangible fixed assets	(1,367)	(1,716)	(11,376)
Purchases of shares in subsidiaries associated with changes in the scope of consolidation	(94)	—	(782)
Net cash provided by (used in) investing activities	(177,145)	54,865	(1,474,120)
Cash flows from financing activities:			
Proceeds from issuance of bonds with warrants	36,051	30,876	300,000
Decrease in subordinated bonds payable	—	(20,000)	—
Dividends paid	(3,564)	(3,386)	(29,658)
Dividends paid to minority shareholders	(1)	(1)	(8)
Purchases of treasury stock	(14,319)	(27,972)	(119,156)
Proceeds from disposal of treasury stock	508	364	4,227
Net cash provided by (used in) financing activities	18,675	(20,119)	155,405
Effect of exchange rate changes on cash and cash equivalents	33	28	275
Net change in cash and cash equivalents	68,777	560,979	572,331
Cash and cash equivalents at the beginning of fiscal year	874,205	313,226	7,274,736
Cash and cash equivalents at the end of fiscal year (Note 3)	¥ 942,982	¥ 874,205	\$ 7,847,067

See accompanying notes.