

YMFG Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2014 and 2013

ASSETS		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
		2014	2013	2014
Assets	Cash and due from banks (Notes 3, 4 and 9)	¥ 915,056	¥ 347,076	\$ 8,890,944
	Call loans and bills purchased (Note 4)	315,198	649,843	3,062,553
	Monetary claims bought	8,869	7,663	86,174
	Trading assets (Notes 4 and 6)	5,753	9,232	55,898
	Money held in trust (Notes 4 and 6)	49,996	55,489	485,775
	Securities (Notes 4, 5, 6 and 9)	2,071,990	2,144,382	20,132,044
	Loans and bills discounted (Notes 4 and 7)	5,964,133	5,811,966	57,949,213
	Foreign exchanges	15,497	12,739	150,573
	Other assets	171,199	191,081	1,663,420
	Tangible fixed assets (Notes 10, 15 and 18)	89,348	90,009	868,131
	Intangible fixed assets (Note 18)	28,098	38,932	273,008
	Net defined benefit asset	22,882	—	222,328
	Deferred tax assets (Note 19)	15,639	22,371	151,953
	Customers' liabilities for acceptances and guarantees (Note 16)	48,079	44,605	467,149
	Allowance for loan losses	(86,693)	(98,152)	(842,334)
	Total assets	¥ 9,635,044	¥ 9,327,236	\$ 93,616,829

LIABILITIES AND NET ASSETS

Liabilities	Deposits (Notes 4 and 9)	¥ 8,764,966	¥ 8,453,058	\$ 85,162,903	
	Call money and bills sold (Note 9)	78,897	42,990	766,586	
	Payables under securities lending transactions (Note 9)	13,269	4,330	128,925	
	Trading liabilities (Notes 4 and 6)	3,188	2,962	30,976	
	Borrowed money (Notes 9 and 12)	29,769	29,236	289,244	
	Foreign exchanges	287	469	2,789	
	Bonds payable (Notes 4 and 13)	45,000	95,000	437,233	
	Bonds with warrants	30,876	—	300,000	
	Other liabilities	75,720	113,995	735,718	
	Provision for bonuses	3,093	2,912	30,052	
	Provision for retirement benefits (Note 14)	—	1,114	—	
	Net defined benefit liability	4,479	—	43,519	
	Provision for directors' retirement benefits	28	22	272	
	Provision for loss on interest repayments	62	85	602	
	Provision for reimbursement of deposits	1,108	1,086	10,766	
	Provision for customers point services	67	75	651	
	Reserves under special laws	7	4	68	
	Deferred tax liabilities (Note 19)	1,917	932	18,626	
	Deferred tax liabilities for land revaluation (Notes 15 and 19)	12,670	12,938	123,105	
	Acceptances and guarantees (Note 16)	48,079	44,605	467,149	
	Total liabilities	9,113,482	8,805,813	88,549,184	
	Net Assets (Notes 20 and 21)	Capital stock	50,000	50,000	485,814
		Capital surplus	60,064	79,628	583,599
Retained earnings		361,226	332,868	3,509,775	
Treasury stock		(10,694)	(2,731)	(103,906)	
Total shareholders' equity		460,596	459,765	4,475,282	
Unrealized gains on available-for-sale securities		36,706	34,498	356,646	
Deferred losses on hedges		(352)	(446)	(3,420)	
Revaluation reserve for land (Note 15)		22,845	23,333	221,969	
Remeasurements of defined benefit plans		(3,465)	—	(33,667)	
Total accumulated other comprehensive income		55,734	57,385	541,528	
Stock options		431	249	4,188	
Minority interests		4,801	4,024	46,647	
Total net assets	521,562	521,423	5,067,645		
Total liabilities and net assets	¥ 9,635,044	¥ 9,327,236	\$ 93,616,829		

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of
	2014	2013	U.S. dollars (Note 1) 2014
Income			
Interest income:			
Interest on loans and discounts	¥ 80,457	¥ 84,402	\$ 781,743
Interest and dividends on securities	21,324	17,473	207,190
Other interest income	1,191	1,621	11,572
Trust fees	1	1	10
Fees and commissions	24,684	22,411	239,837
Trading income	2,330	1,572	22,639
Other ordinary income	11,461	26,516	111,359
Recoveries of written-off claims	21	21	204
Other income	19,613	4,435	190,565
Total income	161,082	158,452	1,565,119
Expenses			
Interest expense:			
Interest on deposits	7,606	7,891	73,902
Interest on borrowings and rediscounts	525	447	5,101
Interest on bonds payable	581	777	5,645
Other interest expense	287	294	2,789
Fees and commissions payments	7,331	7,552	71,230
Trading expenses	—	4	—
Other operating expenses	5,321	2,546	51,700
General and administrative expenses	87,288	89,693	848,115
Impairment losses (Note 11)	46	179	447
Other expenses (Note 17)	2,512	5,109	24,408
Total expenses	111,497	114,492	1,083,337
Income before income taxes	49,585	43,960	481,782
Income taxes (Note 19):			
Current	9,908	8,068	96,269
Deferred	7,663	8,151	74,456
Income before minority interests	32,014	27,741	311,057
Minority interests in income	778	508	7,559
Net income	¥ 31,236	¥ 27,233	\$ 303,498

Amounts per share of common stock:	Yen	Yen	U.S. dollars (Note 1)
	2014	2013	2014
Net income (Note 27)	¥ 120.66	¥ 102.48	\$ 1.17

See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of
	2014	2013	U.S. dollars (Note 1) 2014
Income before minority interests	¥ 32,014	¥ 27,741	\$ 311,057
Other comprehensive income (Note 24)	2,302	24,002	22,367
Unrealized gains (losses) on available-for-sale securities	2,204	24,057	21,415
Deferred gains (losses) on hedges	94	(62)	913
Share of other comprehensive income in affiliated companies accounted for using equity method	4	7	39
Comprehensive income (Note 24)	34,316	51,743	333,424
Total comprehensive income attributable to owners of the parent	33,538	51,235	325,865
Total comprehensive income attributable to minority interests	778	508	7,559

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS Years ended March 31, 2014 and 2013

	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 2012	¥50,000	¥ 79,796	¥308,835	¥ (3,333)	¥435,298	¥10,436	¥(385)	¥23,454	¥ —	¥33,505	¥ 85	¥3,517	¥472,405
Changes of items during the year													
Dividend paid			(3,321)		(3,321)								(3,321)
Net income			27,233		27,233								27,233
Purchase of treasury stock				(19)	(19)								(19)
Disposal of treasury stock		(168)		621	453								453
Reversal of revaluation reserve for land			121		121								121
Net changes in terms other than shareholders' equity						24,062	(61)	(121)	—	23,880	164	507	24,551
Total changes of items during the year	—	(168)	24,033	602	24,467	24,062	(61)	(121)	—	23,880	164	507	49,018
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
Changes of items during the year													
Dividend paid			(3,366)		(3,366)								(3,366)
Net income			31,236		31,236								31,236
Purchase of treasury stock				(27,972)	(27,972)								(27,972)
Disposal of treasury stock		(29)		474	445								445
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	—	(19,564)	28,358	(7,963)	831	2,208	94	(488)	(3,465)	(1,651)	182	777	139
Balance at 31st March 2014	¥50,000	¥ 60,064	¥361,226	¥(10,694)	¥460,596	¥36,706	¥(352)	¥22,845	¥(3,465)	¥55,734	¥431	¥4,801	¥521,562

	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 2013	\$485,814	\$773,688	\$3,234,241	\$ (26,535)	\$4,467,208	\$335,192	\$(4,333)	\$226,710	\$ —	\$557,569	\$2,420	\$39,098	\$5,066,295
Changes of items during the year													
Dividend paid			(32,705)		(32,705)								(32,705)
Net income			303,498		303,498								303,498
Purchase of treasury stock				(271,784)	(271,784)								(271,784)
Disposal of treasury stock		(282)		4,606	4,324								4,324
Retirement of treasury stock		(189,807)		189,807	—								—
Reversal of revaluation reserve for land			4,741		4,741								4,741
Net changes in terms other than shareholders' equity						21,454	913	(4,741)	(33,667)	(16,041)	1,768	7,549	(6,724)
Total changes of items during the year	—	(190,089)	275,534	(77,371)	8,074	21,454	913	(4,741)	(33,667)	(16,041)	1,768	7,549	1,350
Balance at 31st March 2014	\$485,814	\$583,599	\$3,509,775	\$(103,906)	\$4,475,282	\$356,646	\$(3,420)	\$221,969	\$(33,667)	\$541,528	\$4,188	\$46,647	\$5,067,645

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2014	2013	2014	2013
Cash flows from operating activities:				
Income before income taxes	¥ 49,585	¥ 43,960	\$ 481,782	
Depreciation	10,786	10,913	104,800	
Impairment losses	46	179	447	
Amortization of goodwill	4,950	4,950	48,096	
Equity in earnings of affiliates	(31)	(16)	(301)	
Net change in allowance for loan losses	(11,459)	(3,901)	(111,339)	
Net change in provision for bonuses	181	13	1,759	
Net change in provision for retirement benefits	—	25	—	
Net change in defined benefit asset	(11,476)	—	(111,504)	
Net change in defined benefit liability	1,899	—	18,451	
Net change in provision for directors' retirement benefits	6	3	58	
Net change in provision for loss on interest repayments	(24)	(16)	(233)	
Net change in provision for reimbursement of deposits	22	(179)	214	
Net change in provision for customers point services	(8)	(2)	(78)	
Net change in reserves under special laws	3	1	29	
Interest income	(102,971)	(103,496)	(1,000,496)	
Interest expenses	8,998	9,409	87,427	
Net gains related to securities transactions	(13,646)	(13,046)	(132,588)	
Net gains from money held in trust	(677)	(522)	(6,578)	
Net exchange gains	(8,479)	(7,600)	(82,384)	
Net losses from disposition of fixed assets	203	110	1,972	
Net change in trading assets	3,479	(2,597)	33,803	
Net change in trading liabilities	227	890	2,206	
Net change in loans and bills discounted	(152,167)	(10,301)	(1,478,498)	
Net change in deposits	278,468	265,470	2,705,674	
Net change in negotiable certificates of deposits	33,440	(127,365)	324,913	
Net change in borrowed money excluding subordinated loans	532	(762)	5,169	
Net change in deposits with bank	(7,002)	(1,171)	(68,033)	
Net change in call loans and bills purchased	333,440	(50,194)	3,239,798	
Net change in call money and bills sold	35,906	23,717	348,873	
Net change in payables under securities lending transactions	8,939	2,684	86,854	
Net change in foreign exchanges (asset account)	(2,758)	(790)	(26,798)	
Net change in foreign exchanges (liability account)	(182)	233	(1,768)	
Net change in issuance and redemption of unsubordinated bonds payable	(30,000)	—	(291,489)	
Interest received	101,712	106,616	988,263	
Interest paid	(8,124)	(8,748)	(78,935)	
Other, net	13,295	(9,897)	129,177	
Subtotal	537,113	128,570	5,218,743	
Income taxes paid	(11,027)	(8,736)	(107,142)	
Income taxes refunds	18	3,066	175	
Net cash provided by operating activities	526,104	122,900	5,111,776	
Cash flows from investing activities:				
Purchases of securities	(2,758,575)	(5,300,955)	(26,803,099)	
Proceeds from sales of securities	2,723,138	5,165,197	26,458,784	
Proceeds from maturity of securities	88,616	104,581	861,018	
Purchases of money held in trust	(9,480)	(6,810)	(92,110)	
Proceeds from sales of money held in trust	15,638	24,879	151,943	
Purchases of tangible fixed assets	(2,897)	(2,046)	(28,149)	
Proceeds from sales of tangible fixed assets	141	266	1,370	
Purchases of intangible fixed assets	(1,716)	(1,835)	(16,673)	
Net cash provided by (used in) investing activities	54,865	(16,723)	533,084	
Cash flows from financing activities:				
Proceeds from issuance of bonds with warrants	30,876	—	300,000	
Decrease in subordinated bonds payable	(20,000)	—	(194,326)	
Dividends paid	(3,366)	(3,321)	(32,705)	
Dividends paid to minority shareholders	(1)	(1)	(10)	
Purchases of treasury stock	(27,972)	(19)	(271,784)	
Proceeds from disposal of treasury stock	445	453	4,324	
Net cash used in financing activities	(20,018)	(2,888)	(194,501)	
Effect of exchange rate changes on cash and cash equivalents	28	33	272	
Net change in cash and cash equivalents	560,979	103,322	5,450,631	
Cash and cash equivalents at beginning of year	313,226	209,906	3,043,393	
Cash and cash equivalents at end of year (Note 3)	¥ 874,205	¥ 313,228	\$ 8,494,024	

See accompanying notes.