

# Translation

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## Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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: Kentaro Hama TEL 083-223-5511  
 Office, Corporate Planning Department  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022  
 Scheduled date to file Securities Report: June 27, 2022  
 Scheduled date to commence dividend payments: June 27, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	147,016	(19.8)	(7,635)	—	(13,005)	—
Year ended March 31, 2021	183,255	4.5	36,965	1.0	24,957	(1.7)

	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, 2022	(53.29)	—	(2.0)	(0.1)	(5.2)
Year ended March 31, 2021	99.63	99.59	3.8	0.3	20.2

#### (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, 2022	12,182,662	636,344	5.2	2,652.26
As of March 31, 2021	11,993,722	681,139	5.6	2,729.94

#### (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, 2022	(77,132)	461,973	(13,202)	2,151,826
Year ended March 31, 2021	1,119,300	(292,739)	8,831	1,780,179

### 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, 2021	—	13.00	—	13.00	26.00	6,509	26.1	1.0
Year ended March 31, 2022	—	14.00	—	14.00	28.00	6,810	—	1.0
Year ending March 31, 2023 (Forecast)	—	15.00	—	16.00	31.00		43.3	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	14,000	(13.2)	10,000	(17.7)	42.11
Full year	25,000	—	17,000	—	71.58

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	264,353,616 shares	As of March 31, 2021	264,353,616 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	26,865,558 shares	As of March 31, 2021	17,171,132 shares
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Average number of shares during the period

Year ended March 31, 2022	244,077,267 shares	Year ended March 31, 2021	250,496,166 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Cash and due from banks	1,807,659	2,175,913
Call loans and bills bought	9,188	31,713
Monetary claims bought	4,555	5,442
Trading account assets	1,980	3,101
Money held in trust	35,093	35,059
Securities	1,785,562	1,354,033
Loans and bills discounted	7,894,126	8,143,997
Foreign exchanges	22,408	30,041
Lease receivables and investments in leases	20,320	19,698
Other assets	285,229	288,261
Tangible fixed assets	88,789	83,132
Buildings, net	20,546	19,695
Land	59,246	54,304
Leased assets, net	122	107
Construction in progress	358	212
Other tangible fixed assets	8,515	8,811
Intangible fixed assets	9,796	6,991
Software	6,721	5,689
Goodwill	2,339	412
Leased assets	8	—
Other intangible fixed assets	726	889
Retirement benefit asset	59,606	32,727
Deferred tax assets	3,253	3,513
Customers' liabilities for acceptances and guarantees	39,494	50,382
Allowance for loan losses	(73,344)	(81,348)
Total assets	11,993,722	12,182,662

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Deposits	9,607,290	9,931,230
Negotiable certificates of deposit	404,284	403,327
Call money and bills sold	167,152	78,078
Cash collateral received for securities lent	326,414	314,958
Trading account liabilities	748	1,379
Borrowed money	638,352	626,546
Foreign exchanges	193	171
Bonds payable	20,000	20,000
Other liabilities	89,659	102,981
Provision for bonuses	2,851	2,878
Retirement benefit liability	2,789	2,652
Provision for retirement benefits for directors (and other officers)	293	287
Provision for loss on interest repayment	43	18
Provision for reimbursement of deposits	708	530
Provision for point card certificates	70	83
Provision for management board benefit trust	434	488
Reserves under special laws	16	17
Deferred tax liabilities	1,498	1,421
Deferred tax liabilities for land revaluation	10,284	8,883
Acceptances and guarantees	39,494	50,382
Total liabilities	11,312,583	11,546,318
Net assets		
Share capital	50,000	50,000
Capital surplus	58,654	58,648
Retained earnings	528,085	511,253
Treasury shares	(18,649)	(25,045)
Total shareholders' equity	618,091	594,855
Valuation difference on available-for-sale securities	19,477	8,171
Deferred gains or losses on hedges	1,480	4,749
Revaluation reserve for land	23,192	20,001
Remeasurements of defined benefit plans	12,553	2,101
Total accumulated other comprehensive income	56,702	35,023
Share acquisition rights	117	81
Non-controlling interests	6,228	6,382
Total net assets	681,139	636,344
Total liabilities and net assets	11,993,722	12,182,662

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Ordinary income	183,255	147,016
Interest income	107,432	92,239
Interest on loans and discounts	69,188	67,496
Interest and dividends on securities	37,395	22,546
Interest on call loans and bills bought	16	102
Interest on deposits with banks	770	2,042
Other interest income	61	50
Trust fees	0	0
Fees and commissions	25,388	26,569
Gain on trading account transactions	1,924	1,752
Other ordinary income	27,094	20,108
Other income	21,414	6,347
Recoveries of written off receivables	9	9
Other	21,404	6,337
Ordinary expenses	146,289	154,652
Interest expenses	5,845	5,464
Interest on deposits	2,241	1,579
Interest on negotiable certificates of deposit	32	14
Interest on call money and bills sold	501	299
Interest expenses on cash collateral received for securities lent	357	381
Interest on borrowings and rediscounts	86	66
Interest on bonds	81	158
Other interest expenses	2,545	2,965
Fees and commissions payments	9,576	9,561
Other ordinary expenses	50,894	47,785
General and administrative expenses	64,540	60,562
Other expenses	15,431	31,278
Provision of allowance for loan losses	8,964	22,047
Other	6,466	9,231
Ordinary profit (loss)	36,965	(7,635)
Extraordinary income	2,249	9,274
Gain on disposal of non-current assets	2,237	180
Reversal of reserve for financial instruments transaction liabilities	10	–
Compensation for forced relocation	1	–
Gain on return of assets from retirement benefits trust	–	9,094
Extraordinary losses	2,420	7,142
Loss on disposal of non-current assets	1,504	269
Impairment losses	381	5,631
Loss on revision of retirement benefit plan	–	1,241
Loss on guarantees	535	–
Provision of reserve for financial instruments transaction liabilities	–	0
Profit (loss) before income taxes	36,795	(5,503)
Income taxes - current	11,655	940
Income taxes - deferred	130	6,431
Total income taxes	11,785	7,372
Profit (loss)	25,009	(12,876)
Profit attributable to non-controlling interests	52	129
Profit (loss) attributable to owners of parent	24,957	(13,005)

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	25,009	(12,876)
Other comprehensive income	36,523	(18,459)
Valuation difference on available-for-sale securities	9,810	(11,277)
Deferred gains or losses on hedges	12,137	3,269
Remeasurements of defined benefit plans, net of tax	14,575	(10,451)
Comprehensive income	61,533	(31,335)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	61,458	(31,492)
Comprehensive income attributable to non-controlling interests	74	157

# Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	58,655	508,211	(14,320)	602,546
Changes during period					
Dividends of surplus			(6,346)		(6,346)
Profit (loss) attributable to owners of parent			24,957		24,957
Purchase of treasury shares				(5,000)	(5,000)
Disposal of treasury shares		(1)		672	671
Reversal of revaluation reserve for land			1,263		1,263
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	19,874	(4,328)	15,544
Balance at end of period	50,000	58,654	528,085	(18,649)	618,091

	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	9,688	(10,657)	24,455	(2,021)	21,464	127	6,106	630,244
Changes during period								
Dividends of surplus								(6,346)
Profit (loss) attributable to owners of parent								24,957
Purchase of treasury shares								(5,000)
Disposal of treasury shares								671
Reversal of revaluation reserve for land								1,263
Net changes in items other than shareholders' equity	9,788	12,137	(1,263)	14,575	35,237	(9)	121	35,349
Total changes during period	9,788	12,137	(1,263)	14,575	35,237	(9)	121	50,894
Balance at end of period	19,477	1,480	23,192	12,553	56,702	117	6,228	681,139

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
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
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



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	36,795	(5,503)
Depreciation	5,787	5,400
Impairment losses	381	5,631
Amortization of goodwill	377	400
Share of loss (profit) of entities accounted for using equity method	6	5
Increase (decrease) in allowance for loan losses	7,541	8,004
Increase (decrease) in provision for bonuses	86	26
Decrease (increase) in retirement benefit asset	(24,565)	26,878
Increase (decrease) in retirement benefit liability	(1,140)	(137)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	(6)
Increase (decrease) in provision for share awards for directors (and other officers)	45	54
Increase (decrease) in provision for loss on interest repayment	33	(24)
Increase (decrease) in provision for reimbursement of deposits	(320)	(177)
Increase (decrease) in provision for point card certificates	0	12
Increase (decrease) in reserves under special laws	(10)	0
Interest income	(107,432)	(92,239)
Interest expenses	5,845	5,464
Loss (gain) related to securities	8,439	34,738
Loss (gain) on money held in trust	3,680	(244)
Foreign exchange losses (gains)	(9,934)	(18,785)
Loss (gain) on disposal of non-current assets	(733)	89
Net decrease (increase) in trading account assets	(438)	(1,120)
Net increase (decrease) in trading account liabilities	6	630
Net decrease (increase) in loans and bills discounted	(241,500)	(249,871)
Net increase (decrease) in deposits	600,731	323,939
Net increase (decrease) in negotiable certificates of deposit	(115,091)	(956)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	610,353	(11,806)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(486)	3,391
Net decrease (increase) in call loans	(7,169)	(23,411)
Net increase (decrease) in call money	75,160	(89,074)
Net increase (decrease) in cash collateral received for securities lent	164,948	(11,456)
Net decrease (increase) in foreign exchanges - assets	(1,715)	(7,632)
Net increase (decrease) in foreign exchanges - liabilities	(3)	(21)
Net decrease (increase) in lease receivables and investments in leases	(557)	621
Losses (gains) on cancellation of employee retirement benefit trust	—	(9,094)
Loss (gain) on revision of retirement benefit plan	—	1,241
Interest received	82,400	81,233
Interest paid	(6,667)	(5,614)
Other, net	48,672	(40,471)
Subtotal	1,133,526	(69,883)
Income taxes paid	(14,227)	(9,095)
Income taxes refund	2	1,846
Net cash provided by (used in) operating activities	1,119,300	(77,132)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of securities	(2,623,555)	(2,107,076)
Proceeds from sale of securities	2,286,069	2,534,143
Proceeds from redemption of securities	60,668	35,223
Increase in money held in trust	(49,940)	(8,509)
Decrease in money held in trust	37,130	8,970
Purchase of tangible fixed assets	(1,665)	(1,515)
Proceeds from sale of tangible fixed assets	753	2,740
Purchase of intangible assets	(2,202)	(1,991)
Purchase of shares of associates accounted for using equity method	—	(9)
Net cash provided by (used in) investing activities	(292,739)	461,973
Cash flows from financing activities		
Issuance of subordinated bonds	19,884	—
Dividends paid	(6,346)	(6,699)
Dividends paid to non-controlling interests	(2)	(2)
Purchase of treasury shares	(5,000)	(6,501)
Proceeds from disposal of treasury shares	296	0
Net cash provided by (used in) financing activities	8,831	(13,202)
Effect of exchange rate change on cash and cash equivalents	3	7
Net increase (decrease) in cash and cash equivalents	835,395	371,646
Cash and cash equivalents at beginning of period	944,783	1,780,179
Cash and cash equivalents at end of period	1,780,179	2,151,826