

Translation

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Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

August 2, 2024

Company name: Yamaguchi Financial Group, Inc.
 Stock exchange listing: Tokyo
 Code number: 8418 URL <https://www.ymfg.co.jp>
 Representative: Keisuke Mukunashi President and CEO
 For inquiry: Kentaro Hama General Manager of Accounting Office, Corporate Planning Department
 Scheduled date to commence dividend payments: –
 Trading accounts: Established
 Preparation of supplementary material on quarterly financial results: Attached
 Schedule of quarterly financial results briefing session: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	55,485	21.5	16,069	26.8	11,501	31.1
Three months ended June 30, 2023	45,680	22.6	12,673	21.7	8,773	15.0

Note: Comprehensive income Three months ended June 30, 2024: ¥(3,075) million [– %]
 Three months ended June 30, 2023: ¥22,066 million [– %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	53.12	53.11
Three months ended June 30, 2023	39.08	39.07

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	12,785,571	646,333	5.0
As of March 31, 2024	12,548,539	655,736	5.2

Reference: Equity As of June 30, 2024: ¥643,320 million
 As of March 31, 2024: ¥652,770 million

Note: Capital adequacy ratio = (Net assets – Share acquisition rights – Non-controlling interests) / Total assets × 100
 This ratio is not the capital adequacy ratio specified by the Notice on Capital Adequacy Ratio Regulations.

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	21.00	–	22.00	43.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		30.00	–	30.00	60.00

Note: Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	20,500	2.8	14,300	5.4	66.11
Full year	47,500	27.4	33,000	30.9	152.66

Note: Revision to the financial results forecast announced most recently: No

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Number of issued shares (common shares)

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

As of June 30, 2024	234,767,616 shares	As of March 31, 2024	234,767,616 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	18,714,554 shares	As of March 31, 2024	17,855,208 shares
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Average number of shares during the period

Three months ended June 30, 2024	216,529,077 shares	Three months ended June 30, 2023	224,495,584 shares
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* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* Proper use of earnings forecasts, and other special matters.

The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance.

Please take note that future performance may differ from forecasts depending on various future factors.

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1. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of June 30, 2024
Assets		
Cash and due from banks	1,386,904	1,557,281
Call loans and bills bought	–	2,254
Monetary claims bought	1,940	1,889
Trading account assets	4,058	4,243
Money held in trust	31,035	27,232
Securities	2,065,414	2,121,916
Loans and bills discounted	8,589,933	8,611,334
Foreign exchanges	27,314	27,165
Lease receivables and investments in leases	24,047	25,169
Other assets	290,459	298,059
Tangible fixed assets	82,181	82,202
Intangible fixed assets	7,092	7,234
Retirement benefit asset	44,768	45,355
Deferred tax assets	1,684	1,981
Customers' liabilities for acceptances and guarantees	63,917	43,799
Allowance for loan losses	(72,214)	(71,550)
Total assets	12,548,539	12,785,571
Liabilities		
Deposits	10,057,923	10,044,827
Negotiable certificates of deposit	286,100	351,212
Call money and bills sold	438,028	359,641
Cash collateral received for securities lent	194,308	423,371
Trading account liabilities	1,730	1,819
Borrowed money	615,961	664,428
Foreign exchanges	116	172
Bonds payable	42,400	42,400
Other liabilities	169,149	191,620
Provision for bonuses	3,334	1,657
Retirement benefit liability	2,501	2,524
Provision for retirement benefits for directors (and other officers)	279	269
Provision for loss on interest repayment	13	8
Provision for reimbursement of deposits	235	191
Provision for point card certificates	138	136
Provision for management board benefit trust	543	581
Provision for employee stock ownership plan trust	45	58
Reserves under special laws	19	19
Deferred tax liabilities	7,691	2,147
Deferred tax liabilities for land revaluation	8,363	8,348
Acceptances and guarantees	63,917	43,799
Total liabilities	11,892,802	12,139,237

	(Millions of yen)	
	As of March 31, 2024	As of June 30, 2024
Net assets		
Share capital	50,000	50,000
Capital surplus	33,116	33,116
Retained earnings	540,429	547,158
Treasury shares	(19,276)	(20,798)
Total shareholders' equity	604,270	609,477
Valuation difference on available-for-sale securities	5,251	(8,384)
Deferred gains or losses on hedges	17,535	16,713
Revaluation reserve for land	18,826	18,793
Foreign currency translation adjustments	-	9
Remeasurements of defined benefit plans	6,887	6,711
Total accumulated other comprehensive income	48,500	33,843
Share acquisition rights	23	23
Non-controlling interests	2,941	2,989
Total net assets	655,736	646,333
Total liabilities and net assets	12,548,539	12,785,571

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Ordinary income	45,680	55,485
Interest income	32,167	41,552
Interest on loans and discounts	25,336	28,757
Interest and dividends on securities	6,235	7,959
Fees and commissions	7,189	7,128
Gain on trading account transactions	388	294
Other ordinary income	3,605	3,864
Other income	2,329	2,646
Ordinary expenses	33,007	39,416
Interest expenses	8,784	6,499
Interest on deposits	1,242	1,769
Fees and commissions payments	2,358	2,499
Other ordinary expenses	5,950	14,231
General and administrative expenses	15,451	15,896
Other expenses	461	290
Ordinary profit	12,673	16,069
Extraordinary income	82	256
Gain on disposal of non-current assets	82	17
Compensation for forced relocation	-	239
Extraordinary losses	219	56
Loss on disposal of non-current assets	12	52
Impairment losses	206	4
Profit before income taxes	12,536	16,269
Income taxes - current	2,621	4,104
Income taxes - deferred	1,114	615
Total income taxes	3,735	4,720
Profit	8,801	11,548
Profit attributable to non-controlling interests	27	47
Profit attributable to owners of parent	8,773	11,501

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	8,801	11,548
Other comprehensive income	13,265	(14,624)
Valuation difference on available-for-sale securities	9,644	(13,667)
Deferred gains or losses on hedges	3,721	(821)
Remeasurements of defined benefit plans, net of tax	(100)	(175)
Share of other comprehensive income of entities accounted for using equity method	-	40
Comprehensive income	<u>22,066</u>	<u>(3,075)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,038	(3,122)
Comprehensive income attributable to non- controlling interests	27	47

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment Information)

Segment information is omitted since the Group comprises of only one segment, which is defined as banking service.

(Notes for Material Changes in Shareholders'Equity)

In accordance with the resolution at the meeting of the Board of Directors held on May 10, 2024, the Company acquired 859 thousands of treasury shares during the three months ended June 30, 2024. As a result, treasury shares increased by ¥1,521 million to ¥20,798 million at the end of the first quarter of the fiscal year under review.

(Notes on Going Concern Assumption)

None

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024. Depreciation (including amortization of intangible fixed assets except for goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2024
	Millions of yen	Millions of yen
Depreciation	1,043	1,228
Amortization of goodwill	13	12

(Subsequent Events)

(Issuance of unsecured bonds (subordinated bonds with waivers in the event of substantial bankruptcy))

The Company, at the meeting of the Board of Directors held on July 22, 2024, resolved to issue unsecured bonds subject to early redemption (subordinated bonds with waivers in the event of substantial bankruptcy) (green bonds) (hereinafter referred to as "the bonds"), as well as submitted a shelf registration statement regarding the issuance of the bonds to the Director-General of the Kanto Finance Bureau.

The bonds to be issued shall be limited to ¥25 billion, and the funds will be used mainly for the appropriation of new or existing loans that meet the eligibility criteria described in the "Yamaguchi Financial Group, Inc.'s Green Bond Framework" through the Group banks.

The Company will determine a specific time of issuance, total issued amount, interest rate, and other conditions, comprehensively considering factors such as demand situation and interest-rate movement.