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(Securities Code: 8418)
June 5, 2018

Dear shareholders:

Takeshi Yoshimura
President
Yamaguchi Financial Group, Inc.
2-36, 4-chome Takezaki-cho,
Shimonoseki, Yamaguchi

NOTICE OF CONVOCAION OF THE 12th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 12th Annual General Meeting of Shareholders of Yamaguchi Financial Group, Inc. (the “Company”), which will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or electromagnetically (via internet, etc.). Please review the Reference Documents for the Annual Meeting of Shareholders (described hereinafter) and exercise your voting rights by 5:30 p.m., June 25, 2018 Japan time, following the instructions described in the next page.

- 1. Date and Time:** 10:00 a.m., Tuesday, June 26, 2018
(The reception for attendees begins at 9:00 a.m.)
- 2. Place:** 8F hall, Head Office of Yamaguchi Bank,
2-36, 4-chome Takezaki-cho, Shimonoseki, Yamaguchi

3. Agenda:

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements for the 12th Fiscal Year (from April 1, 2017 to March 31, 2018), and the Audit Report on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. The Non-Consolidated Financial Statements for the 12th Fiscal Year (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

- Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Serve as Audit and Supervisory Committee Members)
- Proposal 2: Election of One (1) Director Who Serves as an Audit and Supervisory Committee Member

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception on the day of the Meeting. Please also bring this Notice of Convocation to the meeting with you for the sake of paper resource saving. In the case of attendance by proxy, please present, to the receptionist at the Meeting, a document evidencing authority of the proxy to act as such, together with the Voting Rights Exercise Form. Please note that such proxy must be one shareholder of the Company entitled to exercise its own voting rights at the Meeting.

 - The following items are posted on the Company website (<http://www.ymfg.co.jp>) in accordance with laws and regulations as well as Article 17 of the Articles of Incorporation of the Company.
 - 1) Matters Concerning the Company's Stock Acquisition Rights, etc. in the Business Report
 - 2) The Notes to the Consolidated Financial Statements
 - 3) The Notes to the Non-Consolidated Financial Statements

 - Any revisions to the Reference Documents for the Annual General Meeting of Shareholders, and Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements will be posted on the Company website (<http://www.ymfg.co.jp>).

GUIDANCE ON EXERCISE OF VOTING RIGHTS

1. Exercise of Voting Rights by Attending the Meeting

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception on the day of the Meeting.

Date and Time: 10:00 a.m. on Tuesday, June 26, 2018

2. Exercise of Voting Rights by Mail

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by 5:30 p.m. on Monday, June 25, 2018 Japan time.

If you do not indicate any approval or disapproval of the proposals on the said enclosed voting form, the Company shall deem that you have approved these proposals.

3. Exercise of Voting Rights via Internet, etc.

Please access the website for exercise of voting rights (<https://evote.tr.mufg.jp/>) and follow the on-screen instructions to indicate your approval or disapproval of the proposals by 5:30 p.m. on Monday, June 25, 2018.

- (1) Please use your log-in ID and provisional password printed on your Voting Rights Exercise Form in the Voting Web Site (<https://evote.tr.mufg.jp/>) and indicate your approval or disapproval of each proposal in accordance with the guidance on the Web Site. (Please be noted that the service is suspended from 2 a.m. to 5 a.m.).
- (2) In order to prevent any unauthorized access by a non-shareholder or unauthorized alteration of your voting, you will be required to change your provisional password. You will receive a new log-in ID and provisional password at each time of the Notice of Convocation is delivered.
- (3) Shareholders will be responsible for internet connection charges and the communication charges, etc. arising from accessing to voting web site.
- (4) Voting Right Exercised in Plural Times
 - (i) Please be noted in case that a voting right is exercised in both by mail and internet, only internet voting is treated as effective voting irrespective of the arrival date and hour of voting.
 - (ii) In case that a voting right is exercised by internet more than one time, last voting is treated as effective voting.
- (5) Voting from personal computer or smartphone may not be made depending on your internet using environment.

CONTACT ON SYSTEM INFORMATION

Help Desk: Security Agency, Mitsubishi UFJ Trust & Banking Corporation

Tel 0120-173-027 (9:00 – 21:00, toll free) (Japan Time)

【 The Electronic Voting Platform for Institutional Investors 】

Shareholders participating in the “Electronic Voting Platform” managed by ICJ, Inc. may place their votes through this platform.

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Serve as Audit and Supervisory Committee Members)

The term of office of all seven (7) Directors (here and hereafter with regard to this proposal, excluding Directors who serve as Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that seven (7) Directors be elected.

This proposal was reviewed at the Audit and Supervisory Committee with no objections being raised.

The candidates for Directors are as follows:

Candidate No.	Name	Date of birth	Current position in the Company, etc.	
1	Takeshi Yoshimura	April 3, 1960	President	Reappointment
2	Hirohide Umemoto	November 14, 1957	Senior Managing Director	Reappointment
3	Koji Oda	April 13, 1961	Managing Director	Reappointment
4	Mitsuhiro Fujita	July 31, 1954	Managing Director	Reappointment
5	Ichinari Koda	December 1, 1962	Director	Reappointment
6	Mitsuru Katoh	April 2, 1961	Director	Reappointment
7	Masao Kusunoki	January 3, 1948	—	New Appointment Outside Independent

Reappointment: Reappointed Director candidate

New Appointment: Newly appointed Director candidate

Outside: Outside Director candidate

Independent: Independent Director registered with the Stock Exchanges

Candidate No.	Takeshi Yoshimura (Reappointment) (Date of birth: April 3, 1960)	Number of shares of the company owned	13,000 shares
1	Years as a Director	9 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1983	Joined The Yamaguchi Bank, Ltd.	June 2015	Managing Director of the said bank
January 2005	Deputy General Manager, Hiroshima Headquarters of the said bank	June 2016	President of the Company (present position)
April 2005	Deputy General Manager, Corporate Planning Department (Hiroshima) of the said bank	June 2016	President of the said bank (present position)
October 2006	Deputy General Manager, Corporate Planning Department of the said bank	June 2017	Director of Momiji Bank, Ltd. (present position)
October 2006	General Manager, Corporate Planning Department of the Company	June 2017	Director of The Kitakyushu Bank, Ltd. (present position)
January 2007	General Manager, Corporate Planning Department of the said bank	In charge of Corporate Planning Administration Group and Regional Development Business Group	
June 2009	Director of the said bank	(Status of material concurrent positions)	
June 2009	Director of the Company	President of The Yamaguchi Bank, Ltd. (Representative Director)	
June 2011	Managing Director and General Manager, Tokuyama Branch of the said bank	Director of Momiji Bank, Ltd.	
June 2012	Managing Director and General Manager, Tokyo Headquarters of the said bank	Director of The Kitakyushu Bank, Ltd.	
[Reasons for selection as candidate for Director]			
He has served to supervise the overall management of the Company and its subsidiaries (the Group), including banks, as President of the Company and President of The Yamaguchi Bank, Ltd., possessing knowledge and experience required for sound and appropriate operation of the Group, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Hirohide Umemoto (Reappointment) (Date of birth: November 14, 1957)	Number of shares of the company owned	58,000 shares
2	Years as a Director	10 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1980	Joined The Yamaguchi Bank, Ltd.	June 2011	Managing Director of the said bank
April 2005	General Manager, Higashishinkawa Branch of the said bank	June 2016	Senior Managing Director of the Company (present position)
April 2006	Senior Deputy General Manager, Corporate Planning Department (Hiroshima) of the said bank	June 2016	Senior Managing Director of the said bank
October 2006	General Manager, Audit and Inspection Department of the Company	In charge of Human Resource & General Affair Administration Group and IT & Operations Administration Group	
February 2008	General Manager, Systems Department of the said bank	Administration Group	
June 2008	Director of the said bank		
June 2008	Director of the Company		
[Reasons for selection as candidate for Director]			
He has served to supervise the Human Resource & General Affair Administration Group and the IT & Operations Administration Group as Senior Managing Director of the Company, possessing knowledge and experience required for sound and appropriate operation of the Company and its subsidiaries, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Koji Oda (Reappointment) (Date of birth: April 13, 1961)	Number of shares of the company owned	4,000 shares
3	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1984	Joined Hiroshima Sogo Bank, Ltd. (renamed to Hiroshima-Sogo Bank, Ltd. in February 1989, and to Momiji Bank, Ltd. in May 2004 after business integration.)	June 2011	General Manager, Corporate Administration Department and Human Resource Development Office of the Company
August 2003	General Manager, Yamaguchi Branch of the said bank	April 2012	Director and General Manager, Kaita Branch of Momiji Bank, Ltd.
February 2005	Chief Assistant Manager, Sales Promotion Department of the said bank	June 2014	Managing Director of the said bank
July 2008	General Manager, Takehara Branch of the said bank	June 2016	President of the said Bank (present position)
June 2010	General Manager, Corporate Administration Department of the said bank	June 2017	Managing Director of the Company (present position)
		(Status of material concurrent position)	President of Momiji Bank, Ltd. (Representative Director)
[Reasons for selection as candidate for Director] He has served to supervise the overall management of a bank as Managing Director of the Company and President of Momiji Bank, Ltd., possessing knowledge and experience required for sound and appropriate operation of the Company and its subsidiaries, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Mitsuhiro Fujita (Reappointment) (Date of birth: July 31, 1954)	Number of shares of the company owned	60,700 shares
4	Years as a Director	1 year	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1977	Joined The Yamaguchi Bank, Ltd.	June 2010	Managing Director and General Manager, Tokyo Headquarters of the said bank
June 1998	General Manager, Kokura Minami Branch of the said bank		
October 2000	Seconded to Chimakiya Co., Ltd.	June 2012	Senior Managing Director, General Manager, Yamaguchi Branch and Kencho-nai Branch of the said bank
April 2003	General Manager, Nagasaki Branch of the said bank		
June 2004	General Manager, Credit Supervision Department of the said bank	June 2015	Senior Managing Director, The Kitakyushu Bank, Ltd.
October 2004	General Manager, Credit Supervision Department I of the said bank	June 2016	President of the said bank (present position)
June 2005	Director of the said Bank	June 2017	Managing Director of the Company (present position)
November 2008	Director and General Manager, Tokyo Branch of the said bank		
June 2009	Director and General Manager, Tokyo Headquarters of the said bank	(Status of material concurrent position)	President of The Kitakyushu Bank, Ltd. (Representative Director)
[Reasons for selection as candidate for Director] He has served to supervise the overall management of a bank as Managing Director of the Company and President of The Kitakyushu Bank, Ltd., possessing knowledge and experience required for sound and appropriate operation of the Company and its subsidiaries, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Ichinari Koda (Reappointment) (Date of birth: December 1, 1962)	Number of shares of the company owned	33,300 shares
5	Years as a Director	2 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1985	Joined The Yamaguchi Bank, Ltd.	June 2014	Managing Director of the said bank
October 2006	Deputy General Manager, Corporate Planning Department (Hiroshima) of the said bank	June 2016	Director of the Company (present position)
April 2007	General Manager, Capital Markets and Treasury Department of the said bank	June 2016	Senior Managing Director of the said bank
December 2010	General Manager, Hiroshima Branch of the said bank	In charge of Retail Banking Business Group and Markets Business Group	
April 2012	Director of Momiji Bank, Ltd.		
[Reasons for selection as candidate for Director] He has served to supervise the Retail Banking Business Group and the Markets Business Group as Director of the Company, possessing knowledge and experience required for sound and appropriate operation of the Company and its subsidiaries, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Mitsuru Katoh (Reappointment) (Date of birth: April 2, 1961)	Number of shares of the company owned	4,000 shares
6	Years as a Director	2 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1984	Joined The Yamaguchi Bank, Ltd.	October 2011	General Manager, Corporate Administration Department of The Kitakyushu Bank, Ltd.
November 2006	Assistant General Manager, Corporate Administration Department of the said bank	October 2011	Deputy General Manager, Corporate Administration Department of the Company
October 2008	General Manager, Moji Branch of the said bank	June 2016	Director of the Company (present position)
July 2011	Deputy General Manager, Corporate Planning Department of the said bank	In charge of Corporate Banking Business Group and Compliance & Risk Administration Group	
[Reasons for selection as candidate for Director] He has served to supervise the Corporate Banking Business Group and the Compliance & Risk Administration Group as Director of the Company, possessing knowledge and experience required for sound and appropriate operation of the Company and its subsidiaries, and as the Company has judged that he will appropriately execute the duties of Director of the Company, he has been made a candidate for Director.			

Candidate No.	Masao Kusunoki (New Appointment) (Outside) (Independent) (Date of birth: January 3, 1948)	Number of shares of the company owned	— shares
7	Years as a Director	— years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1970	Joined Tokuyama Soda Co., Ltd. (renamed to Tokuyama Corporation in April 1994)	June 2011	President, EXCEL SHANON CORPORATION
June 2001	Director of the said company	April 2015	Executive Officer of Tokuyama Corporation
April 2003	Managing Director of the said company	June 2015	Representative Director, Chairperson and Executive Officer of the said company (present position)
April 2011	Managing Director, Executive Officer of the said company		
June 2011	Corporate Advisor of the said company		
		(Status of material concurrent position) Representative Director, Chairperson and Executive Officer of Tokuyama Corporation	
[Reasons for selection as candidate for Outside Director] Based on advanced insights and a wealth of experience as a corporate manager fostered by serving as Representative Director, Chairperson and Executive Officer of Tokuyama Corporation and other executive positions, the Company expects that he will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company by providing pertinent recommendations toward overall management taking into account local economic conditions, etc., and also further strengthen corporate governance of the Company and its subsidiaries (the Group), and thus requests his election as a Director.			
[Independence of the candidate] With respect to transactional relationships, etc., between Tokuyama Corporation, where Mr. Masao Kusunoki serves as Representative Director, Chairperson and Executive Officer, and the Group, as net sales of the said company resulting from transactions with the Group as a proportion of consolidated net sales and income of the Group resulting from transactions with said company and its group companies as a proportion of consolidated ordinary income are each less than 1%, etc., there is no effect on his independence.			

(Notes)

- The Group banks have business transactions including deposits and loans with Tokuyama Corporation, where Mr. Masao Kusunoki serves as Representative Director, Chairperson and Executive Officer.
No special interests exist between the Company and other candidates.
- Mr. Takeshi Yoshimura is scheduled to be appointed Chairperson (Representative Director) of The Yamaguchi Bank, Ltd. as of the conclusion of the Annual General Meeting of Shareholders of the said bank and the Board of Directors Meeting of the said bank to be held on June 26, 2018.
- Mr. Takeshi Yoshimura is scheduled to retire from Director of Momiji Bank, Ltd. as of the conclusion of the Annual General Meeting of Shareholders of the said bank to be held on June 25, 2018.
- Mr. Takeshi Yoshimura is scheduled to retire from Director of The Kitakyushu Bank, Ltd. as of the conclusion of the Annual General Meeting of Shareholders of the said bank to be held on June 25, 2018.
- Mr. Ichinari Koda is scheduled to be appointed President (Representative Director) of The Yamaguchi Bank, Ltd. as of the conclusion of the Annual General Meeting of Shareholders of the said bank and the Board of Directors Meeting of the said bank to be held on June 26, 2018.
- Mr. Mitsuru Katoh is scheduled to be appointed Director of The Kitakyushu Bank, Ltd. as of the conclusion of the Annual General Meeting of Shareholders of the said bank to be held on June 25, 2018.
- If the election of Mr. Masao Kusunoki is approved, the Company plans to register him as Independent Director as provided for the rules of Tokyo Stock Exchange, Inc.
- With respect to liabilities of Article 423, Paragraph 1 of the Companies Act, as defined in the Articles of Incorporation, the Company may conclude liability limitation agreements with Directors (excluding Executive Directors) to limit their liability for damages to the minimum limit for liability as stipulated in Article 425, Paragraph 1 of the Companies Act, provided that duties were performed in good faith and without gross negligence. If the election of Mr. Masao Kusunoki is approved at this Annual General Meeting of Shareholders, the Company plans to conclude said liability limitation agreement with him.

Proposal 2: Election of One (1) Director Who Serves as an Audit and Supervisory Committee Member

The term of office of Director who serves as an Audit and Supervisory Committee Member Mr. Susumu Fukuda will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that one (1) Director who serves as an Audit and Supervisory Committee Member be elected. This proposal has received the approval of the Audit and Supervisory Committee.

The proposal was reviewed by each Director who serves as the Audit and Supervisory Committee with no objections being raised.

The candidate for a Director who serves as an Audit and Supervisory Committee Member is as follows:

Susumu Fukuda (Date of birth: January 12, 1962)	(Reappointment)	Number of shares of the company owned	7,000 shares
Years as a Director		2 years	
Brief personal profile, position and principal duty in the Company, and important concurrent positions			
April 1984	Joined The Yamaguchi Bank, Ltd.	April 2013	General Manager, Risk Administration Department of the Company
June 2011	General Manager, Compliance and Risk Administration Department of the said bank	June 2013	General Manager, Audit and Inspection Department of the Company
June 2011	General Manager, Compliance and Risk Administration Department of the Company	June 2016	Director who serves as Audit and Supervisory Committee Member of the Company (present position)
April 2013	General Manager, Risk Administration Department of The Yamaguchi Bank, Ltd.		
[Reasons for selection as candidate for Director who serves as Audit and Supervisory Committee Member] As a Director who serves as an Audit and Supervisory Committee Member of the Company, he has appropriately performed the audit on the execution of operations by Directors. In addition, both within the Company and at a bank within the group, he served as General Manager of the Audit and Inspection Department and the Risk Administration Department, etc., possessing knowledge and experience required for sound and appropriate operation of the Group, and as the Company has judged that he will appropriately execute the duties of a Director who serves as an Audit and Supervisory Committee Member of the Company, he has been made a candidate for Director who serves as an Audit and Supervisory Committee Member.			

(Note)

1. No special interests exist between Mr. Susumu Fukuda and the Company.

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