

### **Reinforcing our management foundations to be adaptable to various changes in our working environment**

**T**hank you for your continued support of the Yamaguchi Financial Group (“YMFG”).

This annual report provides an overview of the Group and its business results for the fiscal year ended March 31, 2014, and is designed to help you understand more about YMFG.

Based on the YMFG Medium-Term Management Plan 2013, which commenced during the year under review, the Group worked to deepen its community involvement in the regions where it operates, pulling together as a unified financial group, “One YMFG,” comprising three banks—Yamaguchi Bank, Momiji Bank and Kitakyushu Bank—and leveraging its comprehensive strengths. YMFG will also put forth every effort toward developing mutually beneficial relationships with local communities and customers, aiming to provide financial services that invigorate our region.

As part of our international operations to provide support for clients making business inroads overseas, in July 2013 we entered into an affiliate relationship with the Metropolitan Bank and Trust Company of the Philippines. This move added the Philippines to the Yamaguchi Financial Group's Asian network, which also includes relationships with banks in China, South Korea and Indonesia.

In December 2013, we issued \$300 million in US-dollar-denominated convertible bonds to meet the dollar funding needs of clients conducting business overseas.

We plan to continue striving to become recognized for having strong operations in Asia by providing overseas business opportunities to our customers and strengthening our funding support and other consulting functions.

In the fiscal year ended March 31, 2014, the Group launched the new "YMFG Medium-Term Management Plan 2013." During the first year of this plan, under a basic policy of "transforming YMFG" we sought to work together toward the prosperity of the region by transforming our existing "awareness," "actions" and "framework." We also undertook initiatives to invigorate the region by leveraging our Group network and information.

By consolidating Group planning and administrative departments, we will continue working toward a structure that achieves at a high level both finance that is closely attuned to the region and an efficient management function. In this manner, we are reinforcing our management foundations to be adaptable to various changes in our working environment.

We look forward to your continued patronage and support.

August 2014

A handwritten signature in black ink, reading "K. Fukuda", with a horizontal line underneath.

**Koichi Fukuda**  
President  
Yamaguchi Financial Group, Inc.