## **Message from the President**



## Strengthening the Group's management base, bolster operating performance and contribute to the region

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, 2015, and is designed to help you understand more about YMFG.

In line with their mission of contributing to regional economic development, regional financial institutions face vigorous requests to deliver stronger financial soundness and profitability, supply funding more flexibly and further enhance their financial services. Amid these conditions, supported by its shareholders and business partners all YMFG's officers and employees were united in their efforts to strengthen the Group's management base, bolster operating performance and contribute to the region.

In accordance with our aim of being a financial group with strong operations in Asia, in March 2015 we signed a memorandum of understanding involving a business tie-up with Vietcombank, a leading bank in Vietnam. This move was part of our ongoing measures to further enhance our Asian network.

In March 2015, we issued \$300 million in US dollar-denominated convertible bonds to meet the dollar funding needs of customers conducting business overseas.

Moving forward, we will continue working to provide overseas business opportunities to our clients, support their funding needs and augment our consulting function.

The fiscal year ended March 31, 2014, marked the start of "YMFG Medium-Term Management Plan 2013." In the fiscal year ended March 31, 2015, the second year for this plan, we strengthened regional relations as a financial group comprising three banks: Yamaguchi Bank, Momiji Bank and Kitakyushu Bank. In collaboration with YM Securities, YM Consulting and other Group companies, we are working together to leverage our comprehensive Group strengths as "One YMFG."

In the fiscal year ending March 31, 2016, the final year of our medium-term management plan, we will undertake a variety of measures to bring the plan to completion.

We will do our utmost to foster relationships of mutual prosperity among the region, our customers and the YMFG Group as we work to invigorate the region by providing diverse financial services.

We look forward to your continued patronage and support.

August 2015

Koichi Fukuda

President

Yamaguchi Financial Group, Inc.

## Establishing a New Company Dedicated to Regional Revitalization —YMFG ZONE PLANNING—

YMFG has established an entirely new company, YMFG Zone Planning ("YM-ZOP"), dedicated to regional revitalization. Operating throughout YMFG's business area (the "YMFG Zone"), the new company will promote new directions in business, focusing in particular on utilizing the strength of the private sector.

Linking the regional relationships, expertise and Group networks possessed by Group companies, particularly Yamaguchi Bank, Momiji Bank and Kitakyushu Bank, the new company will strive to address broad-ranging issues, including those related to the region, economic layout and business environment.

## Five Pillars of Business

- Assist strategy formulation
- Generally encourage and cultivate startups throughout the region
- Create networks of sales contacts
- Discover and support companies with strong growth potential
- Support efforts to train human resources and young managers

 Support efforts to train human resources and young managers

growth potential

Help to improve quality of life for women

**Boosting Labor** 

**Productivity** 

Discover and support companies with strong

- Improve youth financial literacy
- Support efforts to increase the participation of women in society
- Support the improvement of workplace environments, particularly those employing women

**Building Growth** Platforms for Middle-Ranking Small and Medium-Sized **Companies** 

**Creating Business Databases** 

YM-ZOP

Regional revitalization

 Utilize regional economic analysis systems

- Perform structural analyses of regional economies
- Marketing analyses and proposals
- Analyze competitors' business strategies

Open Innovation

- **Building Regional** Infrastructure
- Networks of small and medium-sized companies
- Collaborative networks with large companies
- Networks involving industry, government, academia, banks and NPOs
- YMFG ZONE network (across the region)
- Propose profitable town development
- Suggest dismantling empty homes
- Build networks with real estate owners
- Use energy measures to promote regional invigoration
- Make a full-fledged entry into the infrastructure investment business, and reinforce public-private relations