Goals, Strategies and Achievements

Three Goals — Group strategies

- We formulated our first plan (the First Medium-Term Management Plan) in October 2006, at the time of YMFG's establishment. The Group's vision aligned with this plan is as described below.
- Management policy: Maintain a sound and proactive enterprising spirit
- Slogan: Look to a future that extends beyond our region
- Goals: The three goals outlined below
- ◆We are preparing our next medium-term management plan (for fiscal 2016–2018) as a milestone marking YMFG's 10th anniversary of establishment in fiscal 2016.

April 2007

March 2015

To be the largest and most respected financial group in the Chugoku Sikoku region

- Solution Business
 - ▶ to create distribution channels
- Response to Life stages and financial needs
 - ▶ Bank-securities collaboration
 - ▶ Personal loans

To achieve total Group assets of 10 trillion yen

Achievement **10 trillion yen**

(March 2015) –passage point– **Next Goal**

To attain a firm business advantage In Asia, through operations in region on the Yellow Sea Rim

- Support for global business
 - ▶ Make the best use of Asia network

Succeeding as a Frontrunner through a Management Merger

- YMFG was formed in October 2006 through the first management merger of regional banks in adjoining prefectures.
- We have made steady progress on clearing the hurdles related to the integration of our people, physical items and money.

Human resources

Personnel systems

Employee integration

• Commence personnel exchanges (headquarters organization)

- Unify personnel system platforms
- Conduct joint training for new employees of the three banks
- Commence personnel exchanges (operating branches)

Unified Group personnel systems in 2016

- Integrate personnel systems
- Unify employment at YMFG

Physical items

Restructuring of branch networks

Reorganization of Group companies

• Consolidate branches in overlapping areas (Centered on Momiji Bank in Yamaguchi Prefecture) (Centered on Yamaguchi Bank in Hiroshima Prefecture)

- Proactively open new branches in strategic regions (Kitakyushu Bank, Yamaguchi Bank Toyosu Branch)
- Revise capital relationships among Group companies
- →All under direct control of the holding company (Reinforce holding company's internal control function and strengthen operating relationships)

Money

Commonalize systems

Amortize consolidated goodwill

Depreciate systems commonization

Completed in 2015 for Yamaguchi Bank, in 2016 for Momiji Bank and Kitakyushu Bank

Notes: In addition to integrating the core systems, this combination included the integration of peripheral systems (operating office networks, ATMs, data centers, etc.)

Going forward, we will consider integrating financing systems and terminals.

Amortize goodwill

Complete in the fiscal year ending March 31, 2017

We have cleared the hurdles to management integration, and are now at the stage where we can benefit from the merger.

⇒YMFG moves on to the next phase