



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

Thank 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, 2016, and is designed to help you understand more about YMFG.

With the Bank of Japan's introduction of a negative interest rate policy in February 2016, the environment in which financial institutions operate entered a difficult phase that goes beyond all past experience. Against this backdrop, we will fulfill our mission of contributing to economic development from the standpoint of regional revitalization by striving to reinforce our financial strength and profitability. We are aware of the need to further facilitate the provision of funds and expand our financial services. Under these economic 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.

During the fiscal year ended March 31, 2016, we established YMFG Zone Planning Co., Ltd., as a wholly owned consulting company specializing in regional revitalization in July 2015. In January 2016, we established YM Asset Management Co., Ltd., to augment our asset management business. Through

these companies, we worked to provide even better services to customers in the region.

In June 2015, we transitioned to a "company with an audit and supervisory committee," along with Yamaguchi Bank, Momiji Bank, Kitakyushu Bank and YM Securities. The new structure is expected to step up the management and supervisory functions and further bolster the Group's corporate governance structure, further enhancing our corporate value.

The fiscal year ending March 31, 2017, will mark the start of a new medium-term management plan, the "YMFG Medium-Term Management Plan 2016." With all employees operating in accordance with its "consulting first" guidelines, we will endeavor to contribute to the growth of our customers through the combined power of the Group.

We look forward to your continued patronage and support.

August 2016

A handwritten signature in black ink that reads "T. Yoshimura". The signature is written in a cursive, flowing style.

Takeshi Yoshimura
President
Yamaguchi Financial Group, Inc.