Risk Management System

YMFG Report Group ALM Committee Committees Group Risk Management Committee Independent Auditors Compliance, Risk Control Headquarters **Control Headquarters** Audit Risk Management Risk Administration Dept. Audit Control Department Audit and Market Risk Operational Risk Risk Category Inspection Dept. Rumor Risk Credit Risk Processing risk Liquidity Risk (Verification of ppropriate and effective Svstem risk Information risk risk management) Legal risk Tangible asset risk Personnel risk Risk Administration Dept. Department in Charge Risk Risk Customer Compliance Administration Dept. of Risk Management Administration Dept. Administration Dept. Communication Dept Corporate Administration Dept IT Administration Dept. Groupwide Risk Management Directions on basic policies/ Report on risk audit system/principles management Yamaguchi Bank Momiji Bank Board of Directors Audit and Supervisory Committee YMFG Committees Independent Group ALM Committee Group Risk Management Committee Auditors Risk Management Risk Administration Dept. **Control Department Risk Category** Operational Risk Market Risk Credit Risk Reputational Risk Liquidity Risk Processing risk System risk Information risk • Legal risk • Tangible asset risk

Personnel risk

Operations by HQ, branches, affiliates, etc

YM Securities, YM Lease, Izutsuya Withcard, YM Consulting, Kitakyushu Economics Institute, Sanyu, Momiji Estate, Yamagin Card, YM Guarantee, YMFG Zone Planning, YM Asset Management, YM Life Planning, Hoken Hiroba, YM Saison, Yamaguchi Capital, Momiji Card

Risk management departments

Sections related to risk management

HQ departments

HQ departments

YMFG Risk Management System (AS of July 1, 2017)

YMFG faces all kinds of risks that have become more diversified and complex along with changes in the economy and in society. Risk management is one of the most important issues facing the Group.

Department in Charge

of Risk Management

Related Departments

Operations

As part of our basic risk management policy, we have devised standard risk management rules that apply to the Group.

The Group has organized risk management sections, risk management departments, Group Risk Management committee to cope with risks. Risk amounts are measured by

a uniform method, capital is allocated on the basis of these methods, and risks are collectively managed.

Audit

Audit

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YMFG's risk management sections check risk management conditions in the whole Group.

The Audit and Inspection Department, which is independent of the operation departments, implements internal audits to ascertain the appropriateness and effectiveness of risk management. This system applies both to the Group.