## **Risk Management System**

## YMFG Board of Directors Audit and Supervisory Committee Group Executive Management Meeting Report Group ALM Committee Committees Group Risk Management Committee Independent **Auditors Control Headquarters** Compliance, Risk Control Headquarters Audit Risk Management Risk Administration Dept. Δudit Control Department Audit and **Risk Category** Operational Risk Market Risk Rumor Risk Credit Risk Inspection Dept. · Processing risk Liquidity Risk System risk appropriate and effective risk management) Information risk Legal risk Tangible asset risk Personnel risk Money laundering and Terrorism financing risks Risk Administration Dept. Department in Charge Risk Corporate Planning Risk Compliance Administration Dept of Risk Management Administration Dept. Administration Dept. Dept Corporate Administration Dept IT Administration Dept. Groupwide Risk Managemen Directions on basic policies/ Report on risk management audit system/principles Yamaguchi Bank Momiji Bank Board of Directors Audit and Supervisory Committee YMFG Committees Group Executive Management Meeting Independent Group Risk Management Committee Group ALM Committee Auditors Audit Risk Management Risk Administration Dept Control Department Operational Risk **Risk Category** Market Risk Credit Risk Reputational Risk Processina risk Liquidity Risk System risk Information risk Legal risk Tangible asset risk Personnel risk Money laundering and Terrorism financing risks Audit Department in Charge **HQ** departments Risk management departments of Risk Management Audit Sections related to risk management **Related Departments HQ** departments Audit Operations by HQ, branches, affiliates, etc. Operations Audit

YM Securities, YM Lease, Izutsuya Withcard, YM Consulting, Sanyu, Momiji Estate, Yamagin Card, YM Guarantee,

YMFG Zone Planning, YM Asset Management, YM Life Planning, Hoken Hiroba, Data Qvic, YM Saison, Momiji Card, YM Career

## YMFG Risk Management System (AS of July 1, 2020)

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.

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 and Group Executive Management Meeting 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.

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.