Internal Audit Structure

Message From the Group CAE

Amid growing uncertainty in the environment surrounding the Group, it is essential to prevent misconduct before it occurs and build robust governance grounded in high ethical standards. As Group CAE, my foremost mission is to conduct advanced internal audits.

The recent transition to the Chief Officer System will accelerate the speed of management execution. The internal audit department aims to balance this speed with effectiveness of audits, supporting the sustainable development of management, enhancement of corporate value, and cultivation of a sound corporate culture. Specifically, we will accurately identify risks through continuous monitoring of various data across the Group and the use of generative AI and other technologies, and conduct more in-depth audits.

Through advanced internal auditing, Juroku Financial Group will make every effort to maintain a sound and robust management foundation for the future and remain the financial group most trusted by all stakeholders.

Haruyuki Miyoshi, Executive Officer, Group CAE

Group internal audit framework

The Company has established the "Group Audit Division" as its internal audit function. As the "third line," independent of business execution (first line) and credit risk management functions (second line), the Group Audit Division evaluates and verifies the appropriateness and effectiveness of the Group-wide internal control framework.

The Juroku Bank, the Group's core subsidiary, has also established an "Internal Audit Division" as its internal audit function. All members of the Group Audit Division concurrently serve in the Internal Audit Division, creating a framework for close cooperation and coordination between the Company and The Juroku Bank. Through this arrangement, we verify whether the Group-wide internal control framework is functioning appropriately by identifying important cross-Group themes and sharing the audit status of each Group company.

The Company's internal audit department is positioned as an organization directly under the Board of Directors. The annual internal audit plan is approved by the Board of Directors, and the results of internal audits conducted over each six-month period are reported to the Board. We also work closely with the Audit & Supervisory Committee by reporting the details of audits conducted each month. The contents reported to the Audit & Supervisory Committee are compiled into monthly reports and circulated to Directors, including Outside Directors.

Initiatives to improve and advance internal audit quality

We are improving and advancing the quality of internal audits by addressing issues identified through annual self-assessments based on the Global Internal Audit Standards, the global benchmark for internal auditing, and external assessments conducted by audit firms and other external parties once every three years.

In addition, for the internal audit departments of Group companies other than The Juroku Bank, the Company provides support for risk-based audits and conducts joint audits, thereby working to enhance internal auditing across the Group.