Risk Management Structure and Compliance System

Ethics Policy

The Group has established its “ethics policy” with a view to establishing unshakable confidence from society through establishing high business ethics and thorough permeation of the spirit of legal compliance.

The ethics policy consists largely of two sections, namely, “business ethics of the Group” and “code of conduct for officers and employees of the Group.” The former manifests sense of ethics and values which the Group as a corporation must adhere to for materializing its management philosophy, while the latter is a compilation of the code which the officers and employees of the Group must follow in conducting business based on the aforementioned business ethics.

Group-wide Risk Management Structure and Compliance System

We have established the Group Risk Administration Division to oversee risk management and compliance, and are working to improve the risk management structure and compliance system of the Group, while senior management actively involves in the process of risk management for verifying and monitoring its effectiveness and adequacy.

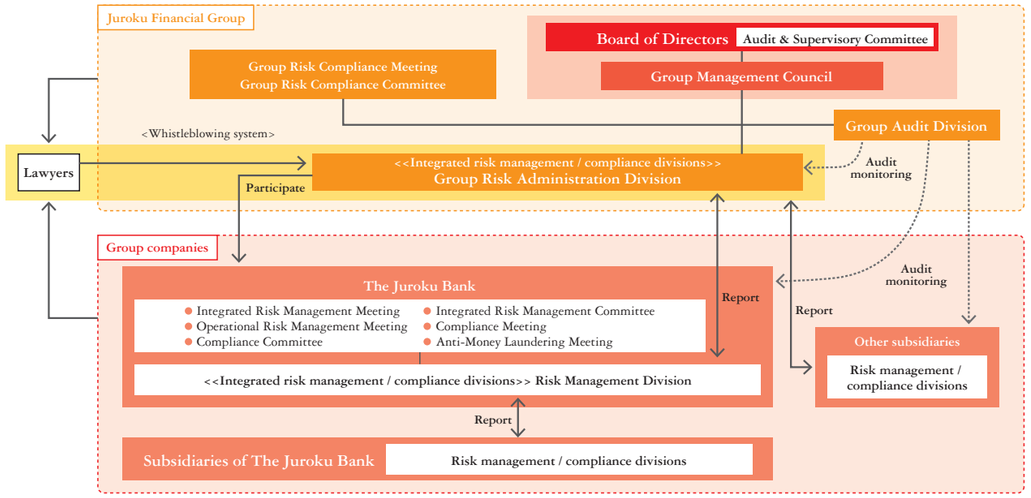
Specifically, the Group Risk Compliance Meeting chaired by the Group CRO has been organized to grasp the status of risk management and compliance within the Group, engaging in deliberation or debate on the analysis, evaluation, and activities for improvement thereof. The Group CRO reports to the Board of Directors on the status of risk management and other matters on a bi-annual basis or as appropriate if required, to ensure that the adequacy and effectiveness of risk management as well as status of compliance system are appropriately deliberated and verified.

Based on these reports, the Board of Directors comprehensively monitors the various risks surrounding the Group, discusses and decides on important response measures, and oversees risk management across the Group.

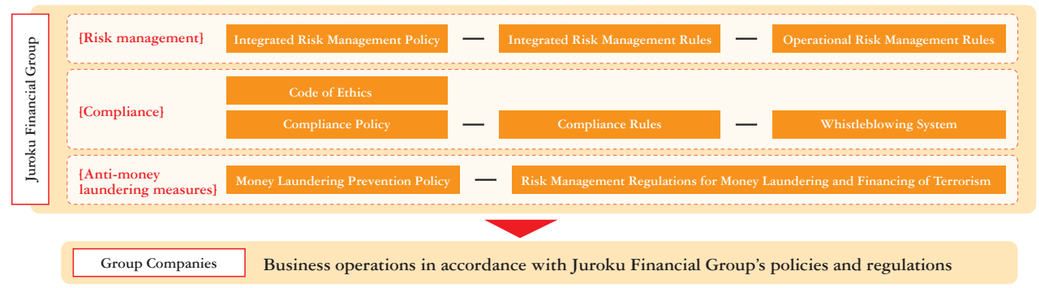
Meanwhile, the Group Audit Division, which is the internal audit department, is committed to verifying and improving the adequacy and effectiveness of risk management structure, while conducting audit of the compliance system of the Group as a whole.

The Company positions risk management and compliance as an important duty to ensure the soundness and safety of group management, and has established policies and regulations related to risk management and compliance. Each group company has also established its own policies and regulations based on the Company’s policies and regulations, and strives to conduct appropriate business.

<Compliance system / risk management structure>



<Risk management and compliance-related policies and regulations, etc.>



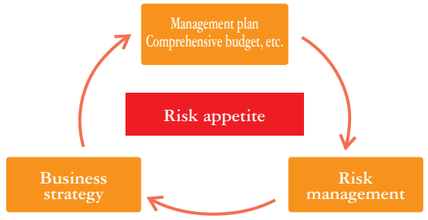
Risk Management Structure

Risk Appetite Framework

The Group has clarified the type and amount of risk to be taken appropriately as “risk appetite,” and introduced a “Risk Appetite Framework (RAF)” for business and risk management using the risk appetite as a starting point.

In order to achieve our “Vision” in the Group Management Philosophy, we seek to “optimize profits, risks and capital” through RAF management, and enable the pursuit of more profit opportunities and more appropriate risk control. By doing so, we are improving the effectiveness of our business strategies including management plans and comprehensive budgets.

<Overview of the Risk Appetite Framework>



Recognition of Top Risks

From the perspective of probability and degree of impact, the Board of Directors has chosen as top risks for the Group the “risk events that may have a significant impact on our financial position and business performance, such as disrupting our business strategy and reducing profitability within the next year.” We are taking necessary measures in advance to control such risks, and striving to manage them in order to respond dynamically even if they manifest.

In addition, all employees are regularly kept informed on the top risks through meetings and other means.

Risk event

- Intensified competition for attracting savers
- Escalation of geopolitical risks
- Population decline, declining birthrate and aging population
- Threat of financial crime
- Climate change risks
- Recession and disturbance in the financial market
- Rapid progress of generative AI and DX
- Compliance risks
- Cyber-attacks and system failures
- Increasing severity of natural disasters

Capital Adequacy Management

The capital adequacy ratio is calculated on a consolidated basis in accordance with the formula prescribed in the Standards for Bank Holding Companies to Judge Their Own and Subsidiaries’ Capital Adequacy in Light of Their Assets and Other Circumstances under Article 52-25 of the Banking Act (Financial Services Agency Public Notice No. 20 of 2006).

The Company applies the domestic standard and uses the standardized approach to calculate credit risk-weighted assets and the standardized measurement approach to calculate the operational risk equivalent amount.

The Company has also applied the finalized Basel III framework since the end of March 2025.

Compliance System

Compliance Structure

The Company has designated the Group Risk Administration Division to oversee compliance and manage the status of compliance for the entire Group. Every fiscal year, the division formulates a Group Compliance Program, a concrete action plan for compliance, and conducts appropriate compliance risk management for the entire Group. The division is engaged in confirming that the Group is properly practicing compliance, as well as monitoring the progress in the Group Compliance Program and status of whistleblowing, while holding meetings of the Group Risk Compliance Meeting and the Group Risk Compliance Committee regularly and as needed for deliberation and instruction on the compliance system. The content of the deliberations at the Group Risk Compliance Meeting is reported to the Board of Directors to ensure appropriate supervision by the Board of Directors. Procedures(*) to be followed by officers and employees who discovered a compliance violation or other conduct that could be considered as such are specified in the Compliance Rules and Compliance Manual, as part of the framework for fact-finding and investigation of this type of wrongdoing. For the purpose of fermenting compliance awareness across the Group, the ethics policy is being thoroughly permeated among all concerned, while training for officers including Outside Directors as well as training or study sessions for all employees (including part-timers and temporary workers) are continually organized, presenting case study of the questionable conducts recently reported at corporations involving compliance, such as legal compliance violations, wrongdoings, and harassment. In addition, harassment prevention training is provided for managers.

(*) Procedures to be followed in the event of discovery of a compliance violation or other conduct that can be considered as such (summary):

(1) [Report of occurrence] The person who discovered the compliance violation or the like must report to the Group Risk Administration Division, or alternatively report to or consult with the external lawyer designated for this purpose according to the internal reporting system.

(2) [Report to the Group Management Council, etc.] The Group Risk Administration Division shall report to Group Management Council, etc., as appropriate.

(3) [Fact-finding and investigation] The Group Risk Administration Division shall instruct or execute fact-finding. Specific procedure or method for investigation, etc. shall follow the Incident Response Manual.

(4) [Report] Follow-up report shall be made to the Compliance Meeting, etc. as appropriate based on the results of the fact-finding exercise.

(5) [Remedial measures and recurrence prevention measures] Report shall be made to the Board of Directors, etc. on the remedial measures and recurrence prevention measures based on the results of the investigation.

Initiatives for Prevention of Corruption

The Company prohibits in its Ethics Policy all forms of corrupt practices, regardless of whether in Japan or overseas or whether directly or indirectly, including bribery involving public officials, etc. (including deemed public officials and other persons equivalent to public officials) and all stakeholders concerning the Group's business, such as customers, shareholders, contractors and business partners, as well as embezzlement, breach of trust, and the giving or receiving of entertainment, gifts and other benefits beyond social norms, in an effort to prevent corruption.

The Company continually implements training for all officers and employees (including Outside Directors, part-timers and temporary workers) and study sessions featuring specific cases to raise awareness of the Ethics Policy and matters concerning the prevention of corruption and ensure thorough compliance. Furthermore, the Company conducts internal inspections of payments to third parties and other expenditures as needed, while preparing accurate and complete ledgers and records and appropriately maintaining and managing related materials.

[Initiatives in FY2025]

Number of occurrences of corruption: 0 cases

Expenditure related to fines, punishment and settlement associated with corruption: ¥0

Internal Reporting System

The Company has established a whistleblowing system for the entire Group. In order to early detect, correct and prevent compliance violations (such as legal compliance violations, wrongdoings, corruption(*), violation of internal rules, and harassment), the Company and other Group companies have each set up whistleblowing contact points.

The whistleblowing system applies to all officers, employees and part-timers, etc. (including those who were Executive Officers, employees, part-timers before resignation or retirement less than one year ago) of the Company and its consolidated subsidiaries, and expressly guarantees that whistleblowing/consultation by the whistleblower be kept strictly confidential, that the whistleblower should under no circumstances be disadvantageously treated because of his/her act of whistleblowing/consultation, and that any such disadvantageous treatment if actually done at all should be dealt with in a rigorous fashion, to ensure that all officers and employees can use this system with peace of mind. In addition to internal contact points, we are working to enhance and improve our whistleblowing system via designated external lawyers as contact points for reporting and consultation.

We have appointed a Chief Whistleblowing Officer as the general manager of the whistleblowing system, and are working to raise awareness of the whistleblowing system among officers and employees throughout the Group.

If a compliance violation is confirmed as a result of a report, we promptly take remedial measures and measures to prevent recurrence, and take appropriate disciplinary action against officers, employees and others involved in the violation. We also provide reporters with feedback on investigation results and remedial measures, while giving due consideration to the reputation and privacy of reported persons and those cooperating with the investigation.

The whistleblowing system and how it works are broadly communicated across the Group via the internal intranet, while being made viewable by smartphones for business use.

(*) Bribery, embezzlement and giving and receiving entertainment/gift beyond social norms

Customer Protection

The Company has established a Group-wide "Customer Protection Management Policy," and is striving to protect customers and improve convenience for the whole Group. The Juroku Bank and Juroku Tokai Tokyo Securities have planned and announced a "Customer-oriented Business Operation Policy," and are working to further improve the quality of their products and services from a customer-oriented perspective.

In addition, The Juroku Bank has established a dedicated department to manage complaints and other customer feedback in accordance with its Customer Explanation Management Rules and Customer Support Management Rules, and accepts a wide range of complaints, requests and other feedback from customers. As specific measures to resolve complaints and other issues, customer feedback is promptly shared among the relevant departments so that we can respond swiftly and sincerely, while also identifying the causes of issues and formulating measures to prevent recurrence.

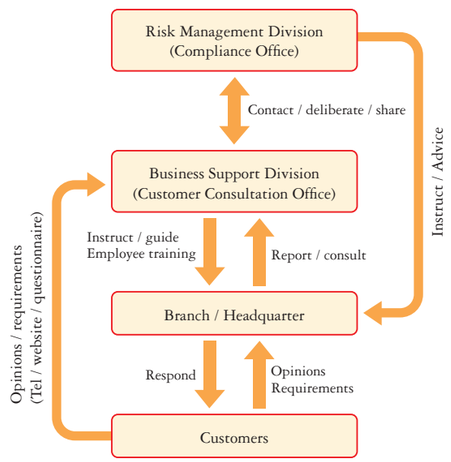
Furthermore, collected data on complaints, requests and other customer feedback is also regularly reported to management and used through the PDCA cycle to improve products and services and continuously review business processes.

Customer Feedback/Consultation

Every year we host group training sessions for employees based on feedback and requests from customers to ensure thorough customer protection and compliance.

•Designated dispute resolution organization

The Juroku Bank has concluded an agreement with the following designated dispute resolution organizations. By involving a neutral and fair third-party organization, we are appropriately responding to the financial ADR system, which is a procedure intended for simple and swift dispute resolution without resorting to litigation.



Contact for consultations, inquiries, opinions and complaints about the Bank

[Hours of operation] Monday through Friday, 9:00 a.m. to 5:00 p.m. (excluding national holidays and bank holidays)

Designated dispute resolution organizations with which The Juroku Bank has an agreement

Japanese Bankers Association (Contact: JBA Customer Relations Center)
Telephone: +81-3-5252-3772

Trust Companies Association of Japan (Contact: Trust Consultation Center)
Telephone: +81-3-6206-3988

Customer Information Management

The Company recognizes the secure management of customer information as one of its most important issues.

We are fully aware of various risks such as leakage and loss of information to external parties with regard to customer information acquired by each Group company. As such, we have established the "Information Security Management Rules" to ensure proper handling of customer information, and also disclose a "Personal Information Protection Policy" (Privacy Policy).

Based on these regulations, we have appointed a Chief Information Officer as the general manager of the protection of information assets, and designated responsible divisions according to the type of information assets, as efforts to protect information assets more effectively.

Elimination of Antisocial Forces

The Company has established the "Basic Policy against Antisocial Forces" for the entire Juroku Financial Group, and the Group as a whole has developed systems to firmly confront and exclude relationships with antisocial forces that threaten the order and safety of society.

Specifically, we work closely with external expert organizations and other institutes, and enhance effectiveness through training for officers and employees and other measures.

Initiatives to Prevent Money Laundering, etc.

There is a growing threat of international terrorism, and fund transfers by criminal organizations and terrorists are spreading and becoming international. As such, there is a stronger international demand for financial institutions to prevent money laundering, financing of terrorism, and proliferation financing (hereinafter "money laundering, etc.").

The Company's Group Risk Administration Division oversees the Group's overall anti-money laundering, etc. measures, and each Group company appoints a person responsible for anti-money laundering, etc. measures from among its officers.

● Risk management system

We have positioned the prevention of money laundering, etc. as a top management issue, and we have built an effective risk management system and are working to further enhance it.

● Risk assessment documents

We identify and assess risks we are facing associated with money laundering, etc., and plan "documents prepared by specified companies (risk assessment documents)," in order to implement mitigation measures commensurate with the risks.

● Training for officers and employees

We continuously implement training for officers and employees, so that they can gain deeper knowledge and understanding regarding measures against money laundering, etc., and improve their expertise and adaptability according to the roles of various divisions.

● Audits on compliance status

The Audit Division conducts internal audits from an independent perspective on a regular basis and as necessary. Based on the results of these audits, we strive to further improve our systems.