

### Basic Policy on Criminal Organizations

In order to block relationships with criminal organizations that threaten social order and safety, and interfere with the sound development of the economy and society, the Bank has established, and will abide by, the following Basic Policy on Criminal Organizations.

1. The Bank shall block relationships, including transactions, with criminal organizations, and resolutely refuse illegal demands.
2. In response to illegal demands by criminal organizations, the Bank shall work to quickly resolve the problem by responding as an organization, while ensuring the safety of employees.

3. The Bank will not provide funds, engage in improper or exceptional transactions, or provide logistical assistance to criminal organizations.
4. To prepare for the possibility of illegal demands by criminal organizations, the Bank shall establish close and ongoing collaborative relationships with expert outside organizations such as the police, the National Center for the Removal of Criminal Organizations, and the Bar Association.
5. If there are any illegal demands by criminal organizations, the Bank shall respond with a resolute stance, taking action such as legal countermeasures based on both civil and criminal law.

## Measures Against Money Laundering and Terrorism Financing

In response to the full enforcement of the revised Act on Prevention of Transfer of Criminal Proceeds in October 2016, the Bank's management system and compliance items such as identity verification at the time of transactions and notification of suspicious transactions have been revised, and the Bank has been practicing strict compliance regarding the prevention of the acceptance of illegal funds and involvement in illegal transactions.

Going forward, we will continue to improve the necessary management systems such as staff training and human resource deployment, and work for the further strengthening of those arrangements.

Specific initiatives and the Bank's management system concerning measures against money laundering and terrorist financing are as follows.

### Initiatives of the Bank

June 2018

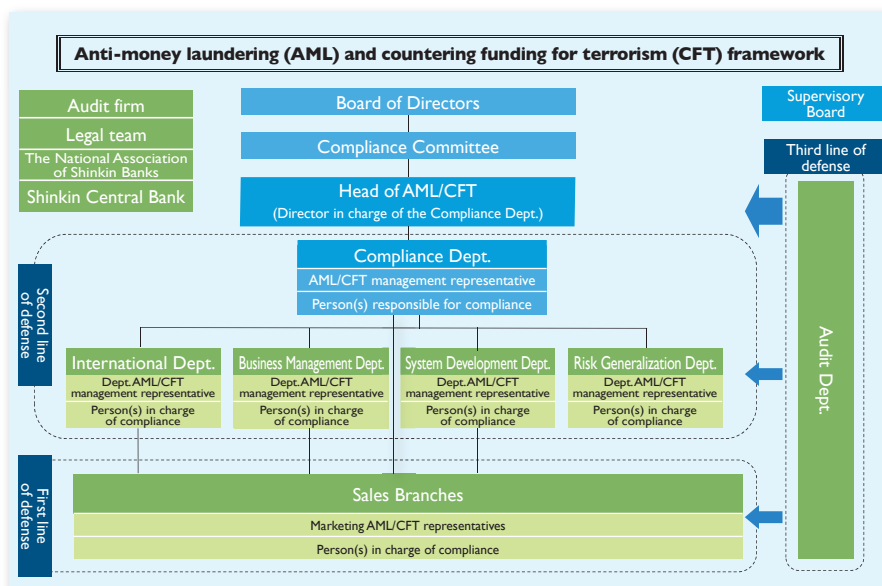
Establishment of fundamental regulations on measures against money laundering and terrorism financing

November 2018

Establishment of a Risk Evaluation Report and various kinds of check sheets

March 2019

Release as fundamental guidelines of policies against money laundering and terrorism financing



## Building Internal Controls

### Steps Toward Building Robust Internal Controls

In order to establish a sound, robust business administration system, we will put in place systems based on the Basic Policy for Building Internal Control Systems set forth by our board of directors, and in this way we will provide a higher level of security and trust to all of our valued stakeholders, including all members who support the Bank, business partners, and people in the local region.

### Basic Policy for Building Internal Control Systems (Overview)

- (1) Provide a system to ensure that all directors and personnel of the Bank execute all duties of the Bank in accordance with the law and the articles of incorporation of the Bank.
  - Position compliance with laws and regulations as the top-priority policy for Bank management, and establish a Compliance Code of Conduct to be followed by all directors and employees, and a Compliance Program as a concrete, implementation plan.
  - Establish a Compliance Committee, review and discuss important matters for management relating to compliance with laws and regulations, and evaluate the compliance implementation situation.

- To facilitate early discovery and rectification of any wrongdoing, establish Whistleblower Protection Management Rules clearly setting forth matters such as the system for directors and employees to report on conduct violating laws and regulations, and establish a liaison for consultation and reporting.
  - Resolutely block criminal organizations which threaten social order and safety.
  - The Internal Audit Department shall examine and evaluate the propriety and effectiveness of the compliance framework, and shall report the results to the President, board of directors, and auditors.
- (2) Provide a system to store and manage information with respect to the execution of the duties of each director of the Bank.
    - Information with respect to the execution of the duties of each director of the Bank shall be properly stored and managed based on in-house rules prescribing procedures such as document filing/storage (including electromagnetic records), storage periods, and disposal rules.