

issues be detected, the Bank will look into reviewing said policies, rules, and procedures anew, and will develop response systems that raise the effectiveness of its AML/CFT measures.

2. Management systems

The Bank has set the Compliance Department as the lead department for AML/CFT measures, and it works with connected departments, branches, and others to work on effective AML/CFT measures.

In order to manage and oversee coordinated AML/CFT measures at affiliated subsidiaries as a united group, the Compliance Department takes the lead and works on responses and information sharing within the Bank group. Moreover, for the entire group to implement AML/CFT measures, it has put in place set processes for policies, rules, procedures, and concrete measures, among other things, and will ensure these are consistent throughout the group.

3. Risk-based approach

The Bank identifies and evaluates any risks it faces connected to money laundering and funding of terrorism. Then, based on a risk-based approach, it implements mitigation measures focused on risks. By undertaking periodic reviews, the Bank will ensure these are effective.

4. Customer management policy

When the Bank accepts customers or after accepting them, it will implement a range of customer management measures, including appropriate transaction checks. It will also put in place systems to execute responses that cater to customers' individual attributes. In addition, it will regularly gather information on our customers, and periodically survey and analyze the state of transactions and similar through records made at the time of transactions, etc. By doing so, it will review response measures via continuous customer management.

5. Reporting suspicious transactions

Based on reports from branches and transactions that have been flagged through transaction monitoring and filtering, the Bank will comprehensively assess and evaluate customers' associations and

their status at the time of making the transaction. In such ways, the Bank will develop systems that allow it to accurately detect and oversee these kinds of suspicious transactions, and should reporting be deemed necessary, will immediately inform the authorities.

6. Asset-freezing measures

The Bank will implement measures such as asset freezing for terrorists and others as appropriate.

7. Management of correspondent arrangement signees

The Bank will strive to gather information on correspondents, carry out appropriate evaluations of this, and implement suitable countermeasures based on these risks. For the Bank and for correspondent arrangement signees, the Bank prohibits transactions with shell banks with no sales presence, or transactions with highly anonymized accounts. The Bank will cancel any correspondent arrangements with signees associated with such transactions.

8. Executive and employee training

Through continuous training, the Bank will improve its executives' and other employees' knowledge and understanding of risks and countermeasures connected to money laundering and terrorism funding. It will also endeavor to secure and train personnel with specialisms and adaptability befitting their roles.

9. Studies into compliance status and effectiveness

As the lead department for management systems related to AML/CFT measures, the Compliance Department periodically assesses the effectiveness of such measures at branches, ATMs and other locations. As well as making improvements to ensure they are effective, the Bank has the independent Internal Audit Department carry out regular audits, and it strives to make further improvements by taking audit results into consideration.

10. Promotion of greater understanding among customers

So as to periodically compile data from customers, the Bank will work on awareness-raising and publicity activities through our website, branches, ATMs, and other locations to better inform customers about this subject.

Building Internal Controls

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.
- (3) Provide rules and other systems for risk management against losses by the Bank.
 - The board of directors shall position risk management as the top-priority issue for management, develop a system for accurately ascertaining risks and carrying out proper management/operations, and strive to improve the soundness of assets and stability of earnings.
 - Establish an ALM Committee, Operational Risk Management Committee, and other groups as organizations for cross-departmental discussion and decision-making relating to various risks, and discuss and evaluate important matters relating to risk.
 - To minimize the damage and impact in an emergency situation, such as a large-scale natural disaster or a major system failure, establish an Emergency Response Manual (Contingency Plan), and