

## AML, CFT, and CPF Policies

As it works to prevent money laundering, terrorism financing, and proliferation financing, the Osaka City Shinkin Bank complies with relevant laws and regulations—including national and international economic sanctions—and to ensure the appropriateness of its dealings, it has set out the following basic policies and has put in place management systems.

### 1. Operational policy

The Bank has positioned AML/CFT/CPF measures among its most important management issues. With respect to the threat of money laundering, terrorism financing, and proliferation financing, it has constructed management systems that allow it to respond appropriately as an organization.

Specifically, management is leading various initiatives related to putting in place AML/CFT/CPF measures; coming up with and promoting policies, procedures, and plans; and enacting efforts to identify, evaluate, and mitigate risks.

### 2. Management systems

The Bank has appointed a director in charge of AML/CFT/CPF measures to take responsibility for this area, and established the AML/CFT/CPF Management Control Department. As well as allocating specialist personnel and necessary funding, the Bank is appropriately allocating resources and creating mechanisms to facilitate cooperation in this area between executives and other employees.

For AML/CFT/CPF measures at relevant subsidiaries, the Bank manages and promotes measures on a groupwide basis, and works to establish integrated systems and share information through the group.

### 3. Risk-based approach

Based on a risk-based approach, and taking into account factors such as the government's risk assessments ("National Risk Assessment of Money Laundering and Terrorist Financing" and "National Risk Assessment of Proliferation Financing in Japan") and the Bank's reports about suspicious transactions, it works to identify the money laundering, terrorism financing, and proliferation financing risks it faces.

Moreover, in accordance with the business environment, management strategies, and risk characteristics that have been identified, the Bank will take into account factors such as the transaction amount, and the likelihood and impact of such a risk to evaluate its severity, and then implement measures to mitigate that risk.

### 4. Customer management policy

When new transactions start, or continuously after transactions have started depending on the customer information or transaction details, the Bank carries out checks or similar to verify identity and the purpose of transactions.

Moreover, in cases where checks of information relating to the customer or transaction details are found to be necessary, the Bank conducts additional checks and surveys at appropriate times.

For these checks and surveys, where necessary the Bank requests that the customer submit additional proof.

### 5. Reporting suspicious transactions

In the following cases, the Bank carries out an investigation and if it determines that the transaction is indeed suspicious, it quickly notifies the relevant organization: report from a sales branch, alert from the transaction monitoring system, query from an investigative agency or similar, or notification from a customer.

### 6. Sanctions and asset-freezing measures

The Bank responds appropriately to national and international economic sanctions and strongly opposes efforts to avoid or circumvent such measures. If the transaction filtering system or similar detects a transaction involving a sanctioned individual, that transaction is declined and asset-freezing measures are appropriately implemented.

### 7. Correspondent management

The Bank has systems in place to check and investigate money laundering, terrorism financing, and proliferation financing risk management systems at correspondent arrangement signees. Where a correspondent is determined to be using a shell bank, or where the correspondent has allowed their account to be used by a shell bank, the Bank will cancel any contracts with said correspondent.

### 8. Executive and employee training

The Bank conducts continuous training for all executives and other employees on the subject of AML/CFT/CPF measures, and aims to improve their knowledge and awareness of this topic. Also, it works to secure and train executives and other employees who are specialists, depending on their individual roles.

### 9. Studies into effectiveness

For risk management related to money laundering, terrorism financing, and proliferation financing, as well as investigations by the control department, the independent Internal Audit Department also periodically conducts audits, and the Bank works on continuous improvements, taking into account the results.

### 10. Promotion of greater understanding among customers

The Bank utilizes its website or notice boards at its sales branches to gain the understanding of customers about the identity checks or transaction purpose checks it conducts when new transactions start, or continuously after transactions have started, as well as additional checks and investigations.

## 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.