

Basic Policies for Anti-Money Laundering and Combating the Financing of Terrorism

The Iyo Bank, Ltd. (hereinafter “the Bank”) positions the prevention of money laundering and financing of terrorism (hereinafter “Money Laundering, etc.”) as an important management issue, taking into consideration the fact that this is a key responsibility of the Bank as a financial institution with a public mission, and hereby declares that as we execute business operations, we will establish internal management systems aimed at preventing Money Laundering, etc.

1. Organizational Systems

- (1) The Board of Directors of the Bank recognizes and understands the importance of countermeasures to prevent Money Laundering, etc., and shall take the initiative in focusing on such countermeasures.
- (2) The Bank shall determine persons responsible for countermeasures to prevent Money Laundering, etc., and a department for the oversight thereof, thus establishing centralized management systems, and the organization as a whole shall tackle Money Laundering, etc., in a cross-departmental manner, based on cooperation between related departments.

2. Risk Management Based on a Risk-Based Approach

- (1) The Bank shall execute appropriate risk management based on a risk-based approach against the risk of Money Laundering, etc., including effectively utilizing IT systems and various types of data to identify and evaluate risk, and implement risk mitigation measures for each type of risk. In particular, the Bank shall establish systems for preventing Money Laundering, etc., by implementing appropriate confirmation measures, etc., for foreign remittances ordered and received, export and import transactions, ship financing, and other types of transaction with overseas.
- (2) The Bank shall implement appropriate transaction monitoring and screening, and establish systems for accurately detecting, monitoring, and analyzing suspicious customers and transactions.

3. Compliance with Laws and Regulations, etc., and Appropriate Customer Due Diligence Measures

The Bank shall comply with various laws and regulations, etc., for countermeasures to prevent Money Laundering, etc., and shall appropriately implement identification and verification at the time of transactions, and other necessary customer due diligence measures.

4. Suspicious Transaction Reporting and Asset Freezing Measures

Pursuant to various laws and regulations, etc., the Bank shall establish systems to report suspicious transactions and appropriately implement measures against persons whose assets have been frozen, etc.

5. Correspondent Bank Management

The Bank shall conduct regular investigations of correspondent banks, in order to verify and monitor their systems for preventing Money Laundering, etc. In addition, the Bank shall not enter into or maintain correspondent banking arrangements if a correspondent bank is a shell bank, or permits transactions with shell banks.

6. Conducting Training, etc.

The Bank shall conduct necessary and appropriate training, etc., for all officers and employees, in accordance with their roles, on an ongoing basis, and the organization as a whole shall take steps to enhance understanding of countermeasures to prevent Money Laundering, etc., and maintain and enhance the expertise and qualifications of officers and employees.

7. Anti-bribery and Anti-corruption

The Bank shall strive to ensure that all officers and employees acquire a high level of professional ethics, and shall prohibit bribery as well as entertainment and gift-giving, etc. that exceed a level considered reasonable under the generally accepted view by society in accordance with the purport of various laws and regulations, etc.

8. Evaluation of Effectiveness and Validity

The Bank shall regularly evaluate the effectiveness and validity of all initiatives related to countermeasures to prevent Money Laundering, etc., make improvements as necessary, and take steps to enhance and strengthen internal management systems across the Bank as a whole, on an ongoing basis.