

Compliance Framework

The social and public mission of the banking business makes high demands for operations based on fair and transparent corporate activities in compliance with laws, regulations, and social norms and in accordance with the principles of self-discipline and self-responsibility. Accordingly, the Bank considers the thorough compliance of its directors and employees in business operations to be a top priority, and to this end management is actively involved in the fulfillment of the Bank's social and public mission as the Bank works to strengthen its compliance framework through steps such as system improvements and the establishment of instruction methods.

In the future, the Bank will further strengthen its corporate activities based on a strong sense of ethics and integrity and its management approach in accordance with principles of self-responsibility as it further strengthens the compliance framework so that the Bank's daily business activities and actions ensure compliance with laws, regulations, and social norms.

Basic Compliance Policy

Musashino Bank's basic compliance policy entails that officers and employees go about their daily duties in accordance with the Bank's two fundamental management guidelines, namely its Corporate Philosophy and Code of Behavior.

Under its unwavering Corporate Philosophy, the Bank strives to work in harmony with the local community it serves while maintaining a deep respect toward customers. As a local bank in Saitama Prefecture, we continue to contribute to the local community and society. Furthermore, the Code of Behavior is founded on "the public mission of the Bank" and stipulates "provision of high-quality financial services," "compliance with laws, regulations, rules, etc.," "open business management through communication with society," "respecting the personalities of employees," "tackling environmental problems," "implementing social contribution activities," and "resolute responses to anti-social forces," and directors and employees go about their daily duties guided by these basic policies.

Compliance Management Structure

The Legal Affairs Office of the Risk Management Division serves as the compliance management department for the Bank. This office undertakes the uniform management of all legal issues relating to compliance while providing instructions based on investigation and research. At the same time, the office coordinates with officers responsible for legal compliance appointed to all departments and branches while working to strengthen the compliance structure. Regular meetings are held with the officers responsible for legal compliance appointed to each branch in order to improve the level of compliance through the sharing of information and training, and meetings are held each month with the officers responsible for legal compliance in each head office

department. These meetings serve as a forum to deliberate on compliance issues and to share information.

In addition to the aforementioned, the employees of all departments and branches are made to conduct periodic self-compliance checks. In this manner, the compliance management department has adopted a mechanism that enables it to grasp the status of compliance management.

Furthermore, Musashino Bank has established the Compliance Committee with the president of the Bank serving as the chairperson, which serves as the organization that checks the status of compliance on a Bank-wide basis while considering any and all other important matters through regular meetings. In addition, the committee evaluates and checks on the progress and implementation status of the Compliance Program approved by the Board of Directors. The Compliance Program sets forth a specific action plan for realizing compliance, and it is reviewed every year by the Compliance Committee.

Compliance Manual

To ensure the compliance of its officers and employees, the Bank uses a compliance manual that has been approved by the Board of Directors to instill awareness in all of its officers and employees.

The compliance manual contains sections on the Bank's Corporate Philosophy, Code of Behavior, and basic policies. It contains a section on compliance standards that stipulates the matters officers and employees should comply with, a section on the compliance framework that provides an explanation on various structures at the Bank including education and verification structures, and a section that provides an explanation of the laws and regulations that Bank employees are required to be knowledgeable of. The compliance manual serves as a standard for making decisions and taking actions in everyday business activities.

Efforts Regarding Anti-Money Laundering and Countering the Financing of Terrorism

The Bank has positioned anti-money laundering and countering the financing of terrorism (hereinafter, "AML/CFT") as important issues in its management strategy. We are working to build control structures for AML/CFT in accordance with our basic policies.

In addition, we provide ongoing training for all officers and employees as part of our efforts to increase their understanding of the importance of AML/CFT, with a view to helping ensure that everyone is aware of relevant laws and regulations, and takes appropriate operational measures.