System for Anti-Money Laundering/Countering the Financing of Terrorism

The Bank is strengthening its systems for Anti-Money Laundering /Countering the Financing of Terrorism (AML/CFT), acknowledging AML/CFT as a critical management issue for ensuring business adequacy.

Specifically, the Bank has created the Anti-Money Laundering/Countering the Financing of Terrorism Committee, headed by the manager in charge of preventing money laundering, to centrally manage and directly respond to problems related to AML/CFT measures.

As the organization in charge of AML/CFT measures, the Risk Management Division works with other divisions to identify and assess AML/CFT risks the Bank directly faces, and to implement the appropriate countermeasures designed to mitigate those risks. As a basic policy for AML/CFT, the Bank has created and publicly released its Anti-Money Laundering/Countering the Financing of Terrorism Policy.

Anti-Money Laundering/Countering the Financing of Terrorism Policy

The Bank of Kyoto Group establishes the governance structure and sets the following policies, procedures and approaches in order to comply with all legal and regulatory requirements and obligations to implement appropriate Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) measures for ensuring business adequacy.

1. Management Policy

The Board acknowledges AML/CFT as a critical management issue and establishes the AML/CFT framework to respond to emerging regulatory policy and any other relevant affairs in a timely and appropriate manner as an integrated organization.

2. Organizational Framework

The Director of the Risk Management Division is appointed as the Anti-Money Laundering Compliance Officer. The Risk Management Division is responsible for the implementation of AML/CFT policies and procedures in coordination with other relevant departments and business units throughout the Group.

3. Risk-Based Approach

The Group adopts a Risk-Based Approach in identifying and assessing Money Laundering/Terrorist Financing (ML/TF) risks which the Group is exposed, and in implementing the appropriate countermeasures designed to mitigate those risks.

4. Customer Due Diligence

The Group establishes Know Your Customer (KYC) procedures to understand customer attributes and receive customer verifications at the Time of Transaction in a timely and appropriate manner. The countermeasures are updated based on the results of the periodic investigation and analysis on customer transaction records.

5. Sanctions and Asset Freezing

All transactions are screened against various sanctions lists and any transactions found to involve specially designated individuals/entities will be blocked. The Group implements appropriate measures to 'freeze' accounts, funds, or other assets of designated individuals/ entities in which a targeted government or authority has an interest.

6. Reporting of Suspicious Transactions

The Group establishes procedures to ensure prompt reporting of suspicious transactions and activity detected by the bank's monitoring and screening systems and personnel to all relevant authorities.

7. Correspondent Banking Due Diligence

The Group aims to collect sufficient information related to correspondent banks in order to evaluate and implement appropriate countermeasures to mitigate any ML/TF risks presented by correspondent banking relationships. The Group and its correspondent banks are prohibited from transacting with shell banks and accounts with high anonymity.

8. Training

The Group aims to provide regular and targeted trainings to enhance bank personnel's understanding of their respective roles and responsibilities, and expertise in carrying out the Group AML/CFT policies.

9. Monitoring and Testing

The Group aims to continually strengthen the Group AML/CFT policies, procedures and systems through routine and comprehensive assessments conducted by the independent Internal Audit Division.