



O-Bank Co., Ltd. Operating Procedures for Development and Approval of New Financial Products and Services

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Article 1 (Purpose)

These Operating Procedures have been adopted to build consensus regarding the Bank's business promotion and product development activities, to integrate the resources needed to develop various financial products and services, and to ensure that all products have been through a rigorous evaluation process prior to their launch, thereby mitigating risks.

Article 2

When any Bank unit (including overseas branches) is planning to launch a financial product or service not currently offered by O-Bank, with the exception of financial derivatives (which must be handled in accordance with the provisions of the "Review Procedures for New Derivative Financial Products"), all other products or services must go through one of the following approval/registration procedures, which shall be handled in accordance with these Operating Procedures:

- (1) Must be approved by the Board of Directors of O-Bank.
- (2) Must be reported to the competent authority for approval/registration.
- (3) In the case of a foreign branch, it must be reported to the competent authority in accordance with host-country legislation for approval/registration.

For the launch of new financial products or services other than those referred to in the preceding paragraph, management guidelines may be adopted in accordance with O-Bank internal audit and internal control procedures, and the launch may be handled in accordance with rules governing the scope of authorities and the hierarchical delegation of responsibilities.

Article 3

The unit that has proposed a new product/service must adopt a related business plan in accordance with applicable legislation. The content of the business plan shall include the following items:

- (1) a presentation of the new product/service;
- (2) disclosure of the risk recognition, measurement, control, and management mechanisms that a new product/service must comply with;
- (3) internal operating procedures, the accounting system, and the responsibilities of the related divisions;
- (4) internal control and internal audit systems;
- (5) the legislation and restrictions that apply to a new product/service (matters to be addressed by regulatory compliance evaluations shall include, without limitation, evaluations of "ML/TF" and "personal information" risks, and an evaluation of implementation of the "principles for fair treatment of consumers");
- (6) the social and environmental impact of a new product/service, and the potential risks (including, without limitation, pollution of the environment, destruction of ecologies, and infringement of human rights and labor rights);
- (7) evaluation of how a new product/service could generate intellectual property rights risks (including, without limitation, patent infringements) and opportunities (including, without limitation, patent applications); and
- (8) requirements for information system support and manpower (may be adjusted, added to, or subtracted from depending on product characteristics of service content).

For the matters stipulated in paragraph (5) of the preceding paragraph, the unit that has proposed a new product/service shall first collect the applicable external legislation in accordance with the characteristics of a new product/service and assess the legality. Second, the Legal and Compliance Department examines and supervises the integrity of the legislation collection and the evaluation results. Third, the unit that has proposed a new product/service shall incorporate the applicable legislation into the business plan and submit it to the Product Review Team for reviewing. Last, the unit that has proposed a new product/service shall retain the trail of the evaluation results and the proposal on file for future reference.

Article 4

Review, sign-off, and approval procedures to be carried out prior to launch of a new product/service are as follows:

- (1) The unit that has proposed a new product/service must prepare a "Business Plan for a New Product or New Service" (which shall include evaluations of "ML/TF" and "personal information" risks, and an evaluation of implementation of the "principles for fair treatment of consumers," all of which shall have been reviewed and approved by the Legal and Compliance Department) or a draft version of related internal rules. When necessary, the unit shall prepare related briefings and explanatory materials for review by the Product Review Team.
- (2) Prior to signing off, the unit that has proposed a new product/service shall engage in initial communications with the members of the Product Review Team, and when necessary shall convene coordination meetings for review of a new product/service. In order to mitigate risks connected with a new product/service review process, the Product Review Team may also request that an outside expert/consultant is retained to provide an opinion. During the process of communications, the unit that has proposed a new product/service shall retain related review meeting minutes on file, and shall disclose the risk recognition, measurement, and control mechanisms that a new product/service must comply with, as well as the review opinion and conclusions.
- (3) With respect to the "Business Plan for a New Product or New Service"

or the content of related internal rules, the unit that has proposed a new product/service, after collecting the opinions of the Product Review Team, shall report the final results of discussions to the O-Bank Chairperson. Then, the final results of discussions shall be submitted to the Board of Directors for approval/registration. If a new product/service is one that must be filed with the competent authority for approval/registration, this shall be handled in accordance with the applicable requirements.

Article 5 (Product Review Team membership)

The Product Review Team has several members. The supervisor of the unit that has proposed a new product/service shall serve as the team's convener and chairperson. The other team members shall be the supervisors of the risk management unit, the finance and accounting unit, the compliance unit, and the banking operations unit. Also, depending on the nature of a particular product, personnel from other related divisions may be invited to attend meetings as either team members or observers.

Article 6 (Duties of the Product Review Team members)

(1) Unit that has proposed a new product/service:

1. Prepare a "Business Plan for a New Product or New Service" or adopt related internal rules.
2. Communicate with the Product Review Team members and, when necessary, convene coordination meetings for review of a new product/service.
3. Collect the opinions of the Product Review Team members, report the final results of discussions to the O-Bank Chairperson, and apply for approval/registration in accordance with applicable requirements.

(2) Risk management unit:

Help the unit that has proposed a new product/service to identify the risk recognition, measurement, and control measures that a new product/service

will have to comply with, and examine issues related to assessment of the risks associated with a new product/service.

(3) Finance and accounting unit:

Facilitate accounting of a new product/service by providing the unit that has proposed the new product/service with information on methods for making journal entries that are compliant with generally accepted accounting principles.

(4) Compliance unit:

Inspect the compliance of the business plan for a new product/service or related internal rules, and the legality of the needed legal documents.

(5) Banking operations unit:

Check to see how banking operations may have to be adjusted to coordinate with a new product/service, and inspect the suitability of related operating procedures.

(6) Other responsible/observer units:

Check to see how related operations may have to be adjusted to coordinate with handling of a new product/service by the unit that has proposed the new product/service (e.g. information requirements, internal audit and internal control requirements, and areas where business unit coordination will be required).

Article 7

These Operating Procedures, and any amendments hereto, shall enter into force after approval by the O-Bank president.

With respect to the "New Product/New Service Pre-Launch ML/TF Risk Assessment Table," the "New Product/New Service Pre-Launch Personal Information Risk Assessment Table," the "New Product/New Service Pre-Launch Table for Assessment of the Implementation of the Principles

for Fair Treatment of Consumers," and any amendments thereto, the Legal and Compliance Department is hereby authorized to publicly announce their entry into force.