

O-Bank Co., Ltd. Audit Committee Organizational Rules

Approved by the 4th Board of Directors in its 20th meeting on February 24, 2011
Amended by the 6th Board of Directors in its 19th meeting on June 22, 2016
Name change approved by the 6th Board of Directors in its 23rd meeting on December 28, 2016,
and became effective on January 1, 2017
Amended by the 7th Board of Directors in its 4th meeting on October 31, 2017
Amended by the 7th Board of Directors in its 22nd meeting on February 26, 2020
Amended by the 8th Board of Directors in its 3rd meeting on August 21, 2020
Amended by the 9th Board of Directors in its 7rd meeting on March 13, 2024

Article 1: The Organizational Rules are adopted pursuant to Article 14-4 of Securities and Exchange Act, Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the Bank's Articles of Incorporation.

Article 2: The members, terms, authorities, procedural rules, and resources of the Committee which are to be provided by the Bank shall be based on the rules set forth in these Organizational Rules.

Article 3: The Committee shall be operated, mainly, to fulfill the following supervisory purposes:

1. Fair presentation of the Bank's financial statements.
2. Selection (dismissal) of CPAs and their independence and performance.
3. Effective implementation of the Bank's internal control system.
4. The Bank's compliance with applicable laws and regulations.
5. Control of the Bank's existing or potential risks.

Article 4: The Committee shall consist entirely of independent directors, with no less than three members. One member shall be the convener, and at least one member shall have accounting or financial expertise.

The terms of office of the independent director members shall be three years, and members may be eligible for re-election. When a member of the Committee is dismissed for any reason, resulting in there being fewer than the designated number of members as specified in the preceding paragraph or Articles of Incorporation, an election shall be held during the next shareholders' meeting to select a replacement. In the event that all the 3 independent directors have been dismissed, the Bank shall convene a special shareholder meeting to hold a by-election within 60 days from the date of the occurrence.

Article 5: The provisions of the Securities and Exchange Act, the Company Act, and any other law regarding supervisors shall apply mutatis mutandis to the audit committee.

The provisions of Article 14-4, paragraph 4, of the Securities and Exchange Act concerning provisions of the Company Act that involve the powers of supervisors shall apply mutatis mutandis to all members on the audit committee.

Article 6: The Committee is supposed to perform the following duties:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Evaluate the effectiveness of the internal control system.
3. Assessment of the effectiveness of the information security system.
4. Enact or amend the SOP of major financial activities such as acquisition or disposal of assets and derivatives transactions.
5. Review matters in which directors have personal interests.
6. Review major asset or derivatives transactions.
7. Review major instances of lending funds or providing endorsements or guarantees.
8. Review the offering, issuance, or private placement of equity securities
9. Review the appointment, dismissal, or compensation of CPAs.
10. Review the appointment and dismissal of financial, accounting, or internal audit managerial officers.
11. Review annual and semi-annual financial statements signed or sealed by Chairman, managerial officers, and Head of Accounting.
12. Review other major items stipulated by the Bank or the competent authority.

The items mentioned above must be approved by at least one half of all Committee members and submitted to the Board of Directors for resolution. The items listed under Paragraph 1, subparagraph 7 are not applicable to the Bank's scope of business specified in the Banking Act.

If any item set forth in Paragraph 1 above, with the exception of items listed under Subparagraph 11, are not approved by over one half of all Committee members, then they must be approved by over two thirds of all members of the Board of Directors.

Persons to represent the company in matters under Articles 213, 214, and 223 of the Company Act shall be selected by the audit committee by the procedure set out in this article, paragraph 2. The audit committee may resolve for members to individually represent or jointly represent the company in such matters. If representatives are not selected by the procedure in this article, paragraph 2, the entire membership shall jointly represent the company.

"All Committee members" as referred to in these Organizational Rules means the actual number of members who are currently holding the position.

The Committee's convener shall represent the Committee externally.

Article 7: The Committee shall convene at least once a quarter, and shall hold meetings whenever deemed necessary.

When convening the Committee meeting, the convener shall clearly explain in the meeting notice the purpose of the meeting. The notice shall be distributed to all independent directors at least seven days before the meeting. In emergency circumstances, however, meetings may be convened at any time.

An audit committee meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to attendance by all audit committee members and suitable for holding an audit committee meeting.

Members of the Committee shall elect among themselves one member to serve as the convener and chairperson. However, if the audit committee members are unable to elect a convener, the independent director who received votes representing the largest share of the voting rights shall serve as the convener.

In the event that the convener is on leave or unable to arrange the meeting, the convener may appoint another member to act on his or her behalf. Where the convener has not appointed any such person, the Committee's members shall elect a member among themselves to serve as such proxy.

One-half or more of the entire membership of the audit committee may, by filing a written proposal setting forth the subjects for discussions and the reasons, request the convener to convene a meeting of the audit committee. If the convener fails to convene an audit committee meeting within 15 days from the filing of the request under the preceding paragraph, one-half or more of the entire membership of the audit committee may convene a meeting on their own.

The Committee may request the managers of relevant departments, internal audit personnel, CPAs, legal counsels, or other personnel of the Bank to participate in the meeting as non-voting participants and provide pertinent and necessary information. However, these professionals need to be dismissed during the discussion and voting stage.

When a Committee meeting is convened, relevant information shall be provided and issued to the Committee members for reference as needed

Article 8: When a Committee meeting is convened, the Bank shall provide an attendance book for attendees to sign-in, as the committee members attend the meeting, and the attendance record shall be retained for examination.

Members of the Committee shall attend meetings of the Committee in person. If a member is unable to attend in person, the member may designate another member as his or her proxy. Committee members who participate in meetings via video conferencing shall be deemed to have personally attended the meeting. The proxy may accept a proxy from one person only.

When a member of this Committee commissions another member to attend a Committee meeting as a proxy, the Committee member shall issue a power of attorney that lists the scope of the authority with respect to the items on the meeting agenda.

Resolutions of the Committee must be approved by more than one half of the Committee members. The results of each vote shall be announced on the spot and recorded in the meeting minutes.

In the event that it is impossible to convene a Committee meeting due to justifiable reasons, the proposal shall be executed with the agreement of more than two thirds of all directors of the board. However, if the case involves any circumstance stipulated under Article 6, Paragraph 1, Subparagraph 10, an opinion issued by the members of the Committee should be obtained to confirm their agreement

Article 8-1: When the time of a meeting has arrived, if the audit committee members present do not reach one-half of the entire membership, the meeting chair may announce that the meeting time will be postponed to later on the same day, provided that only two postponements may be made. If the quorum is still not met after two postponements, the chair may re-call the meeting following the procedures provided in Article 7, paragraph 2.

Article 8-2: An audit committee meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of one-half or more of the entire membership of the audit committee.

The meeting chair may not declare the meeting closed without the approval of one-half or more of the entire membership of the audit committee.

If at any time during the proceedings of an audit committee meeting the members sitting at the meeting do not reach one-half of the entire membership, then upon motion by the independent directors sitting at the meeting, the chair shall declare a suspension of the meeting, in which case the preceding article shall apply mutatis mutandis.

If at any time during the proceedings of an audit committee meeting, the convener for any reason is unable to chair the meeting or the chair fails to declare the meeting closed as provided in paragraph 2, the provisions of Article 7, paragraph 5 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.

Article 9: The resolutions reached by the Committee meeting shall be entered into the meeting minutes, including the following items:

1. The session, time, and place of the meeting.
2. The name of the chairperson.
3. Attendance by the members, including the names and the number of members present, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. Matters for reporting.
7. Matters for discussion: The resolution methods and results of each proposal; the members of the Committee; the summary of comments made by the committee members, experts, and other persons present at the Committee meeting; the name of any independent director who is an interested party as defined under Paragraph 1 of Article 11 along with a description of the principal interests involved; the reasons why a member was required or not required to be recused, and the status of their recusal; and any objections or qualified opinions expressed by members.
8. Extempore motions: The name of the proposer; the method of resolution, and the result for each motion; a summary of the comments made by committee members, experts, or other persons; the name of any committee member that is an interested party as referred to in Paragraph 1 of Article 11, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and

the status of their recusal; and any objections or qualified opinions expressed at the meeting.

9. Other matters that shall be recorded.

The attendance book constitutes an integral part of the Committee's meeting minutes and shall therefore be properly retained for the duration of the Bank's existence.

The meeting minutes shall be signed or sealed by the chairperson of the meeting and the minute taker, issued to each member within 20 days after the meeting, classified as critical documents of the Bank, and properly retained during the Bank's existence.

The preparation and distribution of meeting minutes as prescribed in Paragraph 1 may be made in electronic form.

Article 10: The convener shall determine the proceedings of the Committee's meeting agenda; other Committee members may also propose agenda items for discussion by the Committee.

The designated unit responsible for handling Committee meeting affairs shall be the Corporate Secretariat to assist in the convocation of the Committee meetings.

Article 11: If a Committee member is considered an interested party with respect to any agenda item under discussion, the member must disclose the principal interests involved. When the relationship is likely to prejudice the interests of the Bank, the member in question shall not participate in the discussion or voting on that agenda item and shall furthermore recuse himself or herself from discussing and voting therefrom and shall not act as another member's proxy to exercise voting rights on that matter.

Where the spouse, a blood relative within the second degree of kinship of a committee member has interests in the matters under discussion in the meeting of the preceding paragraph, such member shall be deemed to have a personal interest in the matter.

If a resolution cannot be reached by the Committee as a result of the first preceding rule, the matter shall be reported to the Board of Directors for resolution.

Article 11-1: The Bank shall make audio or video recordings of the entire proceedings of Committee meetings and retain the recordings for at least five years. The files may be stored in electronic form.

If, prior to the end of the retention period referred to in the preceding paragraph, any litigation arises in connection with a resolution of a Committee meeting, the relevant audio or video recordings shall continue to be retained until the litigation is concluded.

Where Committee meetings are held by way of video conferencing, the recorded video shall be treated as part of the meeting minutes and retained properly for the duration of the Bank's existence.

Article 12: The Committee may resolve to appoint an attorney, CPA, or other professionals to provide audit or consulting services with respect to matters in connection with Article 6. All costs thus incurred shall be borne by the Bank.

Article 13: The Committee members shall exercise the due care of a good administrator and faithfully perform the duties prescribed in these Organizational Rules. The Committee shall report to the board of directors. All proposals shall be submitted to the board of directors for resolution.

Article 14: The Committee shall conduct regular reviews on matters relating to the Organizational Rules and, when necessary, may provide their findings to the board of directors as reference for amendments. Matters that have passed resolution by this Committee and other related implementation operations shall subsequently be handled by the authorized convener or other members of the Committee. Written or verbal report shall be issued to this Committee during the implementation period, and the matter shall be submitted in the next Committee meeting for approval or report if necessary.

Article 15: The Organizational Rules were enacted upon approval by the Board of Directors on June 13, 2011. The same shall apply to any amendments to the Organizational Rules.