AML Policy

Bank SinoPac (The Bank) should follow laws and regulations and its parent company's policy as its minimum requirement in compliance with anti-money laundering and countering the financing of terrorism (AML/CFT). All branches and subsidiaries, in the home country and in locations outside of that jurisdiction, should implement the group-level AML/CFT program.

The Bank's AML/CFT program, including policies and internal control systems, should be approved by the board of directors; its amendment should also apply.

1. The Bank should establish policies and procedures for identifying, assessing, and managing the risk of money laundering and terrorism financing.
2. The Bank's internal control system should include standard operation procedures and internal management procedures to manage and mitigate the risks identified and take enhanced control measures with respect to higher risk categories.
3. Procedures for supervising the compliance of AML/CFT regulations and the implementation of AML/CFT programs should be subject to self-inspection and internal audit.

The identification, assessment and management of ML/TF risks should at least cover the aspect of customers, geographic areas, products and services, and transactions or delivery channels etc. The Bank should comply with the following:

1. Generating a risk assessment report.
2. Determining the Bank's level of risk and the appropriate measures to mitigate risks.
3. Updating risk assessment report periodically to ensure its relevance to the Bank's risk profile.
4. Submitting the risk assessment report to the Board of Directors after it is completed or updated before filing to Financial Supervisory Commission (FSC).

The AML/CFT program should cover detailed policies and procedures in regard to:

1. Customer due diligence (CDD).
2. Name screening on customers and related parties of a transaction.
3. Ongoing monitoring of accounts and transactions.
4. Correspondent banking.
5. Record keeping.
6. Reporting of currency transactions that reach a certain amount (CTR).
7. Reporting of suspicious transactions and reporting in accordance with "Counter-Terrorism Act".
8. Appointment of an AML/CFT responsible officer.
9. Procedures for screening and hiring employees.
10. An ongoing employee training program.

11. An independent audit function to test the effectiveness of AML/CFT system.

12. Others required by the AML/CFT related regulations or by competent authorities.

The Bank's group-wide AML/CFT program should, on condition that the regulatory requirements on data confidentiality of ROC and jurisdictions where any foreign branch and subsidiary of the Bank are met, require:

1. Sharing information within the group for the purposes of CDD and ML/TF risk management;

2. Foreign branches and subsidiaries to provide customer, account and transaction information, including analysis of abnormal transactions or activities for AML/CFT purposes, and, when necessary, to have accessibility to the aforesaid information through group management function;

3. Proper usage and safeguards of information exchanged.

Foreign branches and subsidiaries implement the AML/CFT measures of head office on condition that local regulatory requirements are met. In the case that regulatory requirements of the jurisdictions where head office, branches and subsidiaries are located are different, the branch (or subsidiary) should comply with the stricter ones.

Roles and Responsibilities

1. Board of Directors and Senior Management: Board of Directors should take the final responsibility for ensuring the establishment and maintenance of an appropriate and effective AML/CFT internal control. The Board of Directors and Senior Management should understand the Bank's ML/TF risks and the operation of its AML/CFT program.

2. Audit Division: Responsible for independent examinations to test the effectiveness of AML/CFT program.

3. AML Center: Responsible for establishing AML/CFT program, coordinating/overseeing AML/CFT practices, transaction monitoring and filing STRs.

4. Products Units: Responsible for assessing and reviewing of ML/FT risk of products or services in charge and taking measures necessary for risk control.

5. Business Units: Responsible for implementation of CDD, reviewing transaction, CTR, STR etc.

6. IT Division: To provide system and information technology support for AML/CFT execution.

7. HR Division: To coordinate AML/CFT human resource allocation, ensure employment program comply with AML/CFT regulations and conduct training according to AML Center's planning.

Risk Appetite

✓ Intolerable Risk

1. The Bank endeavors to improve and implement the AML/CFT mechanisms in accordance with

applicable laws and regulations at home and abroad and has zero tolerance for deliberately or systematically material violation of laws and regulations.

2. The Bank neither has business relations or transacts with the following nor provides the following business or service:

    (1) Individual, corporation, group or financial institution against which sanctions are imposed according to the laws and regulations or by the competent authorities of the jurisdiction where the head office operates;

    (2) Shell Bank;

    (3) Payable-Through Account (PTA);

    (4) Anonymous Account.

    (5) In addition to (1) ~ (4), foreign branches and subsidiaries should also comply with what the laws and regulations and the competent authorities require of in respective jurisdiction where it operates.

✓ Limited Tolerable Risk:

The Bank measures the residual risk of ML/FT by identifying inherent risks and evaluating control measures. The residual risk shall remain "Medium" or below. No matter if the residual risk level meets the risk appetite or not, the Bank shall take risk-based approach to formulate an action plan to continuously improve its control measures for better effectiveness and efficiency.

Bank SinoPac

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