

Hwatai Bank Anti-Money Laundering and Countering Terrorist Financing Statements

- Hwatai Bank is dedicated to the issue of Anti-Money Laundering and Countering Terrorist Finance by establishing internal regulations which are in accordance with “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” Article 8, “Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Sector and Electronic Payment Institutions as well as Electronic Stored Value Card Issuers”, “Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Banks” “Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Credit card business institution”, “Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Bills Finance Business”, and “Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Trust Enterprise”. By setting this fundamental, Hwatai Bank could launch and implement a series of AML/CFT program effectively and efficiently.
- The basis of Hwatai Bank internal regulation for implementation should include but not limit to :
 - Identifying, assessing and managing ML/TF risks.
 - The implantation of a risk-based approach is to help Hwatai Bank develop prevention and mitigation measures that are commensurate with the ML/TF risks identified, determine the allocation of resources on AML/CFT, make Hwatai Bank’s internal control system approach to completeness, construct and implement policies, procedures and measures that are necessary in AML/CFT programs.
 - Due to the diversity of Hwatai Bank’s businesses, such as consumer banking, corporate banking, investment services (or wealth management), credit card business, bills finance business, trust business(trust of money; trust of securities; trust of movable property; trust of real estate; trust of other property rights.) and correspondent banking, etc. The ML/TF risks accompanied with each business are different. Hwatai Bank should take such business diversity into account when assessing and mitigating ML/TF risks.
 - Hwatai Bank’s risk assessment mechanism should be commensurate with its business nature and scale.
- Hwatai Bank should take appropriate measures to identify and evaluate its ML/TF risks, and categorize specific risk into different types based on the risk identified, in order to further control, mitigate or prevent such risks.

Such specific risk category should cover but not limit to geographic areas, customers, and products, services, transactions or delivery channels, etc. Hwatai Bank should further analyze each risk category to determine detailed information of each risk factors which can give rise to the entire risk level and the properly measure to mitigate the risk.

- Hwatai Bank should establish correspond control measures based on the risks identified to mitigate or prevent such money laundering risk. Also, Hwatai Bank should develop appropriate measures to constraint customers depend on their types of risk which was initially evaluated by Hwatai Bank internally.

Hwatai Bank should take different measures to manage a high-risk customer and a customer with a specific high-risk factor to effectively mitigate identified risks. Including conducting enhanced due diligence when onboarding and review regularly afterwards.

- The AML/CFT responsible unit which is established through paragraph 1 and Hwatai Bank's business scale should adopt relevant control measures by supervising the implementation of AML/CFT program in order to mitigate the identified risks.
The AML/CFT programs should include but not limit to the following policies, procedures and controls: customer due diligence ("CDD"), name screening on customers and related parties of a transaction, ongoing monitoring of accounts and transactions, correspondent banking, record-keeping, enhanced control measures with respect to high risk customers, reporting of currency transactions that reach a certain amount, ongoing employee training program, and the independent audit function to test the effectiveness of AML/CFT system.