

VIETINBANK BOARD OF DIRECTOR'S STATEMENT ON ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

Dear Valued Customers,

Globalization – the process of continuing integration of the banking sector of countries all over the world – is strongly underway in every part of the globe. As part of this important transition, Vietnam Joint Stock Commercial Bank For Industry and Trade (VietinBank) has constantly expanded its operations beyond the core businesses in the country and established correspondent relationships with many financial institutions around the world. In the path to global integration in the banking industry, we value the collaboration with strategic partners to strengthen our Risk Management & Compliance capability, especially the management of Compliance, Anti-Money Laundering & Counter-Terrorism Financing. Being mindful of the critical role of a commercial bank – that is the ‘ first line of defense’ in preventing financial crime, VietinBank’s Board of Director pays special attention and investment in AML/CTF policies, human resources, information technology solutions to join hands with the Government of Vietnam so as to prevent money laundering transactions and terrorism financing.

At VietinBank, we adopt a compliance structure of 3-round control, which is designed in accordance with international practice; Complete the AML/CTF mechanisms and policies with the introduction to AML/CTF regulation framework; Complete the AML/CTF reporting procedure; Complete the identification and update of customer information; Modernize the process of reporting, detecting and handling of suspicious transactions as well as the performing of filter check of sanction lists; Regularly update and issue guidance documents, provide early warnings about sanctions, which are updated according to applicable law and the inter-governmental body combating money laundering and terrorism financing.

Training and communication of AML/CTF policies from management to staff at VietinBank has also been promoted through a wide variety of programmes - from case study on anti money laundering and terrorism financing in daily operation to monthly AML/CTF newsletter and AML/CTF foundation and in-depth training courses. In collaboration with foreign experts, we also held extensive training for the Bank’ employees through live broadcast learning mode.

As a compliant financial institutions, VietinBank is committed to:

- ✓ **Complying with the Vietnamese and international law and regulations on anti money laundering and counter terrorism financing.**

- ✓ **Strengthening the implementation of measures and supervision to better avoid financial loss, reputation risk and legal risk associated with AML/CTF.**
- ✓ **Making exceptional efforts to protect our customers and employees from becoming a victim or incidentally abetting for money laundering and terrorism financing activities.**

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING PROGRAM AT VIETINBANK

CHAPTER I: GENERAL REGULATIONS

1. Introduction

Vietnam Joint Stock Commercial Bank for Industry and Trade (hereinafter referred to as the “VietinBank”) constantly benchmarks itself against international practices, regulations and conventions to the extent reasonable and practicable. The Bank had therefore undertaken a comprehensive review of its AML framework and laid down a Framework of Anti Money Laundering in May 2013 which is reviewed from time to time. The AML framework of the Bank would meet the regulatory requirements and apply to individuals, units including Departments at Headquarters, Main Transactions Center, IT Center, Card Center, VietinBank Human Resources Development and Training School, domestic branches and representative offices of Vietnam Joint Stock Commercial Bank for Industry and Trade.

2. Scope

2.1 Objectives

- **To prevent effectively, detect timely and control strictly threats, direct/indirect activities related to money laundering and terrorist financing within VietinBank to minimize the loss; in order to achieve the business strategy in a safe, effective, increasing and sustainable way;**
- **To ensure that VietinBank is fully compliance with Vietnam State Bank regulations and Vietnam policy on AML/CTF, international and local regulations issued by countries, territories where VietinBank has business;**
- **To ensure that all the individuals and units with VietinBank are highly aware of the important of AML/CTF activity, the roles and responsibility as well as to raise**

the awareness in active implementation of measure of risk minimization within VietinBank.

2.2 Applicability

This document regulates the organizational structure and implementation process in Anti-Money Laundering and Counter-Terrorist Financing activities; responsibilities of individuals, units, departments related to Anti-Money Laundering and Counter-Terrorist Financing in Vietnam Joint Stock Commercial Bank for Industry and Trade;

3. Definition of the Term Money Laundering

Money Laundering is the act of the individuals and organizations legalizing the origin of the property derived by illegal and criminal activities (Predicate offences). Offenses are for example organized crime, kidnapping of minors, sexual offences against minors, prostitution, arms and munitions offences, corruption, fraud against the financial interests of state and international bodies, terrorism financing, drugs trafficking, etc. Predicate offences for money laundering are defined by local law. Generally speaking, the money laundering process consists of three “stages”:

- Arrangement: The introduction of illegally obtained monies or other valuables into financial and non-financial systems.
- Layering: Separating the proceeds of criminal activity from their source through the use of layers of complex financial transactions. These layers are designed to hamper the audit trail, disguise the origin of funds and provide anonymity.
- Integration: Placing the laundered proceeds back into the economy through legitimate financial, business, production, or investment system.

4. Roles and responsibilities

4.1 The Board of Directors

- Approving, enforcing internal AML/CTF policy and regulation
- Establishing and approving the organizational structure, roles and responsibilities in AML/CTF of individual/department/unit;
- Monitoring BOM's activities to implement AML/CTF strategies, objectives and regulations.

4.2 Board of Management

- Periodically submitting AML/CTF regulations to RMC/BOD for approval;

- Issuing, periodically reviewing and updating AML/CTF procedures;
- Assigning the particular roles and responsibilities to individuals, units related to AML/CTF;
- Organizing and implementing AML/CTF internal policies, regulations and procedures.

4.3 AML/CFT in charge Department

- Providing advice, establishing AML/CTF policies, regulations, procedures and guidance; submitting to BOD/BOM/CRO for approval;
- Regularly updating any change of AML/CTF policies
- Updating latest sanction program of international organizations
- As a leading unit in AML/CTF program with the cooperation of related units, taking primary responsibility for:
 - ❖ Identifying/ defining, measuring/evaluating money laundering and terrorist financing risk level in all business activities;
 - ❖ Providing Guidance and managing the honesty of KYC implementation;
 - ❖ Investigating, analyzing, evaluating suspicious cases of money laundering and terrorist financing;;
- Establishing and organizing AML/CTF training program
- Establishing inspection program and schedule
- Develop IT system in relation to AML/CTF;
- Generating inspection report;

4.4 Internal Control Department

- As a coordinator, investigating and reviewing the compliance assessment of AML/CTF regulations at all units governed by this regulation;
- Reporting the checking results and evaluation on the performance of AML/ CFT practices to RMC/ BOD/ CRO including reports on suspicious cases of money laundering and terrorist financing at VietinBank.
- Proposing preventive measures and suggestions of regulations and procedures amendment in order to risk prevention and minimization;

- Annually conducting internal audit on anti AML/ CFT practices; Examining, reviewing and assessing the internal control system, the compliance of internal regulations on an independent and objective basis; Proposing measures to improve the efficiency and effectiveness of AML/ CFT practices;

CHAPTER II: SPECIFIC REGULATIONS

- 5. Embargo Requirements:** We will adhere to all applicable embargo requirements issued by Office Foreign Asset Control (OFAC), United Nation (UN), European Union, competent authorities in Vietnam; and will check clients and transactions against applicable embargo lists.
- 6. Customer acceptance policy**
 - VietinBank will not open accounts or perform transactions to any individual and organization who is under blacklist, sanction list of OFAC, EU, UN; or is reluctant to provide information; or whose information is incorrect; or who is claimed to be suspicious, under investigation of authorized organizations;
 - In case new customers are identified as PEPs (Politically exposed persons); or after current customers are identified as PEPs, the relation establishment is compulsory to get approval from Board of Management; the enhanced due diligence is applied to those customers in order to determine money origin and customer's properties;
 - Account opening and services provision for high risk customers is compulsory to get approval from Head of the Units; and the enhanced due diligence, special supervision for transaction is applied to those customers;
- 7. Ascertainment of customer identity:** Apply the measures to identify and update client information in the following cases: Clients open the first accounts; Non-account holders; Clients provides notary and accounting service, the lawyer's legal service; Investment trust services, services of establishment, management and executive of enterprise; Clients purchase and sale of precious metals and gems; Clients purchase and sale of securities;
- 8. Customer Risk Assessment:** Based on risk by type, Product & service, place of residence or location of headquarter of the Clients; Money laundering risk is

classified into 3 levels: High, Medium and Low and applied appropriate measure for specified risk levels;

- 9. Client account monitoring:** A permanent monitoring of clients' accounts must be implemented to detect unusual/suspicious transactions. Monitoring must be effected for applicable business areas using adequate processes and systems.
- 10. Corresponding establishment:** Identify and update client information in order to obtain sufficient information on business profile and reputation of the Partner; and not to have relationship with shell banks. Regarding to countries with high potential of money laundering; or among non co-operative countries in AML/CTF, approval from General Director or authorized person of General Director or Director of Risk Management Division is compulsory for account opening;
- 11. Identification of Ultimate Beneficial Owner:** Establish and verify the identity of the ultimate natural person, individual having the actual ownership of an account and having the governing right when the clients perform the transactions for this person or the individual having the governing right over a legal entity or an investment trust agreement, authorization agreement
- 12. Reporting of suspicious circumstances/transactions:** When detecting suspicious transaction or having the reasonable grounds to suspect the property in the transaction has derived from the criminal activity or in relation with money laundering, Units must report to AML/CTF unit at VietinBank's Headquarter under the confidential mode within maximum of 48 hours. Such circumstances/transactions must be reported to the State Bank of Vietnam according to local law.
- 13. Anti Money Laundering Training:** All staff including front office staff, relationship managers and staff in charge of the AML/CTF must participate annual AML/CTF training courses and pass the basic test; New employees must participate in basic courses of AML/CTF within 3 months from the recruitment date; Content of training course is prepared by AML/CTF Compliance Unit at Headquarter and periodically/unscheduled approved by General director or authorised person of General Director or Director of Risk Management Division.
- 14. Record retention & Confidentiality:** Documents and records must be stored and reported confidentially and those records must be kept for a minimum of 5 years