

EBL Money Laundering (ML) & Terrorist Financing (TF) Risk Assessment Policy



**Eastern Bank PLC.
Head Office
100G Dhaka**

Anti-Money Laundering Department (AMLD)

Version 2.1, 2023



Eastern Bank PLC

HEAD OFFICE
100 Gulshan Avenue
Dhaka 1212
Bangladesh

Ref: EBL/BS/07/2024

Dated: January 11, 2024

From: Company Secretary

Ho Comp. MM

To: DMD & CAMLCO
Eastern Bank PLC.
Head Office, Dhaka.

Copy to: Managing Director
Eastern Bank PLC.
Head Office, Dhaka

**Sub: Extract from the Minutes of the 748th Meeting of the Board of Directors,
Eastern Bank PLC. (EBL) held on 27 December 2023.**

Further to our previous communication dated 27 December 2023 on the decision of the above mentioned meeting, we produce hereto the following **extracts from the Minutes of the 748th Meeting** of the Board of Directors of Eastern Bank PLC. held on 27 December 2023, **for information and necessary action please.**

AGENDA NO.63 # MEMO NO.1129/2023

PROPOSAL FOR APPROVAL OF EBL MONEY LAUNDERING & TERRORIST FINANCING RISK ASSESSMENT POLICY 2021.

The Management of the Bank placed the Board Memo No. 1129/2023, Dated: December 24, 2023 to the Board for consideration.

The Board discussed and approved the Management's proposal of EBL Money Laundering & Terrorist Financing Risk Assessment Policy 2021 after duly reviewed by the Audit Committee of EBL Board as detailed in and placed vide the Board Memo No. 1129/2023, Dated: December 24, 2023.

AGENDA NO.64 # MEMO NO.1130/2023

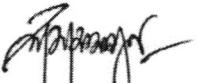
REVIEW OF EBL MONEY LAUNDERING & TERRORIST FINANCING RISK MANAGEMENT POLICY (AML POLICY) 2021.

The Management of the Bank placed the Board Memo No. 1130/2023, Dated: December 24, 2023 to the Board for consideration.

The Board discussed, reviewed and accorded approval to the Management's proposal for approval of EBL Money Laundering & Terrorist Financing Risk Management Policy (AML POLICY) 2021 after duly reviewed by the Audit Committee of EBL Board as detailed in and placed vide the Board Memo No. 1130/2023, Dated: December 24, 2023.

Copy of relevant Board Memo was provided to you earlier indicating relevant decisions.

Thanks.


Md. Abdullah Al Mamun FCS
Company Secretary

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MEMO FOR 748 BOARD MEETING
DATE 27.12.2023

AGENDA NO 63

Eastern Bank PLC.
Head Office, Dhaka



Eastern Bank PLC.

Memo No: 1129/2023

Board

Agenda #

Date: December, 2023

Sub: Review of EBL Money Laundering & Terrorist Financing Risk Assessment Policy 2021.

EBL Money Laundering and Terrorist Financing Risk Assessment Policy-2021 was prepared in light of "Money Laundering and Terrorist Financing Risk Assessment Guidelines for Banking Sector" issued by Bangladesh Financial Intelligence Unit (BFIU) in 2015, concurrent BFIU circulars, guidelines and directives.

Since there has been no changes in regulatory requirements after the review of previous ML & TF Risk Assessment Policy, we have updated the policy as a part of periodic review with no changes in existing policy. If there is any change in regulatory guidelines, we will update the policy incorporating the same.

This memo is placed for your kind approval.

Mahmoodun Nabi Chowdhury
DMD & CAMLCO

Ali Reza Iftekhar
Managing Director & CEO

OK, Approved by the Board in the 748th Board Meeting
held on 27.12.2023 as proposed.

Md Abdullah Al Mamun, FCS
Company Secretary
Eastern Bank PLC.
Head Office, Dhaka.

27/12/2023

EBL Money Laundering [ML] & Terrorist Financing [TF] Risk Assessment Policy



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Version No	: 2.1
Policy Owner	: CAMLCO
Risk Control Area	: Money Laundering, Terrorist Financing & Proliferation of Weapons of Mass Destruction
Business Scope	: Retail & SME Banking, Corporate Banking, Treasury, Securities, Asset Management, Investments, Trade Finance
Function Role	: All
Geographic Scope	: EBL Branches and Subsidiaries at Home & Abroad
Status	: Review
Effective Date	: 27 December 2023
Next Review Date	: December 2025
Recommended by	: Central Compliance Committee (Triple C)
Approved by	: Board of Directors

EBL Money Laundering [ML] & Terrorist Financing [TF] Risk Assessment Policy



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Management Approval

EBL Money Laundering and Terrorist Financing Risk Assessment Policy-2021 was prepared in light of "Money Laundering and Terrorist Financing Risk Assessment Guidelines for Banking Sector" issued by Bangladesh Financial Intelligence Unit (BFIU) in 2015, concurrent BFIU circulars, guidelines and directives. Existing policy has been updated as a part of periodic review with no changes since there has been no changes in regulatory requirements after the previous review of ML & TF Risk Assessment Policy.

This updated policy will be effective from the date of approval by the Board.

Md. Shahjahan Ali, FCAP, CAMS, CEAFA, AIBB
Head of AMLD & Deputy CAMLCO

Mahmoodun Nabi Chowdhury
DMD & CAMLCO

Approved by:

Ali Reza Iftekhar
Managing Director & CEO

EBL Money Laundering [ML] & Terrorist Financing [TF] Risk Assessment Policy



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EBL Money Laundering [ML] & Terrorist Financing [TF] Risk Assessment Policy



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1.0 Introduction

Financial institutions all over the world are facing blazing heat of Money Laundering (ML) and Terrorist Financing (TF). Perpetrators are adopting modern techniques to use financial institutions as conduit of money laundering and terrorist financing. The intention of wrongdoers to conceal the true source of fund or purpose can expose bank to great risk. Failure to safeguard our bank from such perpetrators can result in violation of Money Laundering Prevention Act (MLPA) 2012 & Anti-Terrorism Act (ATA) 2009, and BFIU guidelines which can lead to financial penalties, legal & reputational risk of the bank.

Recent developments shows, robust enforcement actions taken by regulators and the corresponding direct and indirect costs incurred by banks due to their lack of due diligence in applying appropriate risk management policies, procedures and controls. These costs and damage could probably have been avoided had the banks maintained effective risk – based AML/CFT policies and procedures.

First and foremost important step of effective risk management program is to establish comprehensive risk identification and assessment program. Risk identification and assessment program is reasonably designed to identify potential risk factors and assess the impact on the bank if the event occurs. This policy will guide the bank to identify and assess the risk and then bank can then put in place a program that minimizes or mitigates these risks.

2.0 Objectives

1. To identify potential Money Laundering and Terrorist Financing risks throughout the bank and regulatory risk.
2. To assess and evaluate the magnitude of the risk and possible impact on the bank.
3. To take pro-active measures to address inherent risk associated with customer, product, geography and delivery channel.
4. To dispose organizational resources on a risk based approach.

3.0 Money Laundering [ML]

“Money laundering” means –

1. Knowingly moving, converting, or transferring proceeds of crime or property involved in an offence for the following purposes:-
 - a. Concealing or disguising the illicit nature, source, location, ownership or control of the proceeds of crime; or
 - b. Assisting any person involved in the commission of the predicate offence to evade the legal consequences of such offence;
2. Smuggling money or property earned through legal or illegal means to a foreign country;
3. knowingly transferring or remitting the proceeds of crime to a foreign country or remitting or bringing them into Bangladesh from a foreign country with the intention of hiding or disguising its illegal source; or
4. Concluding or attempting to conclude financial transactions in such a manner so as to reporting requirement under this Act may be avoided;

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5. Converting or moving or transferring property with the intention to instigate or assist for committing a predicate offence;
6. Acquiring, possessing or using any property, knowing that such property is the proceeds of a predicate offence;
7. Performing such activities so as to the illegal source of the proceeds of crime may be concealed or disguised;
8. Participating in, associating with, conspiring, attempting, abetting, instigate or counsel to commit any offences mentioned above;

4.0 Terrorist Financing [TF]

(1) If any person or entity willfully provides, receives, collects or makes arrangements for money, service or any other property, whether from legitimate or illegitimate source, by any means, directly or indirectly, with the intention that, in full or in part

- (a) It will be used to carry out terrorist activity;
- (b) It will be used for any purposes by terrorist person or entity or in the knowledge that they are to be used by terrorist person or entity;

The said person or entity shall commit the offence of terrorist financing.

(2) Conviction for terrorist financing shall not depend on any requirement that the fund, services or any other property mentioned in subsection (1) were actually used to carry out or direct or attempt to carry out a terrorist act or be linked to a specific terrorist act.

5.0 Money Laundering (ML) or Terrorist Financing (TF) Risk

Risk is the combination of the probability of an event and its consequences. In other way; risk can be seen as a combination of the chance that something may happen and the degree of damage or loss that may result if it does occur.

Money laundering (ML) or terrorist financing (TF) risk is the risk that an organization, or a product or service offered by an organization, may be used by perpetrators to facilitate money laundering or terrorist financing.

5.1 Major Risks

Eastern Bank PLC. has identified two specific risks as per the guidelines of Bangladesh Financial Intelligence Unit (BFIU). Those are Business Risk and Regulatory Risk.

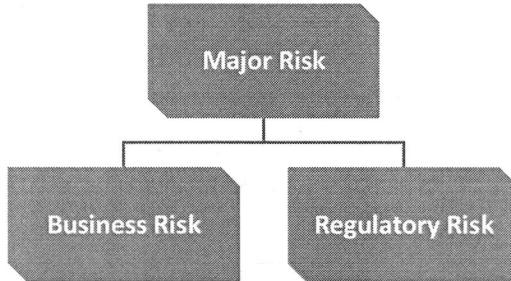


Figure: Major Risks- That needs to be managed

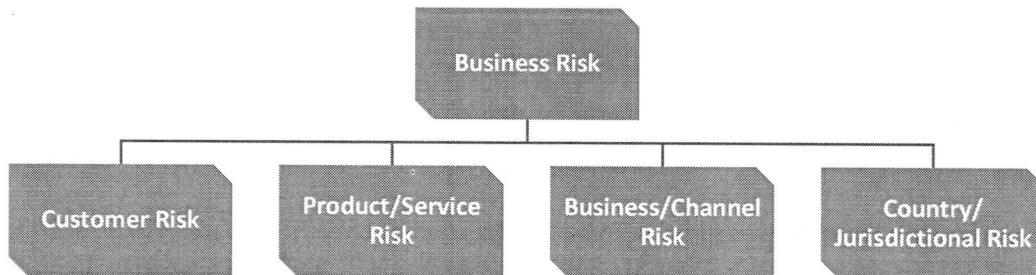
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5.2 Business Risk

Business risk is the risk that arises from day to day operating activities; bank might have been exposed in Money Laundering and Terrorist Financing from both external and internal parties. The banks might assess the following business risks in particular:



Customer Risk: ML/TF customer risk considers the vulnerability that customers may be involved in money laundering or terrorist financing activities. ML/TF customer risk is significantly influenced by the nature and/or attributes of a customer.

Customer Risk	Customer Legal Form
	Customer Transaction
	Customer Type (PEP/IP/HoIO etc.)
	Customer's Business
	Beneficial Owner
	NGO, Trust, NPO, Club, Association etc.
	Sanctioned Customers, etc.

Product or Service Risk: ML/TF risk is significantly influenced by the nature and/or attributes of products and services.

Product / service risk is determined by whether the attributes of a product or service offer features or characteristics that can be used to facilitate money laundering and/or terrorist financing.

Product/Service Risk	Savings Account
	Current Account
	DPS
	FDR
	Export/Import
	Guarantee
	Credit Card
	Prepaid Card
	Correspondent Banking, etc.

Business/Channel Risk: ML/TF risk is significantly influenced by the nature and/or attributes of the channels used to deliver products and services to customers.

Channel risk is determined by whether the delivery of a product or service involves face to face contact with the customer, as face to face contact limits the ability for customer anonymity and facilitates establishing whether the customer is who they are claiming to be.

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The use of third parties as part of the delivery chain of a product or service also creates a higher ML/TF channel risk.

Channel Risk	Face to Face
	Non Face to Face
	Mandate
	Intermediary
	Online
	Agent, etc.

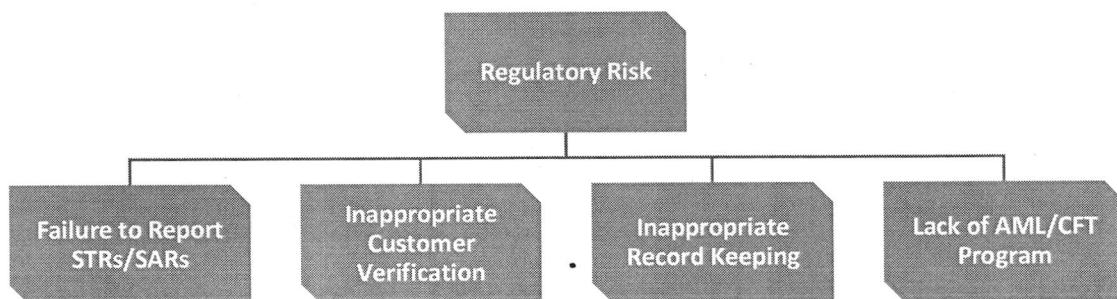
Country or Jurisdictional Risk: Country risk is the assessment of a country's or jurisdiction's vulnerability to money laundering, terrorism financing, and targeted financial sanctions. Country risk ratings are relevant to the location of business operations, customers and third party distributors.

Country or Jurisdictional Risk	Prohibited Countries/Jurisdictions
	Targeted Financial Sanctions (TFS)
	High Risk Countries
	Corruption or Crime Prone Areas
	AML/CFT concerns
	Terrorism/lacking in anti-terrorism controls concerns
	Illicit drug trafficking Area/Zone
	Human Trafficking Zone
	Financial secrecy concerns, etc.

5.3 Regulatory Risk

Regulatory risk is associated with not meeting all obligations of banks under the Money Laundering Prevention Act, 2012, Anti-Terrorism Act, 2009 (including all amendments), the respective Rules issued under these two acts and instructions issued by BFIU.

In addition, the organization's vulnerability to non-compliance with relevant laws and regulations is also considered, should it not have appropriate controls or adequate responses to those obligations.



Failure to report STR/SAR: Suspicious Transaction/Activity Reporting is one of the core responsibilities of a bank as per Money Laundering Prevention Act 2012. Banks shall raise unusual transactions or activities of customer to the attention of BFIU as due diligence of reporting organizations. Failure to report suspicious transaction or activity can result in financial penalty as far as license cancellation.

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Inappropriate Customer verification: Verification of customer's identity is crucial to confirm true identity and, subsequently, grasp the nature of expected transactions. Inadequate verification of customer can expose bank to money laundering and terrorist financing risk. Perpetrators often try to conceal their true identity and true purpose of transaction to use banks conduit of their illicit activities. Therefore, regulators have stressed significantly on verification of customers identity through Customer Due Diligence (CDD) and Know Your Customer (KYC).

Inappropriate Record Keeping: record of customers including Account opening form, Know Your Customer (KYC), Customer Due Diligence (CDD), transaction history etc. shall be maintained as per regulatory instruction. Regulator may enquire on the information or documents of customer anytime they feel required. In that case, if bank fail to provide required documents or information within stipulated time, regulators may impose fine or penalty.

Lack of AML/CFT Program: During AML & CFT inspection, BFIU often check whether robust AML/CFT Program in place within the organization. Robust AML/CFT Program includes but not PLC. to risk identification, assessment, mitigation, reporting, training, independent internal audit, transaction monitoring, sanction screening etc. Hence absence of vigorous AML/CFT program may create negative impact on the bank.

5.4 Risk Management

Risk management is a systematic process of recognizing risk and developing methods to both minimize and manage the risk. This requires the development of a method to identify, prioritize, treat (deal with), control and monitor risk exposures. In risk management, a process is followed where the risks are assessed against the likelihood (chance) of those occurring and the severity or amount of loss or damage (impact) which may result if they do happen.

6.0 Risk Management Framework:

The risk management framework has designed to implement AML&CFT programs in compliance with the existing legal and regulatory requirements and international standards and best practices.

In assessing and mitigating ML&TF risk, Eastern Bank PLC. considered all its financial products and services, associated with different ML/TF risks. These include, but are not PLC. to:

- Retail & SME Banking: where Eastern Bank PLC. offers products and services directly to personal and business customers (including legal arrangements), such as current accounts, loans (including mortgages), savings products etc. This section includes our priority banking as well.
- Corporate & Investment Banking: Eastern Bank PLC. provides corporate finance and corporate banking products and investment services to corporations, governments and non-government entities;
- Treasury: EBL Treasury has five different desks to prove superior service with respect to pricing, best possible solution for customer requirement and market information. Those are
 1. The Money Market Desk
 2. Fixed Income & Investment Desk
 3. Asset Liability Management (ALM) Desk
 4. Foreign Exchange Desk

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5. Corporate Sales Desk

- **Correspondent Services:** banking services are provided by one bank (Eastern Bank PLC. the “correspondent bank”) to another bank (the “respondent bank”) and vice versa. Before establishing correspondent banking relationships, bank must assess the ML & TF risk associated with the parties.

6.1 Risk Based Approach

Governments around the world believe that the risk-based approach is preferable to a more prescriptive approach in the area of anti-money laundering and counter-terrorist financing because it is more:

Flexible — as money laundering and terrorist financing risks vary across jurisdictions, customers, products and delivery channels, and over time.

Effective — as institutions are better equipped than legislators to effectively assess and mitigate the particular money laundering and terrorist financing risks they face.

Proportionate — because a risk-based approach promotes a common sense and intelligent approach for fighting money laundering and terrorist financing as opposed to a “check the box” approach. It also allows firms to minimize the adverse impact of anti-money laundering procedures on their low-risk customers.

7.0 Stages of Risk Management Framework

The risk management framework at a glance

Risk Identification

Identify the main sources of ML&TF risks:

- Customers
- Products & services
- Business practices/ Delivery methods or channels
- Country/jurisdiction

Identify the main regulatory risks:

- Failure to report STRs/SARs
- Inappropriate customer verification
- Inappropriate record keeping
- Lack of AML/CFT program

Risk Assessment/ Evaluation

Measure the size & importance of risk:

- Likelihood – chance of the risk happening
- Impact – the amount of loss or damage if the risk happened
- Likelihood X impact = level of risk (risk score)

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Risk Treatment

Manage the Business Risks:

- Minimize and manage the risks
- Apply strategies, policies and procedures

Manage the Regulatory Risks

- Put systems and controls in place
- Carry out the risk plan and AML&CFT program

Risk Monitoring and Review

- Develop and carry out monitoring process
- Maintain necessary records
- Review risk plan and AML&CFT program
- Perform internal audit or assessment
- Maintain AML&CFT compliance report

7.1 Stage 1- Risk Identification

Identify the main sources of ML&TF risks:

- Customers
- Products & services
- Business practices/ Delivery methods or channels
- Country/jurisdiction

Identify the main regulatory risks:

- Failure to report STRs/SARs
- Inappropriate customer verification
- Inappropriate record keeping
- Lack of AML/CFT program

Customers: followings are some indicators (but not PLC. to) to identify ML&TF risk arises from customers of Eastern Bank PLC.

- New Customer
- New Customer who wants to carry out a large transaction
- Customer or a Group of Customers making lots of transactions to the same individual or group
- Customer who has a business which involves large amounts of cash
- Customer whose identification is difficult to check
- Customer who brings in large amounts of used notes and/or small denominations.
- Customers conducting their business relationship or transactions in unusual circumstances, such as:
 - significant and unexplained geographic distance between the institution and the location of the customer
 - frequent and unexplained movement of accounts to different institutions

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- frequent and unexplained movement of funds between institutions in various geographic locations
- Non- Resident Customer
- Corporate customer whose ownership structure is unusual and excessively complex
- Customers that are politically exposed persons (PEPs) or influential persons (IPs) or head of international organizations and their family members and close associates
- Customers submits account documentation showing an unclear ownership structure
- Customer opens account in the name of his/her family member who intends to credit large amount of deposits not consistent with the known sources of legitimate family income.

Products and Services:

- Priority Banking
- Credit Card & Prepaid Card
- Anonymous Transaction
- Non Face to Face business relationship or transaction
- Payment Received from unknown or unrelated third parties
- Letter of Credit (LC)
- Factoring
- Bank Payment Obligation (BPO)
- Any new product & service developed
- Service to walk-in customers
- Agent Banking

Business Practice/Delivery Methods or channels:

- Directly to the Customer
- Online/Internet Transactions
- Phone Banking
- Fax, Email, mobile Banking
- Third-Party agent or broker.

Country/jurisdiction:

- Country having significant level of corruption and criminal activity
- Any country subject to economic or trade sanctions
- Any country known to be a tax haven and unidentified by credible sources as providing funding or support for terrorist activities or that have designated terrorist organizations operating within their country
- Any country unidentified by FATF or FSRBs as not having adequate AML&CFT system
- Any country identified as destination of illicit financial flow

Regulatory Risk

This risk is associated with not meeting the requirements of the Money laundering Prevention Act, 2012, Anti-Terrorism Act, 2009 (including all amendments) and instructions issued by BFIU. This risk arises for many reasons such as:

- Customer/Beneficial Owner identification and verification not done properly
- Failure to keep record properly

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- Failure to scrutinize staffs properly
- Failure to train staff adequately
- Not having an AML&CFT program
- Failure to report suspicious transactions or activities
- Non-submission of required report to BFIU in regular interval
- Kept office of the AML&CFT Compliance Officer vacant
- Failure of doing Enhanced Due Diligence (EDD) for high risk customers (i.e., PEPs, IPs)
- Non-compliance of any order for freezing or suspension of transaction issued by BFIU or BB
- Non-submission of accurate information or statement as requested by BFIU or BB.

7.2 Stage 2-Risk Assessment/ Evaluation

Assessing ML/TF risk means determine how the ML/TF threats that have been identified will affect Eastern Bank PLC.. We should analyze the information obtained to understand the likelihood of these risks occurring, and the impact that these would have, on the bank's performance and profitability. ML/TF risks can be classified as low, medium and high.

Measure the size & importance of risk:

- Likelihood – chance of the risk happening
- Impact – the amount of loss or damage if the risk happened
- **Likelihood X impact = level of risk (risk score)**

7.2.1 Factors to Determine Risk

The risks that Eastern Bank PLC. faces depend on many factors, including the geographical regions where Eastern Bank PLC. operates, customer types of the bank and the products and services that we offered.

Risk is dynamic and needs to be continuously managed. It is critical that risk ratings accurately reflect the risks present, provide meaningful assessments that lead to practical steps to mitigate the risks, are periodically reviewed and, when necessary, are updated.

On this note, we always will evaluate new business products for money laundering vulnerabilities and implement appropriate controls before launching them into the market.

- After proper identification the ML/TF risks we expect to encounter in Eastern Bank PLC., need to be assessed or measured in terms of a combination of:

- Likelihood that these will occur
- Impact of the consequence of loss or severity of damage that may result if these do occur.

Using scales of likelihood and impact within a risk matrix will allow us to combine the two separate measures to generate a matrix of risk scores.



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7.2.2 Likelihood scale

Likelihood represents the possibility that a given event will occur. Here Likelihood has been expressed using qualitative terms (frequent, likely, possible, unlikely, rare), as a percent probability, and as a frequency.

Here using numerical values, whether a percentage or frequency, the relevant time period is specified such as annual frequency or the more relative probability over the life of the project or asset.

Score	Annual Frequency		Probability	
	Descriptor	Parameter	Descriptor	Parameter
3	Very Likely	It will occur 2 times or more in a year	Almost certain	75% or greater chance to occur in a year
2	Likely	High probability it will occur once in each year.	High chance to occur	40% to 74% chance to occur in a year
1	Unlikely	Happens 1 times in every 3 years	Possible with low probability	Less than 40% chance to occur in a year.

7.2.3 Impact scale

Impact (or consequence) refers to the extent to which a ML & TF risk event might affect the enterprise. Impact assessment criteria may include financial, reputational, regulatory, health, safety, security, environmental, employee, customer, and operational impacts. Here we have defined impact using a combination of these types of impact considerations (as illustrated below), given that certain MF & TF risks may impact the enterprise financially while other risks may have a greater impact to reputation or health and safety. When assigning an impact rating to a risk, assign the rating for the highest consequence anticipated.

Impact of a ML/TF risk could, depending on individual business circumstances, be rated or looked at from the point of view of the following:

- **The risk of actual losses to the business of Eastern Bank PLC.:** how it may affect business if a failure of due diligence caused it to suffer a financial loss from the crime itself or through prosecution by law enforcement or fines from a regulator.
- **The risk to reputation:** how it may affect business if a failure of due diligence allowed it to have inadvertently aided an illegal act. Such a failure could result in adverse government sanctions and/or rejection by customers. Here Eastern Bank will also consider how it may affect its wider business community (market, industry or professional communities). A whole industry may suffer from a bad reputation as well as Bank's business.
- **The risk of furthering a criminal enterprise:** a particular transaction may result in a designated service of our business providing being used to hide the proceeds of crime, or funds being returned to a criminal enterprise to facilitate further crimes. Money laundering has been associated with crimes such as corruption, bribery, smuggling of goods, people smuggling and slavery, illicit drug trading, illicit arms-trading, kidnapping, terrorism, theft, embezzlement and fraud.
- **The risk of causing harm:** that a particular transaction may result in people suffering through the conduct of crime, or result in the loss of life or property through a terrorist act.

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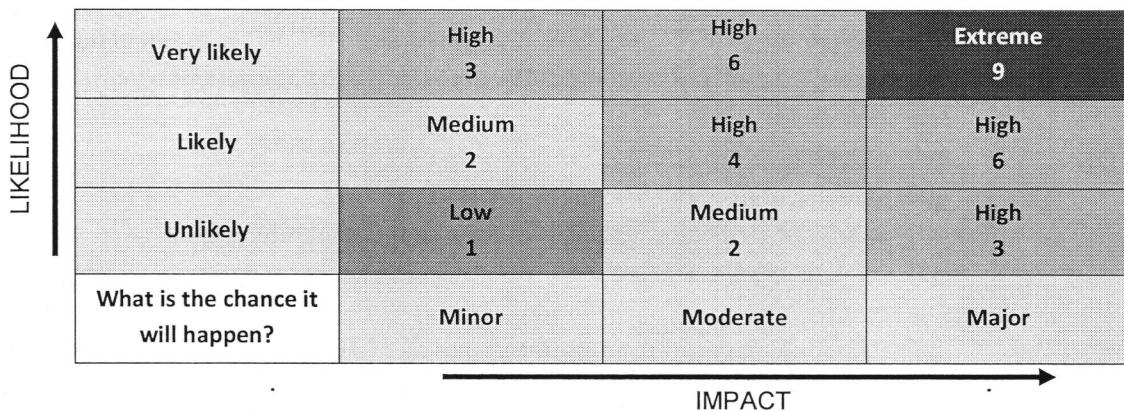
The levels of risk impact are shown in the sample below, but you can define as many levels of risk impact as you believe are necessary.

Score	Descriptor	Parameter
3	Extreme	<ul style="list-style-type: none"> Any penalty from the regulator Financial loss of BDT 0.5 million or more Extreme Money Laundering offenses and crimes Significant prosecution and fines Others
2	Moderate	<ul style="list-style-type: none"> Financial loss of below BDT 0.5 million Moderate Money Laundering offenses and crimes Lack of proper Report to regulator requiring major ML & TF related issues. Others
1	Minor	Minor or negotiable consequences or effects.

7.2.4 Risk Matrix and Risk Score

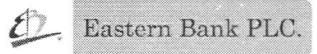
Use the risk matrix to combine LIKELIHOOD and IMPACT to obtain a risk score. Here the this risk score may be used to aid decision making and help in deciding what action to take in view of the overall risk.

The process of risk score is derivation is given below:



Rating		Impact of Money Laundering or Terrorist Financing Risk
Score>6	Extreme	Risk almost sure to happen and/or to have very dire consequences. Do not allow transaction to occur or reduce the to acceptable level.
4-6	High	Risk likely to happen and/or to have serious consequences. Do not allow transaction until risk reduces.
2-3	Medium	Possible this could happen and/or have moderate consequences. May go ahead but preferable reduce risk.
Score<2	Low	Unlikely to happen and/or have minor or negligible consequences. Okay to go ahead.

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7.2.5 Levels of Risk

Generally, all risk categories can be broken down into the following levels of risk:

Prohibited — Eastern Bank PLC. will not tolerate any dealings of any kind given the risk. Countries subject to economic sanctions or designated as state sponsors of terrorism, such as Sudan or Iran, are prime candidates for prohibited transactions. Prohibited customers would include shell banks and people who belong to both International and domestic sanction list.

High-Risk — The risks here are significant, but are not necessarily prohibited. To mitigate the heightened risk presented, the bank will apply more stringent controls to reduce the risk, such as conducting enhanced due diligence and more rigorous transaction monitoring.

Examples: Countries that are noted for corruption or drug trafficking are generally deemed high risk. High risk customers may include PEPs, influential person, head of international organization; high-risk products and services may include correspondent banking and priority banking.

Medium-Risk — Medium risks are more than a low- or standard-risk of money laundering, and merit additional scrutiny, but do not rise to the level of high-risk.

Low- or Standard-Risk — this represents the baseline risk of money laundering; normal business rules apply. FATF member countries and domestic retail customers are frequently, but not always, considered to be standard- or low-risk.

7.2.6 Risk Management and Risk Registrar

After proper risk assessment, Eastern Bank PLC. will focus on the management of the identified risks. Here we are using examples of customers. We are taking two basic actions against each categorical risk.

- Before Opening of Account
- After Opening of Account

A Risk Registrar is detailed below as a sample for guidance and reference.

Risk Group	Customer			Actions		
	Risk	Likelihood	Impact	Risk score	Before Opening of Account	After Opening of Account
New Customer					<ul style="list-style-type: none">• Check customer name with sanction list through AML sanction screening software.• Proper verification of address and identification of customer• Conduct KYC/CDD as per guidance of BFIU. Conduct Enhanced Due Diligence (EDD) and take approval of senior management for high risk customers.	<ul style="list-style-type: none">• Periodic review of accounts• Regular transaction monitoring• If any suspicion arise, investigate and communicate with customer.• If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client

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				<ul style="list-style-type: none"> • Set Transaction Profile (TP) of customer in accordance to nature of business. • Take additional steps to verify source of fund. • Rules & regulations regarding account opening of Non Residents imposed by Foreign Exchange Regulation Act, 1947 & under its surveillance by Bangladesh Bank to be complied with accordingly. 	
Low Risk Existing Customer				Not Applicable	<ul style="list-style-type: none"> • Periodic review of accounts • Regular transaction monitoring • If any suspicion arise, investigate and communicate with customer. • If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client
High Risk Existing Customer				Not Applicable	<ul style="list-style-type: none"> • Periodic review of accounts • Regular transaction monitoring • If any suspicion arise, investigate and communicate with customer. • If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client
Walk-in Customer					Ensure a walking customer KYC
PEP and close associates				<ul style="list-style-type: none"> • Take approval of Business Head & CAMLCO prior to A/c opening 	<ul style="list-style-type: none"> • Periodic review of accounts

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			<ul style="list-style-type: none"> • Check customer name with sanction list through AML sanction screening software • Proper verification of address and identification of customer • Conduct KYC/CDD & EDD as per guidance of BFIU • Set Transaction Profile (TP) of customer in accordance to nature of business. • Take additional steps to verify source of fund. 	<ul style="list-style-type: none"> • Regular transaction monitoring. • If any suspicion arise, investigate and communicate with customer. • If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client
Influential Person and close associates			<ul style="list-style-type: none"> • Take approval of Area Head & Deputy CAMLCO prior to A/c opening • Check customer name with sanction list through AML sanction screening software • Proper verification of address and identification of customer • Conduct KYC/CDD & EDD as per guidance of BFIU • Set Transaction Profile (TP) of customer in accordance to nature of business. • Take additional steps to verify source of fund. 	<ul style="list-style-type: none"> • Periodic review of accounts • Regular transaction monitoring • If any suspicion arise, investigate and communicate with customer. • If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client
Head of International Organizations			<ul style="list-style-type: none"> • Take approval of Area Head & Deputy CAMLCO prior to A/c opening • Check customer name with sanction list through AML sanction screening software • Proper verification of address and identification of customer • Conduct KYC/CDD & EDD as per guidance of BFIU • Set Transaction Profile (TP) of customer in accordance to nature of business. • Take additional steps to verify source of fund. 	<ul style="list-style-type: none"> • Periodic review of accounts • Regular transaction monitoring • If any suspicion arise, investigate and communicate with customer. • If investigation result is suspicious, EBL will report STR/SAR and might stop business with the client

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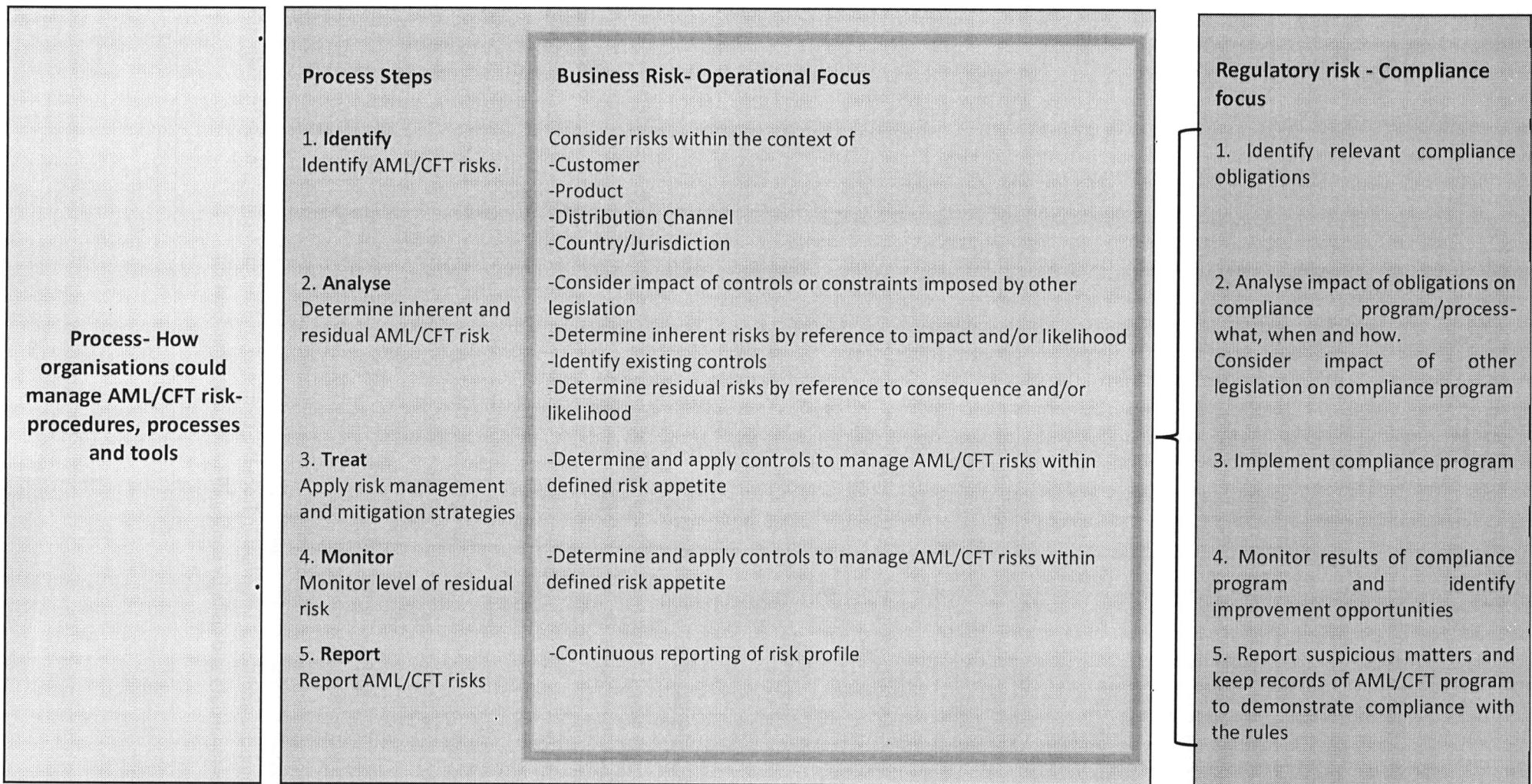


Figure: Risk Management Framework

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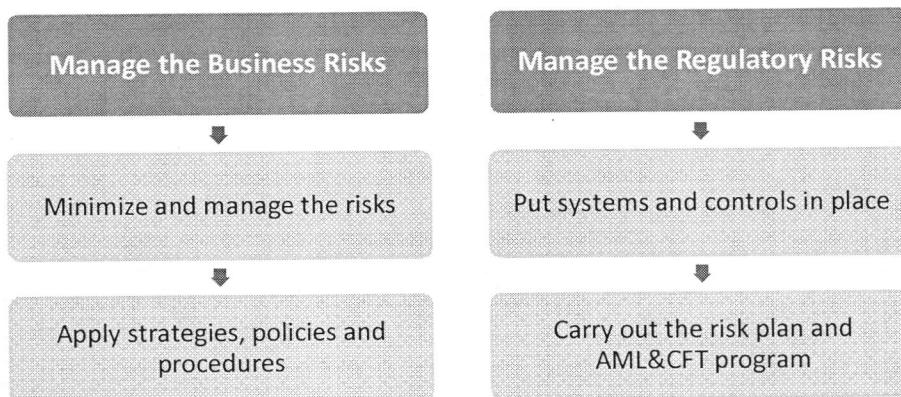


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7.3 Stage 3 -Risk Treatment

Risk treatment is to identifying and testing methods to manage the risks as identified and assessed in the previous process. In doing this; bank needs to consider putting into place strategies, policies and procedures to help reduce (or treat) the risk. Risk reduction or treatment steps are:

- Setting transaction limits for higher risk products
- Having a management approval process for higher risk products
- Having a process to place customers in different risk categories and apply different identification and verification methods
- Not accepting customers who represent unregistered charities and wish to transact with a high-risk country.



7.3.1 Manage the Business Risks

Bank to have thorough understanding of all the risks associated with its customers across the group, either individually or as a category, and to document and update these on a regular basis, commensurate with the level and nature of risks. In assessing customer risk, a bank to identify all relevant risk factors such as geographical location, patterns of transaction activity (declared or self-stated) and usage of bank products and services by establishing criteria for identifying higher-risk customers. These criteria are to be applied across the bank, its branches, and its subsidiaries and through outsourced activities. Customers those pose a higher risk of ML/FT to the bank to be identified using these criteria. Customer risk assessments have to be applied on a group-wide basis or at least be consistent with the group-wide risk assessment. Taking into account differences in risks associated with customer categories, group policy should recognize that customers in the same category may pose different risks in different jurisdictions. The information collected in the assessment process should then be used to determine the level and nature of overall group risk and support the design of appropriate group controls to mitigate these risks. The mitigating factors can comprise additional information from the customer, tighter monitoring, more frequent updating of personal data and visits by bank staff to the customer location.

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Risk Group	Customers			
Risk	Likelihood	Impact	Risk Score	Treatment/Action
New Customers (examples only)	Likely (examples only)	Moderate (examples only)	2 (examples only)	Standard ID Check
Customer who brings in large amount of used notes and/or small denominations (examples only)	Likely (examples only)	Major (examples only)	3 (examples only)	Standard + additional ID check
Customers whose business address and registered office are in the different geographic location (examples only)	Very likely (examples only)	Major (examples only)	4 (examples only)	Do not accept as customer

7.3.2 Manage the Regulatory Risks

Compliance and internal audit team, in particular the chief AML/CFT officer, or external auditors, to evaluate compliance with all aspects of their group's policies and procedures, including the effectiveness of centralized CDD policies and the requirements for sharing information with other banks and responding to queries or regulators. Banks to ensure that; it has a strong internal audit and compliance function since these are the primary mechanisms for monitoring the overall application of the bank's CDD and the effectiveness of its policies and procedures for sharing information. These are to include the responsibility of a chief AML/CFT officer for bank-wide compliance with all relevant AML/CFT policies, procedures and controls nationally and abroad.

7.4 Stage 4- Risk Monitoring

- Develop and carry out monitoring process

Monitoring refers the scrutiny of customer's activity to determine whether those activities are consistent with the bank's knowledge of the customer. Monitoring transactions is an essential component in identifying transactions that are potentially suspicious.

Transaction monitoring can done using both manual and automated process. Customers' activity such as behavior, purpose of the account, source of fund etc. shall be monitored manually by the corresponding officers. On the other hand transactions such as fund transfer, deposit, withdrawal etc. shall be monitored by automated transaction monitoring software. Automated software will assess the risk of transaction based on the preset rules/scenarios and will generate alerts. Dedicated officers will assess the merit of alerts and will escalate or release the alerts. Using the combination of manual and

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automated system for assessing transactional risk and ensuring monitoring. Monitoring shall be carried out on an ongoing basis.

Banks also ensure monitoring in line with assessed risk and individual customer's risk profiles. Enhanced monitoring may be applied to higher risk clients; bank shall review high risk customers annually and low risk customers once in five years. The adequacy of monitoring systems and the factors leading banks to adjust the level of monitoring should be in line with regulatory instruction for continued relevance to the bank's AML/CFT risk program.

7.5 Stage 5- Record and Review

- Develop and carry out monitoring process
- Maintain necessary records
- Review risk plan and AML&CFT program
- Perform internal audit or assessment
- Maintain AML&CFT compliance report

Regular evaluation of the AML/CTF program is essential. The AML/CTF program cannot remain static as risks change over time - for example, changes to customer base, products and service, business practices and changes to the law.

All the documents and information of customer obtained during onboarding and continuation of relationship shall be maintained and preserved. All the KYC/CDD documents including transaction history of customer shall be preserved till 5 years after closing the relationship. Moreover, documents related to suspicious transaction or activity shall be preserved until further instruction of BFIU.

8.0 Conclusion

Financial institutions all over the world are facing blazing heat of Money Laundering and Terrorist Financing. Perpetrators are adopting modern techniques to use financial institutions as conduit of money laundering and terrorist financing. Employees of EBL shall follow this policy in combination with other internal policies to safeguard EBL from money laundering and terrorist financing risk.

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Annexure 3: Principles of AML & CFT Supervision

Principle	Particulars
Principle 1	<p><u><i>Corporate Governance</i></u></p> <p>Banks to have robust corporate governance policies and processes covering, for example, strategic direction, group and organizational structure, control environment, responsibilities of the banks' Boards and senior management, and compensation. These policies and processes are commensurate with the risk profile and systemic importance of the bank.</p>
Principle 2	<p><u><i>Risk Management Process</i></u></p> <p>Banks to have a comprehensive risk management process (including effective Board and senior management oversight) to identify, measure, evaluate, monitor, report and control or mitigate all material risks on a timely basis and to assess the adequacy of their capital and liquidity in relation to their risk profile and market and macroeconomic conditions. This extends to development and review of contingency arrangements (including robust and credible recovery plans where warranted) that take into account the specific circumstances of the bank. The risk management process is commensurate with the risk profile and systemic importance of the bank.</p>
Principle 3	<p><u><i>Internal Control and Audit</i></u></p> <p>Banks to have adequate internal control frameworks to establish and maintain a properly controlled operating environment for the conduct of their business taking into account their risk profile. These include clear arrangements for delegating authority and responsibility; separation of the functions that involve committing the bank, paying away its funds, and accounting for its assets and liabilities; reconciliation of these processes; safeguarding the bank's assets; and appropriate independent internal audit and compliance functions</p>
Principle 4	<p><u><i>Abuse of Financial Services</i></u></p> <p>Bank to have adequate policies and processes, including strict customer due diligence rules to promote high ethical and professional standards in the financial sector and prevent the bank from being used, intentionally or unintentionally, for criminal activities.</p>

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Annexure 2: ML&TF Risk Factors Relating to Threat

Predicate Crime Categories for ML Crime Categories and Sub-Categories

Participation in an organized criminal group & racketeering

- Sophisticated organizations (e.g., mafia, yakuza)
- Drug organizations
- Motorcycle gangs
- Street gangs
- Other

Terrorism and terrorist financing

- Raising funds from criminal activities
- Raising funds from "legal" or apparently lawful activities
 - Willing Donors using "Legal" Fundraising (e.g., NPOs)
 - Deceptive Use of "Legal" Fundraising (e.g., NPOs, donors unaware of TF use)
 - Donated from legal income (e.g., salaries & profits)
- Other

Trafficking in human beings and migrant smuggling

- Trafficking (involuntary)
- Inwards
- Outwards
- Migrant smuggling (voluntary)
 - Inwards
 - Outwards
- Other

Sexual exploitation, including sexual exploitation of children

- General - unclassified
- Illegal prostitution
- Sexual slavery
- Procuring sexual activity with minors
- Selling/distributing illegal pornographic material
- Selling/distributing illegal pornographic material involving minors
- Other

Illicit arms trafficking

- Small arms/guns
- Light weapons
- Larger Military hardware
- Ammunition
- Weapons of mass destruction
- Other

Illicit trafficking in stolen and other goods

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- Stolen goods (NB: only to extent not captured under e.g., theft)
- Gems
- Precious metals
- Radioactive materials
- Cultural goods
- Other

Corruption and bribery

- Bribery - major
 - Friendly GST/tax assessments
 - Avoiding investigation/prosecution
 - Procurement contracts
 - Permits/permissions/licenses
 - Other
- Graft - minor
 - Police
 - Traffic Police
- Customs Officers
- Licensing/Permit officials
- Other
 - Embezzlement/misappropriation (theft)
- Central/federal government
- Local/state/county etc. government
 - Bribery of private sector
 - Bribery of foreign officials
 - Bribery or embezzlement - international organizations
 - Illegal lobbying and political campaign financing
 - Other

Fraud

- Against government - General
- Against government - VAT/GST fraud
- Embezzlement/misappropriation (excluding from government by officials)
- Lending fraud (e.g., mortgage fraud)
- Payment instrument fraud (e.g., credit card, check fraud)
- Insurance fraud
- Healthcare fraud
- Benefit fraud
- Vendor, supplier & procurement fraud
- Confidence tricks/scams
- False billing/invoicing
- Cyber & Internet selling frauds (e.g., “phishing”)
- Investment frauds (e.g., Ponzi & pyramid schemes)
- Other fraud

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Counterfeiting currency

- Local currency
- Foreign currency
- Other

Counterfeiting and piracy of products

- Illegal parallel imported products
- Patents/copyright/trademark infringement
- Clothing and shoes
- Accessories: bags/sunglasses/watches etc.
- Books
- Information technology
- CDs/DVDs, etc.
- Cigarettes
- Foodstuffs
- White ware & other electrical
- Pharmaceuticals
- Of collectibles (e.g., wine, antiquities)
- Software
- Other

Environmental crime

- Illegal fishing
- Illegal logging
- Illegal dumping/polluting
- Illegal mining
- Other illegal extraction
- Illegal trading in endangered species (CITES)
- Illegal construction
- Other

Murder, grievous bodily injury

- Murder - for hire/contract killing
- Murder - motive is profit (e.g., insurance claim)
- Grievous bodily injury- for hire or to derive funds or assets
- Other

Kidnapping, illegal restraint, and hostage taking

- Kidnapping/abduction for profit
- Hostage taking for ransoms
- Other

Robbery or theft

- Burglary - commercial
- Burglary - domestic/residential
- Theft/stealing/larceny

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- Theft of motor vehicles (including car-jacking)
- Theft from motor vehicles
- Shoplifting
- Pick pocketing
- Bank robbery
- Pilfering/embezzlement (theft by employee)
- Robbery/mugging (including armed robbery)
- Cyber theft (e.g., transferring bank balances through illegal account access)
- Other

Smuggling

- Prohibited imports
- Cigarettes
- Alcohol
- Cash smuggling of "clean" money (including dirty money would be double counting)
- Foodstuffs
- Prohibited exports
- Fuel
- Other

Extortion

- Blackmail
- Protection money/rackets
- Other

Forgery

- Of financial assets
- Philatelic forgery
- Of other documents
- Fake passports
- Fake ID/driver licenses
- Of art
- Other

Piracy (i.e., maritime)

- Theft from piracy
- Extortion or ransoms from piracy
- Other

Insider trading and market manipulation

- Insider trading
- Traded markets - market manipulation
- Anti-trust/cartel or anti-competition violations
- Boiler room scams
- Other

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Tax & excise evasion

- Personal income tax
- Withholding tax
- Corporate income tax
- On illegal income sources
- Sales/turnover tax, VAT
- Customs/excise under invoicing - exports
- Customs/excise under invoicing - imports
- Customs/excise false declaration of quantity & product
- Spirits, tobacco, fuel excise evasions
- Gaming machine taxes and excise evasions
- Excise evasions related to counterfeit and piracy of products
- Other excise evasions
- Departure taxes & fees
- Death & estate duties
- Stamp Duty
- Capital gains taxes
- Real estate rental etc. taxes
- Informal sector
- Illegal transfer pricing
- Other

Illegal gambling

- Illegal lottery
- Illegal betting/bookmaking
- Illegal gambling houses/casinos
- Illegal online gambling
- Other

Money laundering

- Of foreign proceeds of crime

Other Proceeds Generating Crimes

- Computer crime
- Illegal trading of goods and services
- Alcohol and tobacco
- Pharmaceuticals, including internet pharmacy
- Anabolic steroids
- Party and other "non-narcotic" drugs
- Antiquities
- Illegal carrying out of a regulated/licensed business
- Loan sharking/illegal lending
- Illegal remittance activity
- Illegal/prohibited FX dealing or money changing

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- Other illegal/prohibited financial services
- Illegal professional services (e.g., accounting, legal etc.)
- Illegal health related services (e.g., abortions, dentistry, donor tissue operations and trading etc.)

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Annexure 3: ML & TF Risk Factors Related to Vulnerabilities

In order to understand the ML & TF risk, the relevant vulnerabilities need to be identified. This annex contains a list of factors that is to be considered at this stage of the ML/TF risk assessment to help identify relevant vulnerabilities. These have been generally arranged according to the analytical framework known as "PESTEL" (an acronym based on the first letters of the major categories: Political, Economic, Social Technological, Environmental and Legislative). This list is neither exhaustive nor binding, nor would these factors apply in every country's ML/TF risk assessment and they should be applied in the context of each country.

Political Factors

- Structure of the political system
- Stability of the present government
- Level of political commitment for AML/CFT program
- Level of political commitment to fighting crime
- Unaddressed history of terrorism financing activity
- Prevalence of organized crime, especially if involved in illicit drug production, illicit drug trafficking, kidnapping for ransom, extortion, intellectual property crime
- Presence of illicit small arms trade
- Prevalence of smuggling networks
- Presence of individuals, groups or organizations that support or promote violent extremism
- Weak government reach in some areas of the country, particularly border areas; porous borders
- High levels of corruption
- Adequacy of human, financial, and other resources of competent authorities
 - Inadequate resources
 - ML/TF not a national priority
 - No ML/TF risk assessment conducted by the authorities
 - Reluctance to acknowledge ML/TF risk
 - Lack of specialized training
 - Lack of commitment of financial sector, including low levels of reporting and/or lack of quality of STRs
 - Financial sector not sufficiently concerned or incentivized regarding vulnerability to ML-related reputational risk
 - Requirements of AML/CFT regime not well understood or implemented by financial institutions and DNFBPs
 - Inadequate resources allocated to regulation of NPOs, given the risk level identified
 - Inadequate resources allocated to address the issues on identify beneficial owners of foundations, associations and other similar entities, such as trusts
- Effectiveness of operations of competent authorities
 - Authorities' capabilities to suppress crime generally, and predicate offences to ML/TF specifically

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- Systemic weaknesses in law enforcement, and in authorities' efforts to counter crime generally, in particular ML/TF
- PLC or non-existent ability of intelligence and law enforcement engaged in combating ML or TF to use financial information in their investigations
- Inadequate co-ordination and information-sharing among law enforcement and intelligence agencies involved in combating ML/TF
- Inadequate co-ordination among national authorities involved in combating ML/TF
- Significant differences in procedure among competent authorities responsible for combating ML/TF
- Lack of capabilities of financial intelligence unit (FIU) to process the reports that it receives
- Lack of capabilities of law enforcement authorities (LEAs) to suppress ML or TF, which might result in ML or TF not being detected or investigated adequately
- Lack of inter-agency cooperation that impedes AML/CFT processes and operations
- Lack of capabilities of the prosecutors, the judiciary, and the prison system to deal with ML or TF related crimes, including weaknesses in the law, and other weaknesses that mean that offenders are not prosecuted, convicted, or sanctioned adequately or deprived of their assets or funds
- Weaknesses in the authorities' ability to gather and share information due to a lack of capacity or legal privilege
- Inability to obtain convictions for ML/TF and related offences
- Lack of an operational FIU or FIU ineffective; inability or lack of capacity to examine STRs
- Lack of engagement or reluctance to engage regionally or internationally on AML/CFT issues, including on requests for assistance
- Ineffective border controls
- Border and immigration officials lack access to INTERPOL I- 24/7 global police communication system
- Weak cash courier control at border points
- Weak AML/CFT oversight
- Government does not conduct regular reviews of terrorism financing risk in its NPO sector

Economic Factors

- The type of economic system
- The amount of regulation within the economy
- Average earnings of the population
- Currency exchange rates
- Cost of services
- Size of the financial services industry
- Large, complex economy, or both (perhaps making it easier for ML/TF operations to go unnoticed)
- General opacity of the financial system

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- Composition of the financial services industry
 - Products, services, and transactions
 - basic information on sectors or products
 - existence of those that facilitate speedy or anonymous transactions
 - cash transactions and cross-border funds transfers
 - delivery channels
 - existence of high-risk correspondent relationships between banks
 - existence of measures to facilitate fiscal optimization by non-residents (tax haven)
 - Customer
 - types and ranges of customers (i.e., entities, persons, etc.)
 - nature of business relationships
 - existence of higher risk customers
 - adherence to regulatory provisions applicable to customers
 - adherence to any restrictions on customer transactions
 - Geographic
 - business and customer base in specific geographic areas
 - non-residents
 - customers from geographic area of concerns
 - adherence to any requirements in other countries
 - trans-national or cross-border movements of funds
 - Ownership/ control of financial institutions and requirements concerning the identification of beneficial owners that are non-residents
 - Corporate governance arrangements in financial institutions and the wider economy
 - Nature and role of legal persons and legal arrangements in the economy
 - Nature, existence, and size of sectors for legal persons and legal arrangements
 - Nature of payment systems and the prevalence of cash-based transactions
 - Cash-based economy with large informal sector; high percentage of cash outside legitimate banking system, especially relative to comparable countries
 - Strict application of financial institution secrecy and other secrecy –including professional secrecy
 - Geographical spread of financial industry's operations and customers
 - Economic ties with jurisdictions at high risk of experiencing terrorism, political instability, or both
 - Presence of NPOs active in overseas conflict zones or in countries or regions known to have a concentration of terrorist activity
 - Presence of NPOs raising funds for recipients in a third country which are part of an organizational structure that engages in violent or paramilitary activities
 - Opaque relations between grantees and NPOs disbursing funds or resources to grantees, e.g., grantees are not required to disclose to the NPO how funds are used; no written grant agreement; NPO does not perform grantee due diligence, or due

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- diligence is random and inconsistent; NPOs may disburse large sums for unspecified projects selected by the grantee.
- Effectiveness of financial institutions and DNFBPs in implementing the AML/CFT obligations or control measures
 - Customer due diligence
 - Ongoing due diligence, including transaction monitoring
 - Reporting measures currently performed
 - Internal controls
 - Record-keeping

Social factors

- The demographics of the society
- Extent of social inclusiveness
- Significant population shifts
- The ethnic diversity of the population
- Cultural factors, and the nature of civil society
- Areas of social, ethnic or political conflict
- Cultural immigrant, emigrant or religious ties with jurisdictions at high risk of experiencing terrorism, political instability, or both
- Low level of consultation / co-operation between government and financial sector
- Affiliates of banks circumvent international prohibitions that screen transactions for terrorists, drug traffickers, rogue jurisdictions and other wrongdoers
- Bank personnel not required to routinely share information among affiliates to strengthen coordination
- Requirements of AML/CFT regime not well understood or implemented by financial institutions and DNFBPs

Technological factors

- Use of transportation
- New communication methods
- The use of technology in money transfer
- Introduction and use of new payment methods

Environmental and geographical factors

- Global environmental factors such as availability of water, global warming etc.
- The use and re-use of resources
- Impact of the local environment on crime such as housing, security etc.
- Impact of environmental legislation

Legislative factors

- Criminal justice system and legal environment
- Ease with which new legislation can be passed
- Review process for current legislation
- Impact of international standards on national legislation
- Strengths and weaknesses in legislation combating serious and organized crime
- Strengths and weaknesses in current AML/CFT legislation

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- AML/CFT preventive controls, including AML/CFT specific supervision and monitoring, that collectively do not deter ML or TF nor result in it being detected if it does occur
- AML/CFT cross-border controls and international cooperation
- Jurisdiction not a party to the International Convention for the Suppression of the Financing of Terrorism, the United Nations Convention against Transnational Organized Crime and its Protocols, and/or the United Nations Convention against Corruption
- Adherence to international standards or conventions applicable to the specific sector or product
- ML/TF not criminalized or inadequately criminalized
- Incomplete coverage of predicate offences to ML
- ML/TF not criminalized as a standalone offence
- TF not a predicate offence to ML offence
- TF not criminalized unless linked to a specific terrorist act
- TF only criminalized in relation to the treaty-based offences
- No measures or inadequate measures to freeze without delay terrorist funds and assets
- Freezing of terrorist funds does not extend to other terrorist assets
- No legislation denying safe haven to those who assist or commit terrorist acts (laws on modalities of inter-State cooperation, extradition, mutual legal assistance, transfer of criminal proceedings, etc.)
- Government has not reviewed its own policies, legislation and other tools in respect of terrorism financing risk in the NPO sector and taken steps to address shortfalls
- Regulation of charitable donations does not cover overseas donations
- Lack of early warning arrangements with other jurisdictions on CFT
- Financial sector not prohibited from conducting relationships with shell banks or shell companies
- Adequacy of AML controls
 - Customer due diligence
 - Ongoing due diligence including transaction monitoring
 - Reporting measures currently performed
 - Internal controls
 - Record keeping
 - Lack of regulation on beneficial ownership
- Lack of guidance to relevant authorities on beneficial ownership
- PLC. or absence of risk-based approach guidance on AML/CFT provided by regulatory, oversight and supervisory authorities
- PLC. regulation of money or value transfer systems
- Entities not registered and size of sector unknown
- No system of registering or licensing service providers; difficult to take enforcement action and thereby to formalize flows of funds

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- Any non AML/CFT controls that apply to entities that can be abused for ML or TF, including general supervision or monitoring
- Any non-AML/CFT related cross-border controls, including general border security
- Extent and efficacy of compliance audits
- Enforceability of rules or guidance
- Existence of a regulator or supervisor
- Links with other financial intermediaries
- Legal or other constraints on products, services, transactions
- Coverage or requirements in other countries