

## AML/KYC Policy Summary Coversheet

Name of Institution: Dezhou Bank Co.,Ltd

Year of Policy: 2023

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May-03-2025

Approved by Board of  
Directors(mm,dd,year): May-04-2023

Name(s) and Signature(s) of Authorized Personnel to Approve This Policy:

President Zhao Mingcui




Affix Official Stamp Here:



# Measures for the Administration of Anti Money Laundering of Dezhou Bank

## Chapter I General Provisions



**Article 1** In order to carry out the anti money laundering method of "risk oriented", To promote the rational and orderly development of the anti money laundering work of the bank, and maintain the normal operation order, and serve the rapid and steady development of the banking services, the measures are formulated pursuant to the Anti-money Laundering Law of the People's Republic of China and relevant regulations of the People's Bank of China ("PBC").

**Article 2** Anti-money laundering mentioned in the Measures means the relevant measures taken in accordance with the anti-money laundering law, in order to prevent the money laundering activities that are taken by various means to conceal the sources and nature of the income and proceeds from drug crime, organized crime in the nature of gangland, terrorist activity crime, smuggling crime, corruption and bribery crime, crime of disruption of financial management order and financial fraud crime.

The measures include the Regulation on Anti-money Laundering of Financial Institutions, the Administrative Measures for the Reporting of Large-value and Suspicious Transactions of Financial Institutions, and the Administrative Measures for the Customer Identification and Storage of Customer Identity Information and Transaction Records in Financial Institutions and other pertinent regulations, as well as the actual conditions of Dezhou Bank Co.,Ltd (the "Bank"), in order to implement the financial rules and regulations of the PBC governing anti-money laundering and safeguard the fund safety of city commercial bank.

Compliance Dept., as the anti-money laundering management department of the Head Office, is responsible for the Bank's anti-money laundering work; the chief accountant of each sub-branch assumes the primary responsibility for anti-money laundering; counters of each sub-branch, as anti-money laundering personnel of each operating institution, are responsible for recording, analyzing and reporting large-value and suspicious transactions.

**Article 3** Each management institution shall be responsible for organizing and guiding the specific implementation of the anti money laundering work under the jurisdiction of the business under its own operational nature, and formulating the relevant laws and regulations

for the implementation of the anti money laundering work, and guiding the reasonable and effective anti money laundering work of the business.

Each branch shall earnestly perform the anti money laundering obligations in accordance with the present measures, strictly follow the relevant regulations on anti money laundering and related management system, establish a mechanism, improve the system, control the effective anti money laundering control system, and ensure the orderly development of anti money laundering work.

All handling personnel shall earnestly perform their anti money laundering obligations in accordance with the provisions of the present regulations, timely and accurate reporting of large amounts of data, carefully identify suspicious transactions, do good work in the anti money laundering work, and keep the secret of anti money laundering work.

**Article 4** The Measures apply to the Bank and all of its operating institutions ("sub-branches").

## **Chapter II Anti Money Laundering Work Principle and Obligation**

**Article 5** The banks headquarters of management and all branches (hereinafter referred to as all branches) shall comply with the following principles of anti money laundering:

(1) Risk oriented principles. In-depth practice risk as the principle, active research and assessment of potential risks, and analysis of the weak links of products and services, from the point of view to prevent risks, reduce the risk of damage to the work areas of potential risk of money laundering or dangerous.

(2) Legal prudence principle. All branches and their staff should carefully identify and in accordance with the provisions on the submission of large and suspicious transactions, carefully identify suspicious transactions, do not live up to the longitudinal, diligence, correctly handle the business development and fulfill the obligation of anti money laundering.

(3) Principle of confidentiality. All branches and their staff to deal with the work of anti money laundering information confidentiality, banks should not be responsible for the performance of the anti money laundering obligations to the regulatory authorities to report to the client in the presence of suspicious transactions and reporting of customer related information to inform the customer and other personnel.

(4) In accordance with the provisions of the judicial authorities, law enforcement agencies to cooperate fully with the principle. All branches shall assist and cooperate with the

judicial organs and administrative law enforcement agencies to combat money laundering, and assist the judicial authorities, customs, taxation and other departments to inquire, freeze and deduct client deposits in accordance with laws, regulations and other relevant provisions.

**Article 6** Perform the following anti money laundering obligations under all branches

(1) Establish and improve the internal control system of anti money laundering in accordance with the provisions of the establishment of anti money laundering specialized agencies or designated internal organs responsible for the anti money laundering work.

(2) In accordance with the provisions of the establishment of a customer identification system, effectively fulfill the obligations of the customer, and in accordance with the provisions of the establishment of customer identity information and transaction record keeping system.

(3) obligations under the provisions of the performance of large transactions and suspicious transactions.

(4) To carry out anti money laundering business training and advocacy work obligations.

(5) Strictly enforce the UN Security Council resolutions on sanctions.

(6) Other duties as required by the people's Bank and other regulatory authorities.

### **Chapter III Structure Setting and Job Responsibilities**

**Article 7** The Compliance Dept of the Head Office is responsible for:

- (1) Guidance, training and publicity relating to anti-money laundering work;
- (2) Inspection and supervision on the anti-money laundering work of each operating institution within jurisdiction;
- (3) Filing of large-value cash deposit and withdrawal of each operating institution for record;
- (4) Collection, analysis and reporting of literal data on anti-money laundering of each operating institution;
- (5) Design and improvement of internal control system for anti-money laundering;
- (6) Provision of assistance to judicial authority and transmission of information about suspicious money laundering crime.

(7) Responsible for the acceptance of the people's Bank of China and other regulatory authorities on the anti money laundering inquiries and investigations, to assist the regulatory authorities to investigate and implement the relevant security system of anti money laundering cases.

**Article 8** The staff of the Head Office and all sub-branches shall keep secrets about anti-money laundering work, and shall not divulge to customers or other personnel customer identity information and transaction information that they may obtain in legitimate performance of anti-money laundering obligations. The information about large-value and suspicious transactions and the information about anti-money laundering obtained in assisting the PBC in investigation of suspicious transactions shall be held in confidence, and shall not be provided to any entity or individual against the regulations.

**Article 9** All branches set up anti money laundering work team, president of all branches as team leader, vice-president of all branches as deputy team leader, the chief of the accounting and the relevant staff as members.

All branches should set up anti money laundering posts, designated person responsible for the branch of the anti money laundering work, the designated person list will be reported to Compliance Dept for the record.

Other departments in head office should strictly implement the laws and regulations of anti money laundering and anti money laundering provisions, and actively assist the Compliance Dept to carry out anti money laundering work, carefully study the business characteristics of this business line, the relevant requirements of anti money laundering into the internal control system, and guide the relevant business management under the line of anti money laundering work.

**Article 10** Each branch's president in charge of the supervision of the implementation of the agency's anti money laundering work, the organization of this branch to conduct a comprehensive anti money laundering work, establish and improve the organizational structure, the development of the work flow and specific implementation details, clear staff positions and specific responsibilities. On the emergence of anti money laundering violations take the leadership responsibility.

**Article 11** The branch chief of accountant should be responsible for the anti money laundering work of the sub branch, the supervision of the organization to fulfill all the anti money laundering obligations, responsible for the headquarters, the local people's Bank of



China and the relevant agencies of the anti money laundering daily liaison work.  
Responsibility for the anti money laundering work of the organization.

When performing the obligation for customer identification, each sub-branch shall verify the resident identity card of related natural person, if necessary, according to law, administrative regulations or department rules, by the online identity card information verification system developed by the PBC.

**Article 12** Each sub-branch shall implement the large-value transaction reporting system as required and timely report on the large-value transactions up to the following criteria:

(1) Cash deposit, withdrawal, remittance, cash bill disbursement and other forms of cash receipt or payment amounting to more than RMB50,000 or foreign currencies equivalent to over USDI in a single deal or accumulatively in one day;

(2) Bank transfer between legal entities, other organizations and self-employed businesses, with an amount of more than RMB2 million or foreign currencies equivalent to over USD200,000 in a single deal or accumulatively in one day;

(3) Bank domestic transfer between the bank accounts of natural persons, the bank accounts of natural persons and legal entities, other organizations and self-employed businesses, with an amount of more than RMB500,000 or foreign currencies equivalent to USD I (00,00) in a single deal or accumulatively in one day.

(4) Bank cross-border transfer between the bank accounts of natural persons, the bank accounts of natural persons and legal entities, other organizations and self-employed businesses, with an amount of more than RMB200,000 or foreign currencies equivalent to USD 1 in a single deal or accumulatively in one day.

Accumulative transaction amount is based on single customers, and accumulatively calculated and reported on a one-way basis according to the fund income or payment, unless otherwise required by the PBC.

**Article 13** Large-value transaction reporting procedures.

Each sub-branch shall designate, on the next day, a person to log on the anti-money laundering statistical information system of Regulatory submission platform (the "information system") to fill in or add related information on large-value transactions, and submit, upon verification by the review personnel, to the computer center of provincial credit union, which

will generate a document and submit it to the anti-money laundering monitoring and analysis center of the PBC.

**Article 14** Each sub-branch shall implement the suspicious transaction reporting system as required and timely report on the suspicious transactions up to the following criteria:

- (1) Within a short term, a customer transfers in funds in a decentralized manner, or transfers out or in funds in a centralized manner and transfers out funds in a decentralized manner, which is obviously inconsistent with its identity, financial status and business operation.
- (2) Fund receipt and payment occur in the same payer and payee frequently within a short term. and the transaction amount approaches to the criteria for large-value transactions.
- (3) Legal entities, other organizations and self-employed businesses frequently receive remittances that are obviously irrelevant to their business operations within a short term, or the natural person customers frequently receive remittances from legal entities and other organizations within a short term.
- (4) An account dormant for a long term is used unexpectedly without identified reasons or the account with a small cash flow in the past suddenly has abnormal fund inflow and involves large amount of fund receipt or payment in a short term.
- (5) Fund transfers with the customers in the regions where traffic in drugs, smuggling, terrorist activities and gaming are serious or those from tax evasion-type offshore financial centers increase substantially within a short term or large amount of fund receipt and payment occur frequently between these customers.
- (6) A customer opens or closes accounts with several sub-branches concurrently without justifiable reasons, and involves a large amount of fund receipt and payment before closing such accounts.
- (7) A customer repays its loans in advance, which is obviously inconsistent with its financial status.
- (8) Most of the RMB funds used by a customer to purchase foreign exchange for overseas investment are cash or are transferred from a bank account under the name of another entity.
- (9) The customer requires swap between domestic and foreign currencies, but its fund sources and purposes are suspicious.

(10) A customer frequently has deposits in its overseas traveling checks or foreign currency drafts, which is inconsistent with its operating status.

(11) After a foreign-invested enterprise makes investment or receives investment in the form of foreign currency cash, it transfers the funds abroad in a short term, which is inconsistent with its payment for production and operation.

(12) The amount of capital invested by a foreign investor of a foreign-invested enterprise exceeds the approved amount or the direct foreign debt is remitted from a third country where the investor has no related party enterprises.

(13) A securities operation institution orders the bank to transfer funds irrelevant to securities transactions or clearing, which is inconsistent with its actual operation.

(14) A securities operation institution frequently borrows foreign exchange funds by bank.

(15) An insurance institution frequently compensates or surrenders insurance policy for the same policy holder by bank.

(16) A natural person's bank account frequently involves suspicious cash receipts or payments or a large-value one-off cash deposit or withdrawal that is suspicious.

(17) A resident natural person frequently receives foreign exchange remittance from abroad, and requires bank to issue traveling checks and drafts, or a non-resident natural person frequently deposits foreign currency cashes and requires bank to issue traveling checks and drafts or frequently orders or honors a large amount of traveling checks and drafts. And

(18) Several domestic residents receive remittances from the same offshore account, and the fund transfers and settlements of foreign exchange are operated by one or a few persons.

Our bank also establish models on our bank's AML workstation to monitor suspicious transactions such as suspected illegal exchange underground private banks, suspected illegal settlement underground private banks, suspected corruption, suspected gambling, suspected smuggling, suspected pyramid selling, suspected telecommunication fraud, suspected ATM abnormal withdrawal, suspected cash out, suspected drug crimes, suspected tax crimes, suspected terrorist financing, suspected illegal bill operating, etc. Moreover, customers and their funds or assets, transactions or attempts are found or reasonably suspected in relationship with criminal activities such as money laundering and terrorist financing, etc.

**Article 15** Suspicious transaction reporting procedures:



When the counters of each sub-branch find any circumstance mentioned in Article 15 of the Measures when dealing with payment transactions, they shall report to the chief accountants in time. Chief accountants shall analyze and examine the suspicious transactions reported, confirm the suspicious transactions and fill out a Suspicious Transaction Report. After the report is signed by a sub-branch head, the designated personnel shall log on the information system on the next day to input suspicious transaction information and data, which, upon verification by the review personnel, shall be submitted to the computer center of the provincial credit union. The computer center will then generate a document and submit it to the anti-money laundering monitoring and analysis center of the PBC.

**Article 16** In case of incompleteness or errors in the large-value or suspicious transaction reports, if the PBC requires inquiry or correction, the anti-money laundering management department of the Head Office and each sub-branch shall record and put on file within five working days upon receipt of a correction notice from the PBC.

**Article 17** Each sub-branch shall continue to pay attention to suspicious objects before receiving feedback on suspicious transactions reported.

**Article 18** Where a transaction is defined as both a large-value transaction and a suspicious transaction, each sub-branch shall submit a large-value transaction report and a suspicious transaction report respectively. If a transaction concurrently conforms to the aforesaid two or more criterion on large-value transactions, each sub-branch shall submit large-value transaction reports respectively.

**Article 19** If a transaction has the abnormal characteristics of suspicious transaction, but there is no justifiable reason to rule out the doubt or there is no justifiable reason to doubt that the transaction or the customer involves criminal activities, each sub-branch shall earnestly record corresponding written analysis and identification no matter whether it is regarded as a suspicious transaction report, and keep such records for future reference.

**Article 20** If there are justifiable reasons to doubt that a transaction or a customer involves money laundering, terrorist activities or other illegal activities, each sub-branch shall report, in writing, to the anti-money laundering management department of the Head Office, local office of the PBC and local public security organ in a timely manner.

#### **Chapter IV Publicity and Training**

**Article 21** All branches should actively carry out anti money laundering propaganda work to customers, eliminate the misunderstanding of the customer's anti money laundering work,

so that customers can understand and cooperate with me to carry out anti money laundering work.

**Article 22** Respective all branches should be carried out for all employees to anti money laundering training, master about anti money laundering laws, administrative regulations and the relevant provisions, improve the awareness of the importance of the anti money laundering work, strengthening the anti money laundering responsibility consciousness, ensure the staff to master the relevant anti money laundering operation process, customer identification and verification, processing knowledge, enhance the ability of anti money laundering work.

**Article 23** Timely organization of anti money laundering practitioners professional skills test, the anti money laundering laws and regulations and the relevant business management system to develop the relevant business management system incorporated into the scope of the relevant posts in my line.

#### **Chapter V Anti Money Laundering Assessment and Supervision**

**Article 24** The audit department is responsible for the supervision and inspection of the whole line of anti money laundering work.

**Article 25** The compliance department shall regularly check the implementation of the anti money laundering provisions of all branches , the scope of the inspection including:

- (1) The establishment and deployment of anti money laundering office and personnel of all branches.
- (2) The concrete implementation of the anti money laundering control system in each deal.
- (3) Customer identification and customer identity information and transaction records.
- (4) Large and suspicious transaction reports.
- (5) Cooperate with judicial organs and the transfer of information on money laundering.
- (6) Anti money laundering archives management.
- (7) Anti money laundering propaganda and business training.
- (8) Other conditions.

## **Chapter VI Anti Money Laundering Secrecy Principle**

**Article 26** Each branch should establish a special anti money laundering work file, record the anti money laundering work, including the propaganda, training, the screening process and so on.

**Article 27** All branches of the anti money laundering work should be carried out in accordance with the law to fulfill the obligations of confidentiality,

(1) Customer identity information and transaction information confidential. The financial institution and its staff members shall be kept confidential to the client's identity information and transaction information obtained from the law to perform the anti money laundering obligations according to law.

(2) Report suspicious transactions, with the anti money laundering investigation and the confidentiality of the fight against money laundering. Branches and their staff shall keep confidential the reports of suspicious transactions, and cooperate with the people's Bank of China to investigate suspicious transactions, etc., and may not provide the customer and other personnel with the relevant provisions of the anti money laundering information.

## **Chapter VII Recognition and Accountability**

**Article 28** Dezhou Bank Co.,Ltd will conduct a comprehensive quantitative assessment of the anti money laundering work of all branches, and the anti money laundering work carried out with the agency's personnel performance, comprehensive cost and the recognition. In the work of anti money laundering outstanding performance of the branch and individual, in accordance with the relevant provisions of recognition.

**Article 29** In violation of this management approach, the following acts shall be ordered by the headquarters to give a warning, the agency responsible person and specific handling personnel to give 200 yuan to 1000 yuan ranging from punishment; not timely rectification, to be informed criticism, and to give the agency responsible for 1000 yuan to 2000 yuan economic punishment, if the circumstances are serious, or by the anti money laundering work leading group to study the decision of its handling; involving the work of dereliction of duty, the transfer of judicial authority. For some daily basis work can not meet the requirements of the work, and repeated mistakes, will increase the punishment.

(1) The employee fails to examine or register the account opening materials as required, resulting in the opening of a false bank settlement account by entities or individuals;

- (2) The employee fails to create depositors' data file as required or depositors' information and data collected by him are incomplete;
- (3) The employee fails to keep customers' information and transaction records as required;
- (4) The employee fails to examine and report large-value and suspicious transactions as required;
- (5) The employee fails to report suspicious transactions that have or shall come to his knowledge;
- (6) The employee fails to earnestly verify and identify large-value and suspicious transactions, resulting in misstatement, failure to report or misreport; or
- (7) The employee divulges State secrets, business secrets or personal privacies that come to his knowledge in course of anti-money laundering.

**Article 30** If the person in charge of a business management department of the Head Office or a sub-branch involves any of the following circumstances, he shall be warned or removed and imposed a certain economic punishment:

- (1) The person-in-charge fails to convey or implement related anti-money laundering laws, regulations and systems, delaying relevant work;
- (2) The person-in-charge fails to implement rules and regulations on account opening and reporting of large-value and suspicious transactions and the storage of customers' information and transaction records is managed in a disorderly manner;
- (3) The person-in-charge can not take timely measures to deal with the problems found, nor does him report to the higher level as required;
- (4) The person-in-charge's supervision and inspection are ineffective, leading to the inability to implement related laws, rules, regulations and operating procedures on anti-money laundering; or
- (5) The person-in-charge instigates, indulges or gives tacit consent to activities contrary to regulations.

## **Chapter VIII Supplementary Provisions**

**Article 31** The following terms herein shall be defined as follows:

- (1) "Short-term" means within 10 working days (inclusive);
- (2) "Long-term" means more than one year;
- (3) "Large amount" means the amount of a single transaction or the accumulative amount of transactions is lower than but approaches to the criteria for large-value transactions;
- (4) "Frequently" means occurring over three times in a working day or occurring for over three consecutive working days;
- (5) "Over" shall be inclusive.

**Article 32** The Measures are formulated, interpreted and amended by Dezhou Bank Co.,Ltd.

**Article 33** The present measures will be implemented at the issuance date.

