



**Statement on Anti-Money Laundering and  
Counter-Terrorism Financing (“AML/CTF”)  
of Phongsavanh Bank Limited**

**I. Guiding Principle**

Money laundering (“ML”) and terrorist financing (“TF”) activities are of major concern to governments and financial institutions worldwide. In addition, tax evasion has become a serious problem for jurisdictions all over the world. Both the private and public sectors place a very high priority on combating ML, including fighting against tax evasion, and TF activities. The Phongsavanh Bank (“the Bank”) always gives high priority and is fully committed to policies and actions necessary to combat these activities.

**II. Commitment Statements**

1. The Bank makes every effort to ensure that its operations are conducted with integrity and in compliance with all applicable legal and regulatory requirements on AML/CTF.
2. The Bank acts prudently in the conduct of customer relationships and not, knowingly or deliberately, aid and abet tax evasion, or facilitate the laundering of the proceeds of tax evasion, by the customers.
3. The Board of Directors are committed to strong AML culture and fully support the implementation and continuous improvements of AML/CTF policies, procedures and controls (“AML/CTF System”) to adequately mitigate the nature and level ML/TF risks assumed by the Bank. Management of business/operation units must also recognize the importance of the AML/CTF functions, deploy appropriate resources, and extend full support and cooperation to ensure that effective AML/CTF System are in place. Where deficiencies are identified, rectification must be taken expeditiously.
4. The protection of the Bank, its management and staff against the reputational, regulatory, criminal and financial risks associated with inadequate AML/CTF policies, procedures and controls is the responsibility of every employee and member of staff.
5. AML/CTF policies take precedence over all other considerations. Any action staff takes in line with AML/CTF policies will be fully and positively supported by the Board of Directors and Senior Management of the Bank.
6. There is an AML Compliance Officer (AMLCO) appointed as per Bank of Laos guidelines and same has been informed to Bank of Laos.
7. Understanding ML/TF risks assumed by the Bank is essential for building a strong and effective AML/CTF System; hence, conducting institutional risk assessment covering all risk areas, subject to periodic review and update, is a fundamental process within the Bank’s AML/CTF framework.
8. The Bank’s AML/CTF framework is presently being drafted and will come to be known as the “Phongsavanh Bank’s Policy on Anti-Money Laundering and Counter-Terrorist Financing (“AML Policy & Guidelines”). [Until such AML Policy & Guidelines are

drafted and given effect, the Bank, its employees and staff shall at all times make reference to and make every effort to comply with the the Bank of Laos' Guideline on Anti-Money Laundering and Counter-Financing of Terrorism.

9. Bank employees and staff are prohibited to establish or continue direct or indirect business relationships / process transactions, pertaining to the prohibitions stipulated in international mandates, with any people/entities who are: - designated terrorist suspects; or - designated parties subject to financial sanctions.
10. Proportionate risk-mitigating measures and controls are applied to detect and prevent ML/TF activities by taking into account the following four risk factors of the products and services offered by the Bank: - product/ service risk; - delivery/ distribution channel risk; - customer risk; and - country risk.
11. A risk assessment on ML and TF has been established (and will from time to time be reviewed and updated) with an aim to identify, assess and understand the ML/TF risks exposure of the Bank in order to allow the Bank to manage and mitigate those identified risks by imposing commensurate AML/CTF resources and measures. High residual risk is not accepted in accordance with the Bank's risk appetite.
12. A comprehensive and standardised risk assessment process and tools have been established to set a risk rating for every customer, so as to ensure that the appropriate level of customer due diligence and ongoing monitoring measures are applied based on the assessed risk.
13. AML/CTF training programmes are organized to ensure that staff members are aware of their legal obligations under the applicable laws and regulations, and the Bank's AML/CTF-related policies and procedures. Each staff member is expected to be familiar with and adhere to the Phongsavanh Bank AML Policy & Guidelines in relation to his/her roles and responsibilities; ignorance is no excuse for any deviation causing non-compliance.
14. The Bank has built compliance and risk management goals into the annual staff performance evaluation. AML/CTF compliance is every employee's responsibility.
15. Non-compliance with the Phongsavanh Bank AML Policy & Guidelines is not tolerated and no departure from this is permissible. Staff members who fail to adhere will be subject to supervisory and disciplinary action.
16. The AML/CTF System is subject to independent reviews by the Bank's Risk and Internal Audit Committees in order to assist the Senior Management to identify areas of weakness or matters requiring enhancement. This statement will be reviewed at least on a bi-annual basis.

At Vientiane Capital, date: 22 January 2020

**Bounthanh Vongsoury**

Chairman of Board of Directors

Phongsavanh Bank Limited