

**ANTI-MONEY LAUNDERING
COUNTERING TERRORISM FINANCING
AND RESTRICTIVE MEASURES
DISCLOSURE STATEMENT AND CORPORATE
FRAMEWORK**

FINAL VERSION: SEPTEMBER 2023

TABLE OF CONTENTS

1. INTRODUCTION	3
2. DEFINITIONS	3
3. INSTITUCIONAL INFORMATION	4
4. RELEVANT INTERNATIONAL AND NATIONAL LEGAL AND REGULATORY FRAMEWORK	4
5. PRINCIPLES.....	8
6. ROLES AND RESPONSIBILITIES	11
7. KEY PROCESSES	12
8. GOVERNANCE	13
9. OWNERSHIP.....	14
10. VALIDITY DATE AND PERIODIC REVIEW	14

1. INTRODUCTION

The purpose of this framework is to establish the principles and standards that must be adopted by Bison Bank, S.A. (Bison Bank) in relation to the prevention, control and fight against money laundering and terrorist financing (AML/CTF), and also for the purposes of compliance with national and international restrictive measures or international sanctions programs, to define roles and responsibilities in this area, to establish the policies and procedures that must be undertaken by Bison Bank and to define the essential features of the governance.

2. DEFINITIONS

- **MONEY LAUNDERING:** The participation in any activity that has the aim of acquiring, possessing, controlling, using, converting, transferring, concealing or disguising the nature, source, location, disposition, movement or rights with respect to, or ownership of, criminal property in the knowledge that that property is the proceeds of criminal activity or participation in such activity.
- **TERRORIST FINANCING:** The provision, deposit, distribution or collection of any property, in any means, directly or indirectly, with the intention that the property is used, or knowing that the property will be used, in whole or in part, to commit a terrorist act.
- **RESTRICTIVE MEASURES OR INTERNATIONAL SANCTION PROGRAMS:** The instruments of a political, diplomatic and economic nature used by international institutions and countries to exert influence in areas such as the prevention and pursuit of terrorism, support and defence of human rights and civil liberties, deterrence of possible armed conflicts or the prohibition of the development of weapons of mass destruction.

Money laundering and terrorist financing are universal globalized phenomena that take advantage of the international economy and the gradual elimination of barriers to trade globally, calling for a coordinated global response by the national and international communities and the financial sector to prevent the sector being used for illicit purposes. Bison Bank recognizes the importance of the prevention and fight against money laundering and terrorist financing and to comply with the restrictive measures or international sanction programs as it affects essential aspects of social life. Bison Bank will always fully cooperate with the relevant authorities in this area.

This framework should be read in conjunction with other frameworks and, in particular, the internal regulation for account opening, operational risks and others related to outsourcing and agreements with third parties.

3. INSTITUCIONAL INFORMATION

- LEGAL NAME: Bison Bank, S.A.
- LEGAL ADDRESS: Rua Barata Salgueiro, n.º 33, Piso 0, 1250-042 Lisboa, Portugal
- PLACE OF INCORPORATION: Portugal
- SWIFT BIC CODE: BNFIPTPL
- LEGAL STATUS: Private Company
- SHAREHOLDERS: 100% Bison Capital Financial Holdings Limited (Hong Kong); 100% Bison Capital Holding Company Limited (Hong Kong); 100% Jian Feng Yu
- SHARE CAPITAL: € 195.198, 370
- SINGLE REGISTRATION AND TAX NUMBER: 502 261 722
- FINANCIAL REGULATORS: Banco de Portugal (www.bportugal.pt), Comissão do Mercado de Valores Mobiliários (www.cmvm.pt)
- FINANCIAL INSTITUTION REGISTER (Banco de Portugal): 63
- EXTERNAL AUDITORS: Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
- FINANCIAL CRIME CONTACT:
 - Head of Compliance
 - Rua Barata Salgueiro, n.º 33, Piso 0, 1250-042 Lisboa, Portugal
 - Phone number: 351 213 816 200
 - E-mail address: compliance@bisonbank.com

4. RELEVANT INTERNATIONAL AND NATIONAL LEGAL AND REGULATORY FRAMEWORK

4.1. INTERNATIONAL FRAMEWORK¹

- Directive (EU) 2019/1153 of the European Parliament and of the Council of 20 June 2019, laying down rules facilitating the use of financial and other information for the prevention, detection, investigation, or prosecution of certain criminal offences, and repealing Council Decision 2000/642/JHA.
- Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 - on combating money laundering by criminal law.
- Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 - amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.
- Directive (EU) 2016/2258 of the European Parliament and of the Council of 06 of December 2016 regarding access to anti-money-laundering information by tax authorities.

¹ Not exhaustive

- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.
- Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 - on controls on cash entering or leaving the Union.
- Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds.
- Commission Delegated Regulation (EU) 2019/758 of 31 January 2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council regarding regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries.
- Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 - supplementing Directive (EU) 2015/849 with regulatory technical standards on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions.
- Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 - supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies.

4.2. NATIONAL FRAMEWORK²

- Law No 83/2017 of 18 August 2017 - Establishes measures to combat money laundering and terrorism financing, partially transposing the Directives 2015/849/EU of the European Parliament and of the Council of May 20, 2015, and 2016/2258/EU of the Council of 6 of December 2016, amends the Criminal Code and the Industrial Property Code and repeals Law no. 25/2008, of June 5.
- Law No 58/2020 of 31 August 2020 - transposes Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing and Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law, amending various laws.
- Law No 55/2020 of 27 August - Defines the objectives, priorities, and criminal policy guidelines for the 2020-2022 biennium, in compliance with Law No 17/2006 of 23 May, which approves the Criminal Policy Framework Law.
- Law No 97/2017 of 23 August 2017 - Regulates the implementation and enforcement of restrictive measures adopted by the United Nations or the European Union and establishes the penalties applicable to infringements of these measures.
- Law No 92/2017 of 22 August 2017 - Requires the use of a specific means of payment in transactions involving amounts equal to or greater than EUR 3000.

² Not exhaustive

- Law No 89/2017 of 21 August 2017 - Approves the Legal Regime of the Central Register of Beneficial Ownership, provided for in article 34 of Law no. 83/2017, of August 18.
- Law No 52/2003 of 22 August 2003 – Sets forth measures to combat terrorism.
- Law No 5/2002 of 11 January 2002 – Lays down measures to combat organized crime and economic and financial crime and provides for a special system for the collection of evidence, the violation of professional secrecy and loss of assets to the State in relation to unlawful acts of a specified type, such as money laundering and terrorist financing.
- Decree-Law No 91/2018 of 12 November 2018 - Approves the Legal Framework for Payment Services and Electronic Money.
- Decree-Law No 61/2007 of 14 March 2007 – Approves the legal system governing the control of cash carried by natural persons entering or leaving the EU through the Portuguese territory, and the control of cash movements with other EU Member States.
- Decree-Law No 298/92 of 31 December 1992 – Approves the Legal Framework of Credit Institutions and Financial Companies [the provisions of Articles 22-1(k) (withdrawal of authorization), 103-2(e) (acquisition of qualifying holdings), 118-A (duty to refrain from carrying out operations and registration of operations with offshore jurisdictions), 165-1(b) and (c) (deposits excluded from the guarantee) and 167-5 (deposit repayment procedures)].
- Resolution of the Council of Ministers No 88/2015 of 1 October 2015 (published in the Official Gazette, Series 1, of 6 October 2015) – Establishes the AML/CFT Coordination Committee.
- Ministerial Order No 309-A/2020, of 31 December – Amends Ministerial Order No 150/2004, of 13 February, which approves the list of countries, territories, and regions with clearly more favorable tax regimes.
- Ministerial Order No 200/2019 of 28 June 2019 - Sets a deadline for the submission of the first beneficial owner declaration with central register of beneficial ownership and revokes articles 13 and 17 of Ministerial Order No 233/2018, of 21 August 2018.
- Ministerial Order No 310/2018 of 4 December 2018 - Regulates article 45 of Law 83/2017, defining the types of operations to be reported by obliged entities to the UIF (the Portuguese police's financial information unit) and the DCIAP (the central investigation department of Portugal's public prosecution service).
- Ministerial Order No 233/2018 of 21 August 2018 - Governs the legal framework for the central register of beneficial ownership.
- Ministerial Order No 345-A/2016 of 30 December 2016 – Establishes the list of countries, territories, and regions with privileged taxation systems.
- Ministerial Order No 150/2004 of 13 February 2004 - Approves the list of countries, territories, or regions with privileged and more favorable taxation.
- Decision No 490/2014 of 23 December 2013 (published in the Official Gazette, Series 2, of 10 January 2014) – Provides for the setting-up of a Working Group targeted at assessing the implications of the restrictive measures on the Portuguese legal order, identifying all regulatory, institutional and operational instruments in force relating to said measures, harmonizing those instruments and defining the best practices to be followed

when implementing the restrictive measures and in communication mechanisms, and preparing the necessary draft legal, regulatory and operational amendments.

- Decision No 9125/2013 of 1 July 2013 (published in the Official Gazette, Series 2, of 12 July 2013) Provides for the setting-up of a Working Group targeted at – by studying the new FATF Standards and identifying the regulatory, institutional, and operational instruments in force relating to all issues covered by said Standards – preparing the draft legal, regulatory and operational amendments needed to ensure compliance with the Standards.
- Portuguese Penal Code (whose article 368-A typifies the laundering crime).
- Notice of Banco de Portugal No 3/2020 - Regulates the systems of governance and internal control and defines the minimum standards on which the organizational culture of the entities subject to supervision by Banco de Portugal must be based.
- Notice of Banco de Portugal No 1/2022 of 6 June 2022 - This Notice regulates, in the exercise of the powers conferred by article 94 of Law no. 83/2017, of 18 August (Law), the conditions of exercise, the procedures, the instruments, the mechanisms, application formalities, reporting obligations and other aspects necessary to ensure aspects necessary to ensure fulfilment of the duties to prevent money laundering and money laundering and terrorist financing, within the scope of the activity of financial entities subject to supervision by the Bank of Portugal, as well as the means and mechanisms necessary for such entities to comply with the duties enshrined in Law No 97/2017, and also the measures that payment service providers must adopt to detect transfers of funds with missing or incomplete information on the payer or payee.
- Notice of Banco de Portugal No 8/2016 of 30 September 2016 - Establishes the duties of registration and communication to the Bank of Portugal of payment operations, corresponding to payment services, whose beneficial owner is a natural or legal person having its head office in an offshore jurisdiction.
- Notice of Banco de Portugal No 7/2009 of 16 September 2009 – Prohibits credit granting to entities having their head office in an offshore jurisdiction considered as non-cooperative or whose ultimate beneficiary is unknown.
- Instruction of Banco de Portugal No 25/2020 - Report on the activity carried out in Portuguese territory by financial entities with their head office in another Member State of the European Union, operating in Portugal under the freedom to provide services.
- Instruction of Banco de Portugal No 5/2019 - Sets forth the requirements for entities subject to the Bank's supervision to regularly report information to Banco de Portugal in the field of prevention of money laundering and terrorist financing (ML/TF).
- CMVM Regulation No. 02/2020 - regarding the preventive and repressive measures to combat money laundering and terrorist financing (“MLTF”) established in Law no. 83/2017, of 18 August.

4.3. GUIDELINES³

- Risk-based Approach Guidance for the Securities Sector.
- International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (The FATF Recommendations).
- Money laundering and terrorist financing risks.
- FATF Guidance on Counter Proliferation Financing - The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction.
- Consolidated FATF Standards on Information Sharing.
- Guidance on Correspondent Banking.
- Guidance on Criminalizing Terrorist Financing.
- FATF Report to the G20 on Beneficial Ownership.
- AML Principles of the Wolfsberg Group.
- European Banking Authority.

5. PRINCIPLES

These principles (minimum standard) are mandatory and must be applied at all times.

- **ASSESSMENT AND MANAGEMENT OF BUSINESS RISK:** All areas will be classified by levels of risk for the purposes of designing and implementing measures and controls to mitigate such risks, and for applying greater supervision to high-risk areas of business, products and channels. This acknowledges that the risk of involvement in money laundering or terrorist financing is directly related to the type of business carried on by Bison Bank, the products distributed, and the channels used. It also considers that this threat may be managed more efficiently if there is a prior knowledge of the potential risk concerning the various types of business and products.
- **CUSTOMER RISK SEGMENTATION, IDENTIFICATION AND KNOW YOUR CUSTOMER, KNOW YOUR TRANSACTIONS AND KNOW YOUR PROCESSES:** Customers must be classified by risk level for the purposes of designing and implementing measures and controls to mitigate these risks, and for applying greater control over high-risk customers and transactions. This acknowledges that the risks inherent to money laundering may be managed more efficiently if there is prior knowledge of the potential risk concerning the various types of customers and transactions. Customers and transactions must be monitored on a continuous basis once such customers have established a formal relationship with Bison Bank. Know Your Customer, Know Your Transactions and Know Your Processes obligations must be established by

³ Not exhaustive

appropriate due diligence or enhanced due diligence. This obligation will be met in accordance with the provisions made by the applicable legislation and the risk level in areas of business, activities, products, services, distribution or sales channels, countries of operation and transactions carried out.

▪ **PROHIBITED CUSTOMERS OR CUSTOMERS WITH ENHANCED ACCEPTANCE MEASURES:**

Bison Bank will not accept customers who do not put all necessary data available, or which fall into one of the Bison Bank agreed categories of prohibited customers. Prohibited customers are as follows:

- Persons whose reputation in the media or in the market is usually associated with conduct that is categorized as unlawful;
- Persons whose activity or way of life makes it impossible or difficult for the Bank to know the origin of its assets;
- Persons who do not cooperate with the Bank in providing the required information;
- Persons whose activity or source of income is, directly or indirectly, the trade in arms or other equipment of a warlike nature or purpose;
- Persons whose activities or source of income is, directly or indirectly, related to gambling;
- Shell Banks (financial institutions incorporated in places where there is no physical presence and which are not part of any regulated financial group in that location);
- Family Offices devoid of unquestionable elements about their existence and pursuit of legitimate purposes.

The following categories of customers will only be accepted with prior authorization by Compliance Department:

- Persons in respect of whom the Bank has suspicions (e.g. social media) that they are associated with criminal activities.
- Politically Exposed Persons in accordance with Law no 83/2017.
- Persons resident in Countries, Territories and Regions with Privileged Taxation Regimes and/or in Countries sanctioned and/or in Countries considered by the FATF to be of increased risk.
- Foundations.
- Religious and political associations.
- Foreign investment funds.
- Houses for the purchase and sale of gold.
- Online companies.
- Inheritance (inheritances whose heirs are not yet known or, if known, have renounced the inheritance, there being no others).
- Trusts.

- Persons (individuals and legal entities) that develop activities related to the operation of catering establishments.
- Persons (natural and legal) that develop activities related to the making of investments in the real estate sector;
- Foreign Exchange Agencies and Payment Institutions.

Notwithstanding, Compliance Department will perform due diligence (i.e. inception and on-going) related with all customer no matter the risk level.

- **TRANSACTION MONITORING AND ANALYSIS:** Ongoing monitoring of a business relationship with all types of customers must be conducted, controlling and analyzing sensitive or high-risk transactions in connection with money laundering and terrorist financing, in order to detect suspicious transactions. Proper IT systems must be available to this end, taking into consideration the type of transactions, business sector, geographic environment and transactional volume. Enhanced monitoring must be applied to material high-risk customers and transactions, taking into account the key indicators for these customers and their accounts, considering circumstances as countries of origin, the origin of funds, the type of transactions and other risk factors.
- **SUSPICIOUS TRANSACTION REPORTING AND SYSTEMATIC REPORTING:** Bison Bank must fulfil the obligation of reporting and cooperate with the relevant authorities. Bison Bank must ensure that all employees are aware of their obligations to immediately report potentially suspicious transactions to the Compliance Department, in order to, in accordance with the legal and regulatory framework, make the necessary review and report or notification of suspicious transactions to the authorities. Bison Bank must ensure that all employees are aware of their obligations when reporting a potentially suspicious transaction or activity to the Compliance Department, including not to provide any information, internally or externally, on concerned customers or transactions. Bison Bank must ensure that the blocking of transactions and movement of funds and/or the prohibition of opening accounts is executed in line with law and regulation.
- **RECORD-KEEPING:** Bison Bank must ensure that robust record-keeping is maintained and that, as a minimum, documents listed are kept for a period of at least seven years or longer periods defined in the applicable law or regulation:
 - Documentation regarding identifying and knowing your customers.
 - Reports submitted to the authorities concerning the suspicious activities of a customer in connection with potential money laundering and/or terrorist financing, along with any supporting documentation.
 - Registers of training on money laundering and terrorist financing.
 - Any other documents or registers that must be kept by applicable legislation of anti-money laundering or terrorist financing.

- **AML/CTF TRAINING:** All employees must receive ongoing training on the obligations arising from regulations on the anti-money laundering and terrorist financing. This must be facilitated through:
 - Annual training plans and targeted training to managers and employees and specifically staff performing those jobs that, by nature, are suitable for detecting any events or transactions that may be related to money laundering or terrorist financing, enabling the employees to carry out detection and know how to proceed in such cases.
 - Ensuring that training plans and programs determine the staff who require targeted training for the purposes of assessing the risk of money laundering and terrorist financing inherent to their functions or roles.
 - The registration of all training, with a description of the main characteristics and contents. Continual sharing of information to all those responsible for anti-money laundering in all business departments of any regulatory changes in this area, as well as any new systems, techniques or procedures detected that may be used for money laundering or terrorist financing.

6. **ROLES AND RESPONSIBILITIES**

The following is a description of the roles and responsibilities of functions involved in the matters covered by this framework. Such roles and responsibilities must be exercised respecting three lines of defence.

Bison Bank must have an appropriate organizational and governance structure to identify, prevent and detect money laundering and terrorist financing, report in line with the requirements established in law, and block or freeze funds or economic resources following application of controls of sanctions or international financial countermeasures.

Bison Bank must have at least one person appointed as a head of the function level, who will take responsibility for application of this framework, its implementation, and enter into dialogue with supervisors if necessary.

6.1. **FIRST LINE OF DEFENCE**

As a general rule and in the context of AML/CFT, the business and support units are the first line of defence in charge of identifying, assessing and controlling the risks of their business. They should know and carry out the policies and procedures and be allotted sufficient resources to do this effectively. As part of the first line of defence, policies and procedures should be clearly specified in writing, and communicated to all personnel. They should contain a clear description for employees of their obligations and instructions as well as guidance on how to keep the activity of the bank in compliance with regulations. There should be internal procedures for detecting and reporting suspicious transactions.

6.2. **SECOND LINE OF DEFENCE**

Both Risk and Compliance Department, as the second line of defence, will provide independent challenge and oversight of the risk management activities performed by the first line of defence. This second line of defence should ensure that risks are managed in accordance with the risk appetite defined by senior management and promote a strong risk culture throughout the organization.

As an independent second line of defence, both Risk and Compliance functions are responsible for monitoring and overseeing risks arising from AML/TF and sanction programs, assessing the impact on risk appetite and the risk profile of the entity and taking account of the provisions of this framework. They will develop and implement the necessary policies and procedures to properly manage and control the prevention of money laundering and terrorist financing and sanction programs.

The Risk function shall be responsible for integrating and consolidating the risks arising from conduct and reputational risks, assessing the impact on risk appetite and the risk profile of the entity, and taking into account of the provisions of this framework. They also add conclusions to specific risk information in such a way as to present a complete picture of the full range of risks to which the entity is exposed.

6.3. **THIRD LINE OF DEFENCE**

As part of the third line of defence, the Internal Audit Function regularly assesses that policies, methods and procedures are adequate and effectively implemented for the management and control of the system for the prevention of money laundering and terrorist financing and for compliance with sanction programs in the Bison Bank, providing an independent assessment.

7. **KEY PROCESSES**

Bison Bank must have effective internal regulation in place enabling them to demonstrate that the AML/CTF activities and related processes are properly executed and in line with all applicable laws and regulations including sanction programs and international financial countermeasures.

Internal rules must be approved by the Board of Directors with a prior Supervisory Board Opinion. Internal regulations in this area must also be reviewed on a regular basis to ensure they are complete and up to date, with any modifications or updates necessary.

Specifically, Bison Bank must have the policies in place that cover the following mandatory areas:

- Prevention of money laundering and terrorist financing, and specifically covering certain activities of correspondent banks and private banking.

- Supervision and assessment of the risks arising from management and prevention of money laundering and terrorist financing and compliance with international sanction programs.
- Any other policies and procedures that must be drawn up for the purposes of compliance with any regulations at any time or, on the initiative of the Bison Bank, to enhance management, control and supervision of the issues to which this framework refers.

8. **GOVERNANCE**

The Governance applied in the Bison Bank should promote efficient governance structures that ensure adequate participation by all relevant functions.

The governance bodies must be structured taking into account legal and regulatory requirements, as well as the size and complexity of Bison Bank. Governance bodies must promote clear and effective decision-making and clarity of accountability.

Carrying out the AML/CTF function properly in terms of decision-making, supervision and control requires a governance structure, which can provide a response in an efficient and agile manner.

In the application of this framework, Bison Bank must identify the governance bodies or committees responsible for defining, monitoring, controlling and overseeing the AML/CTF regulatory risks.

The Board of Directors and its committees, in accordance with the provisions of its bylaws and Board regulations, are the most senior decision-making and monitoring bodies in connection with the management and control of money laundering and terrorist financing and compliance with the sanction program, except in the case of issues reserved for the general meeting.

The Board is responsible for the:

- Adoption of Internal Rules.
- Supervision of compliance with AML/CTF regulations and legislation, including any actions and measures as a result of inspections by supervisory and control authorities, in addition to internal control and assurance functions.
- Approval of AML/CTF risk appetite as part of the broader risk appetite.

Both Risk and Compliance Departments are responsible for:

- Assisting and advising the Board in the definition and assessment of the policies stipulated in this Framework.

- Assisting the Board with supervision of the application and analysis of the place in the risk profile.
- Monitoring and assessing any regulatory proposals and new applicable regulations, and the potential consequences for Bison Bank.
- Oversight of the effectiveness of the internal control systems, by reviewing them periodically, in order to identify, manage and release the main risks properly.

In addition to the above, Bison Bank must establish appropriate governance required to ensure the proper management and control of AML/CTF, restrictive measures and international sanctions programs and associated risks.

9. OWNERSHIP

This document must be approved by the Board of Bison Bank, S.A. The Compliance Department is responsible for the interpretation of this Framework.

10. VALIDITY DATE AND PERIODIC REVIEW

This framework will be effective from the date of its publication.

Its contents will be reviewed periodically and any changes or modifications will be made when it proves necessary.