

**First Financial Holding Co., Ltd.**

**Plan for Anti-Money Laundering and Combating the Financing of Terrorism**

Article 1 Objective and basis

This Plan is established with reference to Article 8, Paragraph 10 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to strengthen the Group's mechanisms for anti-money laundering (AML) and combating the financing of terrorism (CFT), effectively identify and assess ML/TF risks, and ensure subsidiaries adopt consistent and rigorous AML mechanisms.

Article 2 Suitable for:

The subsidiaries in the Plan shall mean the enterprises specified in Article 5 of the Money Laundering Control Act, which shall include branches and investment businesses both at home and overseas. Investment businesses in the preceding paragraph refer to subsidiaries with more than 50% voting interest or that have contributed more than 50% of share capital in the investee company or that have directly or indirectly elected or appointed more than 50% of directors of the investee company.

Article 3 Establishment and review of policies, procedures and plans

The risk control mechanism or internal control system of a subsidiary shall include the identification, assessment, and management of AML and CFT; the establishment of relevant documented policies and procedures; and the establishment of an AML and CFT plan. A subsidiary shall also review them periodically.

Article 4 Risk assessment of money laundering and financing of terrorism

A subsidiary shall adopt measures appropriate to identify and assess its risks of money laundering and terrorism financing. A subsidiary shall establish concrete risk assessment items based on the identified risks to further control, reduce or prevent such risks.

Concrete risk assessment items shall at least include region, customer, products and services, and transaction or payment channels. A subsidiary shall further analyze all risk items to define detailed risk factors.

Article 5 Customer risk levels and grading rules

A subsidiary shall establish different customer risk levels and grading rules.

Customer risk levels shall at least include two levels: “high risk” and “general risk” levels for the reference to strengthen the measures for customer reviews and enhance the strength of implementation of the continuous monitoring mechanism. Subsidiaries adopting only two risk levels shall not simply the measures for “general risk” customers.

A subsidiary shall not disclose the risk level information of customers to customers and those who are irrelevant to perform the AML/CFT obligations.

Article 6 Defining the types of customers that can be directly considered as high-risk or low-risk customers

Except for people with important political duties in a foreign government or terrorists or terrorist groups receiving economic sanctions or determined and traced by foreign governments or the international AML organizations, and individuals, entities, or organizations designated for sanctions in accordance with the Terrorism Financing Control Act that can be directly considered as high-risk customers, a subsidiary may define the types of high-risk customers based on its business type and in consideration of relevant risk factors.

A subsidiary may independently define the types of low-risk customers based on complete documented risk analysis results that can adequately describe the equivalence of these types of customers with lower risk factors.

Article 7 Time points for confirming customer risk levels

When establishing a business relationship with a new customer, a subsidiary shall confirm its risk level.

For existing customers whose risk level has been confirmed, a subsidiary shall re-assess their risk level based on its risk assessment policies and procedures.

Subsidiaries shall review the identity information of existing customers based on the level of importance and risks. They shall also evaluate the timing of the CDD measures previously undertaken and the adequacy of information obtained to conduct due diligence on existing transactions and adjust the risk rating at appropriate times.

A subsidiary shall periodically examine whether if they have sufficient information for identifying customers and beneficial owners, and ensure that the information is updated. For high risk customers, the information must be examined at least once a year.

Article 8 Risk control measures

A subsidiary shall establish control measures corresponding to the identified risks to reduce or prevent money laundering risks. A subsidiary shall also determine the control measures appropriate to customers of different risk levels based on the risk degree of customers.

A subsidiary shall adopt different control measures for different types of high-risk customers and customers with specific high-risk factors based on its risk prevention policy and procedures in order to effectively manage and reduce known risks.

A subsidiary may adopt simple measures for comparatively low-risk customers based on its risk prevention policy and procedures except under the following circumstances. The simplified measures shall be commensurate with the lower risk factors.

- (1) The customer comes from a high-risk country or region that has not adopted effective anti-money laundering means or means of combating terrorism financing, including without limitation those identified by the FSC and notified to FATF, and other countries or regions which do not comply with or fully comply with the recommendations of FATF.
- (2) Where the Bank has sufficient reasons to suspect the customer or transaction involves money laundering or terrorism financing activities.

Article 9 Full-scale risk assessment

A subsidiary shall establish periodic full-scale risk assessment for money laundering and terrorism financing based on its business nature and relevant laws and regulations and produce risk assessment reports for the management to timely and effectively understand the overall money laundering and terrorism financing risks of a subsidiary, determine mechanisms that should be established, and develop appropriate risk mitigation and reduction measures.

The results of a subsidiary's comprehensive ML/TF risk assessment shall be adopted as the basis for development AML/CFT plans. A subsidiary shall allocate suitable manpower and resources based on the results of the risk assessment and take effective countermeasures to prevent or reduce risks.

In the event of any major change in a subsidiary such as the occurrence of material events, major developments in management and operation, or the emergence of new relevant threats, it shall conduct reassessments.

After a subsidiary completes or updates the risk assessment report, AML/CFT plan, or appoints an independent third party to conduct a special AML audit in accordance with regulations or instructions of the competent authority, it shall report results to the Company within one week and submit the risk assessment report or special audit report to the competent authority for reference.

Article 10 Anti-Money Laundering and Counter Terrorism Financing Plans

A subsidiary's AML/CFT plan shall include the following policies, procedures, and control and management mechanisms:

1. Customer identity verification.
2. Verify the name and title of customers and transaction counterparties.
3. Ongoing monitoring of accounts or transactions.
4. Correspondent banking business.
5. Record retention.
6. Report currency transactions exceeding a certain amount.
7. Report suspicious money laundering or terrorism financing transactions in accordance with the Terrorism Financing Control Act.
8. Assign the Anti-Money Laundering and Counterterrorism Financing Officer to take charge of compliance matters.
9. Employee recruitment and hiring procedures.
10. Continuous employee training program.
11. Test the independent auditing function for the effectiveness of the AML/CFT system.
12. Other matters required in related AML/CFT laws and FSC regulations.

A subsidiary with branches (or subsidiaries) shall establish a group-level AML/CFT plan for implementation within the branches (or subsidiaries) of the Group. In addition to the policies, procedures, and control and monitoring mechanisms in the preceding paragraph, they shall also establish the following items while complying with confidentiality requirements in Taiwan's laws and local regulations of the overseas branches (or subsidiaries):

1. The group's information sharing policies and procedures required for the verification of customer identity and AML/CTF risk management purposes.
2. For AML/CFT purposes, when necessary, branches (or subsidiaries) are required to provide information on customers, accounts, and transactions, in accordance with group-level regulatory compliance, audit, and AML/CFT functions. They shall also include analyses for irregular transactions, information obtained from activities, and actions taken; where necessary, they may also cause the branch offices (or subsidiaries) to obtain such information through group management functions.
3. Provide security protection for the exchanged information include security and protection measures to prevent data leaks.

Article 11 Approval of policies

Policies established by a subsidiary with reference to the regulations of the competent authorities shall be approved by the board of directors prior to implementation. A subsidiary shall also submit such policies and its "Anti-Money Laundering and Countering Terrorism Financing Guidelines" to the Financial Supervisory Commission for future reference. The Guidelines shall be reviewed every year; the same applies to amendments.

Article 12 Consistent measures for overseas branches

A subsidiary shall ensure that its overseas branches shall implement AML and CFT measures consistent with that of the parent company in compliance with local laws and regulations.

Article 13 Group information sharing policy and procedures

The Group's information sharing policy and procedures shall be established in the "FFHC AML/CFT Group Information Sharing Policy and Control Procedures". The Vice President is authorized to approve the Policy and Control Procedures for implementation.

Article 14 Uncovered matters

Matters not provided for in this Plan shall be handled in accordance with the relevant regulations of the competent authorities, all associations, and the subsidiary.

Article 15 Approval levels

This Plan and its amendments shall be implemented after obtaining the approval of the resident.

Article 16 Establishment and amendment

This Plan was established on 3 December 2015

The first amendment to this Plan was made on 14 November 2017.

The second amendment to this Plan was made on 9 July 2019.