

2015

Q3 Compliance Report

Executive Summary

I	Appendix I	REGULATORY COMPLIANCE
		<p>The Bank is largely compliant. The policies & procedures are approved by the board, entity risk based assessment, employee training completed and independent reviews conducted for the year. There are no outstanding AML matters with the Central Bank.</p> <p>Director training is outstanding for 2015 and for 2 directors for 2014.</p> <p>A revision is presented to you for consideration to update to the policies and procedures relating to Intermediary Due Diligence due to an incident outlined in Appendix 1.</p> <p>An AML Board Self Assessment is due to be conducted this quarter.</p>
II	Appendix II	CUSTOMER IDENTIFICATION & VERIFICATION
		<p>45 new accounts and loans were opened during the month. 100% of the due diligence files are complete.</p> <p>5 accounts were closed during the month.</p> <p>3 accounts were turned down for lack of proper identification. None of the declined accounts were reported as suspicious.</p> <p>There were 6 outstanding matters from Q2, two of which have been resolved and the other accounts have been put on standstill pending full due diligence and signoff by Senior Management.</p> <p>Retrospective due diligence are lagging and 39% of the portfolio is now overdue. This is attributed primarily to having to go back and risk rate each client account. We estimate 200 hours of work and are requesting a temporary increase in budget to accommodate the outstanding file review (see Appendix II for work plan).</p>
III	Appendix III	MONITORING & REPORTING
		<p>Systems improvements produced new geographic risk exception reports which should improve efficiency and turnaround of wire transfers by the finance department. High risk geographies are now captured automatically.</p>

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		<p>There were 20 internal unusual reports filed by employees. This is as a result of employee training and having a better idea of what needs to be referred to compliance. Only one translated into a suspicious report which was filed with the FIU.</p> <p>The FIU report relates to an investigation which originated with one of the intermediaries who we were reliant on to produce due diligence.</p>
IV	Appendix IV	REMEDATION DEFICIENCIES
		<p>There are a number of action items closed out from the 2014 Independent AML Review this quarter and we are pleased to report that other than director training all the deficiencies were closed out.</p>
V	Appendix V	OTHER AML MATTERS
		<p>FATCA is 100% compliant.</p> <p>There are no unallocated funds in the suspense account.</p> <p>Two new employees were hired during the quarter. Know Your Employee information was reviewed and authorized as complete.</p> <p>There were no new intermediaries, brokers or agents opened during the last quarter.</p>

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Appendix I

REGULATORY COMPLIANCE

There was a Suspicious Transaction Report filed as a result of an incident with our Intermediary Account where we relied on them for due diligence. The account holder at our offices was due for a File Review during the last quarter and the compliance officer attempted to obtain a KYC Certificate from the Intermediary. The information was not forthcoming. Almost concurrently, the account at the Intermediary was under investigation. We have since obtained full due diligence on the client at our offices and the report was filed with the FIU pending investigation. We have received a confirmation for receipt and have placed the account on high monitoring alert.

Appendix II

RETROSPECTIVE DUE DILIGENCE

FILE REVIEW WORK PLAN BY QUARTER

Quarter 4 2015	Quarter 1 2016
300 FILE REVIEW 100 CLIENT PROFILE UPDATES	500 FILE REVIEW 300 CLIENT PROFILE UPDATES 100 INTERMEDIARY UPDATES
Quarter 2 2016	Quarter 3 2016
500 FILE REVIEW 60 CLIENT PROFILE UPDATES 100 INTERMEDIARY UPDATES	250 FILE REVIEW 50 CLIENT PROFILE UPDATES