

## Appendix C – CRE Assessment

### 1.1 Quarterly CRE AML/NCA File Assessment - Overview

The DBUS AML Compliance Unit ("AML Unit") will conduct *Quarterly AML/NCA File Review Assessments* ("File Review") on ten (10) randomly selected New Client Adoptions files affected by CRE to evaluate the adequacy of the AML aspects of the new client adoption process. This File Assessment is designed to assess the AML aspects of New Client Adoption processes instituted by CRE as well as review for escalation for higher risk accounts as defined by DBUS AML Policy.

The File Review is applicable to new client adoptions executed in the CRE Loan Origination and CRE Syndicated Loan desks; excluded from the File Review are CRE loans purchased from other loan originators for the purposes of securitization<sup>1</sup>.

The File Review will focus on the functional aspects of the required new client adoption processes surrounding AML compliance including, Customer Identification Program elements (Notification, Identification, Verification, Retention) as well as verification documentation, as appropriate. The File Review will also include a qualitative review of PCR alerts (if any) and the decisioning around escalation processes as defined within DBUS policy.

As part of the File Review, the AML Unit will take into consideration DBUS AML policy, CRE procedures, applicable USA PATRIOT Act provisions (Section 326) as well as regulations and guidance administered by applicable Self Regulatory Organizations (i.e. NYSE, NASD.)

### 2.1 File Review Procedures –

#### **Step 1 – Communication with CRE Business Manager**

The AML Unit will communicate with the appropriate CRE Business Manager or delegate (via e-mail or other communications) that a File Review will be executed on AML aspects of new client adoptions for the previous quarter.

#### **Step 2 - Obtain a list of new client adoptions for previous Quarter**

The AML Unit will send a request to the appropriate business contact for a list of all new client adoptions affected by the CRE Loan Origination and CRE Syndicated Loans desks. The list will contain all new client adoptions that were executed in the previous quarter. (e.g. 3<sup>rd</sup> quarter File Review includes new client adoptions executed in the 2<sup>nd</sup> quarter.)

#### **Step 3 - Random selection of files**

Upon receipt of the new client adoption list, the AML Unit will randomly select five new client adoptions from each of the CRE Loan Origination and CRE Syndicated Loans areas for a total of 10 file reviews. The AML Unit will sample every 10<sup>th</sup> new client adoption captured on each list for assessment purposes.

#### **Step 4 - Review of CRE Files**

The appropriate business contact will make the selected files available to the AML Unit. A member of the AML Unit will review each file taking into account the below related File Review elements. The original new client adoption files will not leave CRE area, rather, the AML Unit may make copies of documentation to support the File Review, as appropriate.

#### **Step 5 - File Review elements**

The AML Unit will review each file and assess appropriate steps were taken as part of the AML aspects of new client adoption within CRE. Items that will be reviewed are:

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<sup>1</sup> A pool of loans purchased from a mortgage broker are exempt from CIP requirements