

JSC “MTBANK” POLICY IN THE SPHERE OF ANTI-MONEY LAUNDERING, COMBATING THE FINANCING OF TERRORISM AND THE FINANCING OF MASS DESTRUCTION WEAPONS PROLIFERATION

JSC “MTBank” (hereinafter referred to as the “Bank”) implements measures in the sphere of Anti-Money Laundering, Combating the Financing of Terrorism and the Financing of Mass Destruction Weapons Proliferation (hereinafter referred to as AML/CFT) in accordance with the Law of the Republic of Belarus dated 30 June 2014 No. 165-Z "On actions to be taken to prevent legitimization of proceeds of crime, the financing of terrorism and financing of weapons of mass destruction proliferation" (hereinafter referred to as the “Law”) and the Internal Control Rules of JSC “MTBank” in the sphere of AML/CFT (hereinafter referred to as the “Rules”), approved by the Management Board of the Bank.

The AML/CFT internal control system in the banking group and (or) banking holding is organized taking into account the requirements of the Instruction on the requirements for the internal control rules in the field of preventing the legitimization of proceeds of crime, financing of terrorism and financing weapons of mass destruction proliferation when performing banking operations, approved by the Resolution of the Board of the National Bank of the Republic of Belarus dated 24.12.2014 No. 818, as well as in compliance with the norms set forth in the Strategy of JSC “MTBank” regarding the organization and implementation of internal control on a consolidated basis, in the Regulation and on the procedure for assessing the state of the internal control system in the area of preventing the legalization of proceeds from crime, the financing of terrorist activities and the financing of the proliferation of weapons of mass destruction of JSC “MTBank” and the participants of the banking group and (or) banking holding, the parent organization of which is JSC “MTBank”.

The Bank's AML/CFT internal control system is organized within the framework of the Bank's internal control system and risk management system and ensures the prevention of intentional or involuntary involvement of the Bank in the process of money laundering, financing of terrorism or financing of proliferation of weapons of mass destruction (hereinafter - ML/FT).

The Bank's AML/CFT internal control system is implemented in the following key areas:

- Identification and verification, in cases stipulated by law, of all Bank clients conducting financial transactions, monitoring of their activities during the servicing process;
- Detection and documentary recording of a financial transaction subject to special control, and transfer of respective information to the financial monitoring authority;
- Freezing of funds and/or blocking of financial transactions with respect to persons involved in terrorist activities, in the cases and manner stipulated by law and the Rules;
- Storage of information and documents (their copies or images created by scanning, or photographic images, or video images) for the period established by law, which is not less than 5 years.

The main principle of the organization of the Bank's AML/CFT internal control system is the participation of Bank employees within the framework of their job responsibilities in the process of identifying clients and their representatives, surveying clients and identifying financial transactions subject to special control.

The Bank undertakes customer due diligence measures based on an analysis of the risk associated with ML/FT depending on the type of customer, business relationship and types of transactions.

The Bank's AML/CFT internal control is conducted at all stages of financial transactions and is divided into:

- Preliminary control carried out by collecting and examining the required information and documents (their copies) and recording the data in the client's questionnaire to form an overall view of the client;

- Current control carried out by monitoring financial transactions conducted by the client, taking into account the information available to the Bank after preliminary control, in order to detect financial transactions subject to special control;

- Follow-up control carried out by analyzing the client's transactions conducted during the preceding period in order to detect suspicious financial transactions of long-term character and which are not identified at the stage of current control as subject to special control.

In order to implement the "Know Your Customer" principle, the Bank carries out identification and verification of the Bank's clients, their representatives and beneficial owners.

Client identification data, obtained on the basis of respective questionnaires and/or in any other way not contradictory to the legislation, are recorded in the client questionnaire electronic database.

The Bank manages the money laundering risks based on a risk-based approach, which allows it to apply AML/CFT measures commensurate with the assessed risks associated with ML/FT.

Assessment of the Bank's activities by ML/FT risk levels includes:

- risk of the client's transactions for ML/FT purposes (risk of working with the client);
- risk of using banking services (products) or financial services by clients for ML/FT purposes (banking service (product) risk);
- internal assessment of the Bank's ML/FT risks.

The Bank performs a comprehensive quarterly assessment of the state of AML/CFT internal control system of the Bank and members of the banking group and/or banking holding company, of which the Bank is the parent organization.

The Bank systematically, but not less than once every three years, carries out an internal assessment of ML/FT risks, which is linked in terms of timing to the risk assessments of the banking sector and the sector of non-credit financial institutions conducted by the National Bank of the Republic of Belarus. The assessment is carried out taking into account national and sectoral ML/TF risks, the scale and specifics of the Bank's activities. If necessary and at the decision of the Bank's responsible AML/CFT official, the assessment of high-risk areas of banking activities, including internal control mechanisms, can be carried out more often than once every three years.

The Bank organizes the implementation of the internal risk assessment on a consolidated basis for members of the banking group and/or banking holding company, the parent organization of which is the Bank.

In 2022, the Bank conducted an internal assessment of ML/FT risks for the period from 01.01.2018 to 31.12.2021, based on the results of which the Bank's activities were assigned a low level of ML/FT risks.

In the process of ML/FT risk management, the Bank implements procedures for identifying and assessing risks, monitoring and controlling risks, and takes measures to limit (reduce) high levels of risk.

The bank assesses the risk of working with a client both before establishing business relations with the latter and during the process of servicing them. In this case, special attention is paid to financial transactions carried out by clients work with whom is classified as high risk.

In order to detect suspicious transactions, the Bank uses special criteria for identifying such transactions. Information on suspicious financial transactions is sent by the Bank electronically to the financial monitoring authority.

In the course of implementing the set of AML/CFT measures, the Bank is guided by the following principles:

- The Bank shall take reasonable and accessible under current circumstances measures to identify from among its clients and their beneficial owners foreign public officials, officials of public international organizations, persons holding positions included in the list of state positions of the Republic of Belarus determined by the President of the Republic of Belarus, members of their families and persons close to them, as well as organizations of which the said persons are beneficial owners. Written agreements with foreign public officials or with organizations of which they are

beneficial owners shall be concluded (or extended) only with the written permission of the Bank's CEO or a person authorized by him/her;

- The Bank does not open or maintain bank accounts for anonymous holders (without the person opening the account providing the documents required for identification), and does not open or maintain such accounts for holders using fictitious names (pseudonyms);

- The Bank does not open bank accounts to individuals without the personal presence of the person opening the account or his/her representative, except in cases where a bank account is opened for a client with whom a current (settlement) bank account agreement has been concluded, and in other cases established by law;

- The Bank does not establish correspondent relations with shell banks. The Bank takes measures aimed at preventing the establishment of relations with non-resident banks, in relation to which there is information that their accounts are used by shell banks;

- The Bank does not establish contractual relations with clients whose authorized capital is divided into bearer shares if the client fails to provide information about the beneficial owners at the stage of establishing contractual relations;

- The Bank does not inform clients about the measures taken by the Bank in the area of AML/CFT (unless otherwise provided by the Law).

The Bank's employees undergo AML/CFT training in the form of instructions (introductory, scheduled, ad hoc). The training of employees is conducted at least once a year and includes issues of identifying participants in financial transactions, registering suspicious financial transactions, typology of identifying suspicious financial transactions, changes in the AML/CFT legislation, etc. The Bank's employees' knowledge of AML/CFT issues is checked at least once a year.

In order to further improve the internal control system in the field of AML/CFT, the Bank's internal procedures are constantly reviewed and updated in accordance with the requirements of legislation and recommendations of international organizations.

Kind regards,

Chief Financial Officer,
Member of the Management Board of JSC "MTBank"
Ms. Yana Zakhvatovich