# JSC “MTBANK” POLICY IN THE SPHERE OF ANTI-MONEY LAUNDERING, COMBATING THE FINANCING OF TERRORISM AND THE FINANCING OF MASS DESTRUCTION WEAPONS PROLIFERATION (AML/CFT)

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 Bank’s internal AML/CFT control system is organized within the framework of the Bank’s internal control system and the Bank’s risk management system and ensures that the Bank is not intentionally or unwittingly involved in the process of money laundering, financing terrorist activities and financing the proliferation of weapons of mass destruction (hereinafter referred to as ML/FT).

The AML/CFT internal control system is implemented in the following main areas:

- identification and verification, in cases stipulated by law, of all the Bank's clients engaged in financial transactions, and monitoring of their activities during the servicing process;
- identification and documentation of financial transactions subject to special control and transfer of relevant information to the financial monitoring authority;
- freezing of funds and (or) blocking of financial transactions with respect to persons involved in terrorist activities, in cases and in accordance with the procedure provided for by law and Regulations;

- storage of information and documents (their copies or images created by scanning, or photographic images, or video images) for a period established by law, which is at least 5 years.

The main principle of the organization of internal control in the field of AML/CFT in the Bank is the participation of Bank employees within their official duties in the process of identifying clients and their representatives, interviewing clients and identifying financial transactions subject to special control.

The Bank takes measures for due diligence of clients based on an analysis of the risk associated with ML/FT, depending on the type of client, business relationships and types of transactions.

Internal AML/CFT control in the Bank is carried out at all stages of financial transactions and is divided into:

- preliminary control, carried out by collecting and examining the necessary information and documents (copies thereof) and recording data in the client's questionnaire to form an idea of the client;
- ongoing control carried out by monitoring financial transactions carried out by the client, taking into account the information, available to the Bank after preliminary control, in order to identify financial transactions subject to special control;
- subsequent control, carried out by analyzing the client's transactions carried out during the previous period in order to identify suspicious financial transactions that arc of a long-term nature and arc not determined at the stage of current control as subject to special control.

In order to implement the "Know your Customer" policy, the Bank carries out identification and verification of the Bank's customers, their representatives and beneficial owners.

Customer identification data obtained on the basis of relevant questionnaires and/or in any other way that does not contradict the law is recorded in the electronic database of customer questionnaires.

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

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

- the risk of the client performing ML/FT operations (the risk of working with the client);
- the risk of customers using banking services (products) or financial services for ML/FT purposes (the risk of a banking service (product));
- internal assessment of the Bank's ML/FT-related risks.

On a quarterly basis, the Bank carries out a comprehensive assessment of the state of the internal AML/CFT control system of the Bank and the participants of the banking group and (or) the bank holding company, the parent organization of which is the Bank.

The Bank systematically, but at least once every three years, carries out an internal ML/FT risk assessment, which is time-bound to the risk assessments of the banking sector and the sector of non-credit financial organizations conducted by the

National Bank of the Republic of Belarus. The assessment is carried out taking into account the national and sectoral risks associated with ML/FT, the scale and specifics of the Bank's activities. If necessary, and by decision of the Bank’s responsible AML/CFT officer, an assessment of high-risk banking activities, including internal control mechanisms, may be conducted more than once every three years.

In the process of managing ML/FT-related risks, the Bank carries out procedures for identifying and assessing risks, monitoring and controlling risks, and also takes measures to limit (reduce) a high level of risk.

The Bank evaluates the risk of working with a client both before establishing a business relationship with the latter and during its servicing. At the same time, special attention is paid to financial transactions carried out by clients who are considered to be at high risk.

In order to identify suspicious transactions, the Bank uses special criteria for detecting such transactions. Information about suspicious financial transactions is sent by the Bank electronically to the financial monitoring authority.

As part of the implementation of the AML/CFT package, the Bank is guided by the following principles:

- The Bank takes reasonable and accessible measures in the circumstances to identify foreign public officials, officials of public international organizations, persons holding positions included in the list of government positions of the Republic of Belarus determined by the President of the Republic of Belarus, their family members and persons close to them, as well as organizations that arc beneficiaries, which are owned by the specified persons. Contracts in writing with foreign public officials or with organizations of which they are the beneficial owners are concluded (or extended) only with the written permission of the head of the Bank or a person authorized by them;
- The Bank does not open and maintain bank accounts for anonymous owners (without the person opening the account providing the documents necessary for identification), nor does it open and maintain such accounts for owners using fictitious names (pseudonyms);
- The Bank does not open and maintain bank accounts for anonymous owners (without the person opening the account providing the documents necessary for identification), nor does it open and maintain such accounts for owners 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 representative, except in cases when a bank account is opened to 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 respect of 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 field of AML/CFT (unless otherwise provided by Law).

The Bank’s employees receive training on AML/CFT issues in the form of briefing (introductory, planned, targeted). Employee training is carried out at least once a year and includes issues of identification of participants in financial transactions, registration of suspicious financial transactions, typology of suspicious financial transactions, changes in legislation regulating the AML/CFT sphere, and others. The knowledge of the Bank's employees on AML/CFT issues is checked at least once a year.

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

The Bank has not been sanctioned by the authority responsible for regulating and overseeing the bank's AML/CFT activities over the past 12 months.

Kind regards,

Deputy Chairperson of the Management Board
JSC “MTbank”
Ms. Svetlana Mirkevich