

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") applies the 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 the "AML/CFT") in accordance with the Law of the Republic of Belarus No. 165-Z "Actions to be taken to prevent legitimization of the proceeds of crime and the financing of terrorism and financing of weapons of mass destruction proliferation" dated 30 June 2014 (hereinafter referred to as the "Law") and the Internal Control Rules of JSC "MTBank" in the sphere of AML/CFT approved by the Management Board of the Bank.

The AML/CFT internal control system in the banking group and (or) the bank holding shall be organized taking into account the requirements of the Instruction on the requirements to internal control rules in the field of prevention of 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 No. 818 of 24.12.2014, 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, the Regulations on Assessment of the Internal Control System in the Field of Anti-Money Laundering, Combating the Financing of Terrorism and the Financing of Mass Destruction Weapons Proliferation of JSC MTBank and Group and/or Bank Holding Members, the parent organization of which is JSC MTBank.

The Bank's AML/CFT internal control system is organized as part of the Bank's internal control and risk management system and ensures that the Bank is not intentionally or unwittingly involved in 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 the cases provided for by the legislation of the Republic of Belarus (hereinafter referred to as the "legislation"), of all Bank customers conducting financial transactions, and monitoring of their activity in the course of service provision;
- Detection and documentation of 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 cases and in accordance with the procedure stipulated by the legislation and the Internal Control Rules;
- Storage of information and documents (copies thereof or images created by scanning or photographic images or video images) during the period established by the legislation, which is equal to at least 5 years;

The basic principle of AML/CFT internal control in the Bank is the participation of all employees of the Bank within the scope of their official duties in the process of identification of clients and their representatives, client questionnaires and identification of financial transactions subject to special control.

The Bank takes measures for due diligence of customers based on the analysis of ML/TF risk 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 is carried out by collecting and examining the required information and documents (copies or images thereof) and recording data in the customer questionnaire to have an overall view of the customer;

- Current control is carried out by monitoring of financial transactions conducted by a customer, 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 is carried out by analyzing customer's transactions conducted in the preceding period in order to detect suspicious financial transactions of long-term character and which are not determined at the stage of current control as transactions subject to special control.

In order to fulfill the "Know Your Customer" principle, the Bank shall carry out identification, verification of the Bank's customers, their representatives and beneficial owners.

Customer identification data obtained on the basis of relevant questionnaires and/or in other ways not contrary to the legislation shall be recorded in the electronic database of customer questionnaires.

The Bank manages money laundering risks on the basis of a risk-based approach that allows it to apply AML/CFT measures commensurate with the assessed ML/TF risks.

The Bank manages money laundering risks based on a risk-based approach that allows it to apply AML/CFT measures comparable to the assessed ML/FT risk.

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

- risk of the customer's transactions for ML/FT purposes (risk of working with the customer);

- risk of using banking services (products) or financial services by customers for ML/FT purposes (risk of a banking service (product);

- internal assessment of the Bank's ML/FT risks.

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

The Bank systematically, but at least once every three years, carries out an internal assessment of ML/FT risks, which is linked to the risk assessments of the banking sector and the sector of non-credit financial institutions carried out 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 required and at the decision of the responsible AML/CFT official of the Bank, the assessment of high-risk areas of banking activities, as well as the assessment of internal controls, can be carried out more often than once every three years.

The Bank organizes the internal assessment of risks on a consolidated basis for the members of a banking group and (or) a banking holding, the parent organization of which is JSC MTBank.

In 2022, the Bank carried out an internal assessment of ML/TF 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/TF risks.

In the process of ML/FT risk management, the Bank implements procedures to identify and assess risks, monitor and control risks, as well as takes measures to limit (reduce) a high level of risk.

The Bank assesses the risk of working with a customer both before establishing a business relationship with the latter and in the process of servicing him/her. In this case, special attention is paid to financial transactions carried out by customers, work with whom is classified as high risk.

For the purpose of detecting suspicious transactions, the Bank shall use special criteria for identifying such transactions. Information about suspicious financial transactions shall be submitted by the Bank to the financial monitoring authority in the electronic form.

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

- The Bank shall take reasonable and available under current circumstances measures to identify foreign public officials, public officials of international organizations, persons occupying 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 close associates among customers and their beneficial owners, and also identify entities beneficially owned by such persons. The Bank shall enter into (or extend) written agreements with foreign public officials or with entities beneficially owned by them only upon obtaining a written approval of the Bank's CEO or persons authorized by him/her;

- The Bank shall not open and keep bank accounts for anonymous holders (where a person seeking for a bank account fails to provide documents required for identification) as well as open and keep bank accounts for holders that use fictitious names (aliased names);

- The Bank shall not open bank accounts to individuals without the personal presence of the person opening the account or his/her representative, except for cases when a bank account is opened for the customer with whom a current (settlement) bank account agreement is concluded, and in other cases stipulated by the legislation;

- The Bank shall not enter into correspondent relationships with shell banks. The Bank shall take measures aimed at preventing the establishment of relationships with non-resident banks, if the Bank is aware of the fact that their accounts are used by shell banks;

- The Bank shall not establish contractual relations with customers whose authorized fund is divided into bearer shares, if the customer fails to provide information on beneficial owners at the stage of establishing contractual relations;

The Bank shall not inform the customers of AML/CFT measures taken by the Bank (unless otherwise stipulated by the Law).

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

For the purpose of further improvement of the Bank's AML/CFT internal control system, the Bank's internal procedures shall be constantly reviewed and updated in accordance with the legislative requirements and the recommendations of international organizations.