

## **JSC “KREDOBANK”**

APPROVED

The decision of the Supervisory Board of JSC “KREDOBANK”

№80/2018 of 19.10.2018

Introduce 19.10.2018

### **Policy for counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction JSC “KREDOBANK”**

The purpose of the Policy (the “Policy”) at preventing use of a banking institution for legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction JSC «KREDOBANK».

The Bank complies to requirements of the Ukrainian legislation in the field of financial monitoring aims at protecting the rights and lawful interests of individuals, society and the state, ensuring national security by identifying the legal mechanism for counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, as well as at forming the national multi-source analytic database to be provided to Law enforcement authorities of Ukraine and foreign countries to detect, verify and investigate the crimes related to money laundering and other illegal financial operations.

The Bank is an integral part of the national system of financial monitoring, which consists of state and initial financial monitoring entities and implemented a set of measures in the sphere of preventing and counteracting legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction, including conducting initial financial monitoring.

The Bank has built an intrabank system for preventing the legalization of criminal incomes / financing terrorism for the proper organization of which is responsible the head of the Bank.

In the senior management of the Bank, definite person, who heads the system of the internal banking system of financial monitoring, whose candidature agrees to the position of the Responsible officer for the financial monitoring by the National Bank of Ukraine, is identified.

The responsible officer for financial monitoring of the Bank has sufficient financial, human and technical resources to ensure the effective functioning of the internal banking monitoring system.

All employees of the Bank directly (within their competence) are involved in the process of implementation by the bank of activities on preventing the legalization of criminal incomes / financing terrorism.

The Bank has developed and approved internal documents in the sphere of financial monitoring subject to the requirements of the Law in the sphere of financial monitoring and subject to the international standards (FATF recommendations, EU directives, declaration of intentions of the Egmont group, principles of the Wolfsberg Group, documents of the Basel Committee, OFAC sanction program, etc.).

The Bank, based on the current Law of Ukraine and the approved internal documents in sphere of financial monitoring, implements the following steps:

- identifying and verifying the client (the client's representative), examining the customer and clarifying the information on the client;

- establishes the fact of belonging of the client to a national or foreign politically exposed persons, a associated or close of politically exposed persons, receives permission of the management of the Bank to establish business relations / servicing such clients and conducts continuous monitoring of business relations and financial transactions of such clients;
- finds source of funds and ensures the establishment of sufficiency / insufficiency of real financial possibilities of the client to conduct (initiate) financial transactions for the corresponding amounts;
- carries out in-depth testing of certain categories of clients;
- checks the participants of financial transactions for their belonging to individuals or organizations which are added to the list of the persons related to terrorist activity, or on which international sanctions are imposed;
- finds out the nature of the client's activity, their ownership form, management structure and establishes the real ultimate beneficial owner;
- assessment, assigns and performs a further reassessment of their clients' risk according to approved criteria;
- ensuring analyzes, the detection of the financial transactions which are subject to financial monitoring;
- may suspend a financial operation(s) in situations set forth in laws in sphere for financial monitoring;
- may refuse to establish (keep) business relationships (including by way of canceling business relations) or performing a financial transaction in situations set forth in laws in sphere for financial monitoring;
- regularly updated subject to the requirements of the legislation on financial monitoring;
- conducts familiarization, training, professional development of employees with requirements in the field of financial monitoring;
- the exchange of information to The State Financial Monitoring Service of Ukraine, The National Bank of Ukraine, law enforcement agencies, and other entities of financial monitoring.

The Bank use risk-based approach to manage the risks of legalization (laundering) of the proceeds of crime, terrorist financing and take appropriate measures to ensure that such risks are effectively mitigated depending on their level. For this purpose, the Bank assesses and manages the risk by customer type, geographic risk and service risk.

The Bank does't establish business relations and does't carry out financial transactions with the following clients:

- the clients fails to provide the documents which are necessary to identifying and examining the customer;
- have a non- transparent ownership structure or don't fully open the ultimate beneficial owners (nominees);
- provide for identification / verification inaccurate, inactive documents and documents with signs of counterfeit;
- are added to the list of the persons related to terrorist activity or which are subject to international sanctions;
- if the client can't confirm the source of the funds;
- if the client's activity is confusing, incomprehensible to the Bank, is not economically meaningful and risky;
- if the bank has negative information about the client and it may damage the Bank's business reputation.

The Bank does not cooperate with shell companies.

The Bank does not establish / maintain business relations with persons and does not carry out financial transactions, including intermediary transactions, if at least one of the parties - participants of a financial transaction has the appropriate registration, place of residence or location in the state,

or has an account opened in a financial institution registered in a state that is on the list of territories or countries that:

- support terrorism;
- conduct military operations;
- do not execute or improperly follow the recommendations of international, intergovernmental organizations engaged in the fight against money laundering or terrorist financing;
- are self-proclaimed;
- are not recognized by Ukraine.

The list of the above-mentioned territories or countries includes:

<b>№</b>	<b>Country code</b>	<b>Symbolic country code</b>	<b>Name</b>
1	364	IRN	Iran, Islamic Republic
2	408	PRK	Korean People's Democratic Republic
3	728	SSD	Southern Sudan
4	760	SYR	Syrian Arab Republic
5	-	-	Republic of Kosovo
6	-	-	Transnistrian Moldavian Republic
7	-	-	Nagorno-Karabakh Republic
8	-	-	Somaliland
9	-	-	Donetsk People's Republic
10	-	-	Lugansk People's Republic

In its work the Bank takes into account the requirements of the correspondent banks domestic policy to restrict payments in favor of risky financial institutions.

The Bank was established and registered in Ukraine on 14th of May 1990.

The Bank's organizational structure is formed by the Main Bank and the regional network, which incorporates more than 100 branches and covers most regions of Ukraine.

This is the bank with the biggest Polish investment in the banking institution of Ukraine.

Since 2004, its strategic shareholder is Powszechna Kasa Oszczędności Bank Polski (hereinafter referred to as PKO BP).

PKO BP is the biggest publicly owned bank in Poland.

The Bank is part of the PKO BP Capital Group formed by PKO BP SA and its affiliated companies that complement its product offerings and simultaneously implement business objectives.

Developed by: Department of control and financial monitoring of JSC "KREDOBANK"

The version is valid.

Lviv 2018