



Summary of Anti-Money Laundering/ Know Your Client Policies of JSC “ALFA-BANK”

JSC “ALFA-BANK” (further – the Bank) was founded and conducts its activity under the effective legislation of Ukraine, as well as according to generally accepted international rules and principles.

The Bank is a part of the private international banking holding company ABH Holdings S.A. (further – ABHH) with its head office in Luxembourg. ABHH has investments in a number of banking groups in the CIS and Europe, including banks in Ukraine, Russia, Kazakhstan, Belarus and the Netherlands.

ABHH is a part of the private financial and investment consortium of Alfa Group. Alfa Group is not a legal entity, but a set of independent business entities operating primarily in the CIS markets. In October 31, 2016 UniCredit Group, the Italian banking group spanning over 17 countries, became a minority shareholder of ABHH.

The Bank is guided in its activity with main anti-money laundering legislation and regulatory acts of Ukraine, in particular:

- Law of Ukraine “On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime, Terrorist Financing and financing of the proliferation of the weapon of mass destruction” from 06.12.2019 No.361-IX (with amendments);
- Law of Ukraine “On Banks and Banking” from December 07, 2000, No.2121-III (with amendments);
- Regulation of the National Bank of Ukraine “On Financial Monitoring Execution by Banks” from 19.05.2020 No.65;
- Regulation of the MB of the National Bank of Ukraine “On Procedure to open, use and closure of accounts in national and foreign currency” from 12.11.2003, No.492 (with amendments).

The main international rules and principles concerning AML/FT, on which basis internal regulatory documents and policies of JSC “ALFA-BANK” are developed, include Recommendations of the Financial Action Task Force (FATF) on Money Laundering, Standards of Wolfsberg Group and Basel Committee of Banking Supervision.

The document, outlining the general unified standards of AML control of JSC “ALFA-BANK”, is Group AML Policy (The Policy on Prevention of Money Laundering and Terrorist Financing of ABH Holding S.A. dated 01 October 2019). The Policy is mandatory for all companies and employees of the Alfa Group, including JSC “ALFA-BANK”.

Bank in order to comply with the national legislation and international norms and recommendations, in order to take effective measures to minimize banking risks and to plan

effectively directions of banking products development, AML internal regulatory documents were developed, in particular:

- Policy of JSC “ALFA-BANK” on prevention and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism and financing the proliferation of weapons of mass destruction;
- Rules for financial monitoring of JSC “ALFA-BANK”;
- Customer due diligence program for JSC “ALFA-BANK”;
- Risk management program for financial monitoring of JSC “ALFA-BANK”;
- The procedure for conducting trainings for bank employees, bank agents (their employees) on monitoring issues in JSC “ALFA-BANK”;
- Procedure for support of funds transfers in JSC “ALFA-BANK”;
- and others.

The Bank pays special attention to the performance of Know Your Customer (KYC) procedures, studying of the clients’ ownership structure (particularly, by identifying their controllers and beneficiary owners), ensures functioning of the efficient tracking system for suspicious transactions and implements the training programs for bank employees involved into the activities of combating and counteraction towards legalization of criminal profits (money laundering) and terrorist financing, on a regular basis. The bank has developed an effective client due diligence program, which includes identification and verification of the client (his representative), establishing the ultimate beneficial owner of the client or his absence, including obtaining the ownership structure in order to understand it, and data that make it possible to establish the ultimate beneficial owner, and taking measures to verify his identity (if any), establishing (understanding) the purpose and nature of future business relations or conducting a client's financial transaction, which is carried out in the process of such relations for the compliance of such financial transactions with the information available to the Bank about the client, his activities and risk (including, if necessary, about the source of funds related to financial transactions), ensuring the relevance of received and existing documents, data and information about the client

The Bank never opens anonymous (numbered) accounts, nor does it maintain them and does not establish correspondent relationships with shell banks or with banks and other non-resident financial institutions that are known to maintain correspondent relationships with shell banks.

The Bank carries out due diligence in case of:

- establishing business relationships;
- there is suspicion;
- making transfers (including international ones) without opening an account for an amount equal to or exceeding UAH 30 thousand, or an amount equivalent to the specified amount, including in foreign currency, banking metals, other assets, value units, but less than 400 thousand hryvnia;
- Carrying out a financial transaction with virtual assets in an amount equal to or exceeding UAH 30 thousand;
- the emergence of doubts about the reliability or completeness of previously obtained customer identification data;
- carrying out a one-time financial transaction without establishing business relations with clients, if the amount of the financial transaction is equal to or exceeds the amount of UAH 400 thousand.

JSC “ALFA-BANK” carries out a two-stage risk assessment, namely, an assessment of the bank's risk profile and an assessment of the client's risk profile. The rate of the risk is determined at on-boarding and at updating of client’s KYC information. The evaluation of the risk level is made by the way of automated calculation of risk criteria, based on information, provided by Client manager.

All risk criteria are gathered in the four main risk groups, such as:

- by customer type;
- geographical risk criteria;
- by type of service(goods);
- by service (goods) supply channel.

The Bank ranks clients depending on the above mentioned criteria for 4 levels: low risk, increased risk, middle risk and high risk clients.

Internal rules, procedures and policies are renewed in compliance with the national legislation and the best examples of international practice. Adequacy of such policies and procedures, as well as their compliance with the effective legislation is audited and regularly inspected for compliance with modern challenges in the fight against legalization of funds received from crime.

The Bank is supervised by the National Bank of Ukraine, which exercises state regulation and supervision in the sphere of prevention and counteraction to legalization (laundering) of the proceeds from crime or financing terrorism with regard to banks, payment institutions and members of payment systems being banking institutions in accordance with the provisions of the Constitution of Ukraine, the Law of Ukraine “On Banks and Banking”, the Law of Ukraine “On the National Bank of Ukraine” and other legislative acts of Ukraine and regulations of the National Bank of Ukraine.

The Bank reports about suspicious operations to the State Financial Monitoring Service of Ukraine, which is guided by the Constitution and Laws of Ukraine, Acts of the President and the Cabinet of Ministers of Ukraine, international agreements.

In order to ensure appropriate qualification level of employees, involved into AML/KYC procedures, the Bank has developed and is permanently implementing the training and competence improvement programs for the Bank's employees.


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Chairman of the Management Board
JSC “ALFA-BANK”

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