

POLICY

on prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction



GENERAL INFORMATION

Closed Joint-Stock Company "Alfa-Bank" (hereinafter – the Bank) undertakes measures to prevent money laundering, financing of terrorism and proliferation of weapons of mass destruction (hereinafter – AML/CFT) in compliance with Law of the Republic of Belarus No. 165-Z dated June 30, 2014 "On preventive measures against money laundering, financing of terrorism and proliferation of weapons of mass destruction" (hereinafter – the Law) and "Internal Control Rules to prevent money laundering, financing of terrorism and proliferation of weapons of mass destruction" (hereinafter – the Rules) approved by the Management Board of the Bank.

MAIN OBJECTIVES AND PRINCIPLES OF INTERNAL CONTROL SYSTEM

The Internal Control System for the purpose of AML/CFT in the Bank is based on a risk-oriented approach, provides for the prevention of intentional or unintentional involvement of the Bank in the process of money laundering, financing of terrorism and proliferation of weapons of mass destruction and is implemented in the following principal areas:

- identification and verification in the cases, applied by law, of all customers of the Bank carrying out financial transactions, tracing their activity in the course of their servicing;
- detection and documentary recording of financial transactions subject to special control and transmission of the relevant information to the financial monitoring authority;
- suspension and (or) denial of financial transactions performing, denial of providing services to the customers in cases stipulated by the legislation and the Rules;
- freezing of funds and (or) blocking of financial transactions of persons involved in terrorist activity in the cases and in the order stipulated by the legislation and the Rules;
- retention of data and documents (their copies) within the period stipulated by the legislation, which shall be not less than 5 years;
- appointment of the officials responsible for coordinating the implementation of the Rules and for the elaborating and updating of the Rules.

The main principle of organizing the Internal Control System in the Bank for the purpose of AML/CFT is to involve all employees within their functions and competence in the processes of identification of the customers and their representatives, customers' questionnaire filling, and detection of financial transactions subject to special control. The Bank takes measures to perform customer due diligence on the basis of the analysis of the risk associated with money laundering, financing of terrorism and proliferation of weapons of mass destruction (hereinafter – ML/FT), depending on the type of the customer, business relationship, and the types of transactions.

The Internal Control System for the purpose of AML/CFT includes 3 types of control:

- preliminary control – performed by collecting and studying necessary information and documents (their copies) and registering of the data in the profile of the customer in order to form a clear understanding of the customer;
- current control – carried out by monitoring of the financial transactions, performed by the customer based on the data available to the Bank after the preliminary control, in order to identify financial transactions subject to special control;
- follow-up control – carried out by analyzing the transactions performed by the customer in the prior period in order to identify suspicious financial transactions of long-term nature and which are not detected at the stage of current control as subject to special control.

CORRESPONDENT RELATIONS

The Bank does not establish correspondent relations with «shell banks». The Bank undertakes measures aimed at prevention of establishing relations with non-resident banks, which are reported to have accounts used by «shell banks».

In order to implement "Know Your Customer" principle, the Bank identifies the Bank's customers, their representatives and beneficial owners.

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MEASURES TAKEN FOR THE PURPOSE OF "KNOW YOUR CUSTOMER" PRINCIPLE IMPLEMENTATION

Customer identification data obtained on the basis of relevant questionnaires and / or another lawful method are recorded in an electronic database that contains profiles of the customers.

In the process of management of risks associated with ML/FT, the Bank carries out procedures to identify and assess risks, monitor and control risks, and also takes measures to limit (reduce) a high level of risk.

The Bank assesses the risk of customer operations for the purpose of ML/FT (the risk of working with the customer) and the risk of involvement of the Bank and its employees in the ML/FT (the risk of a banking service / product).

The Bank assesses the risk of working with the customer prior to establishing business relationship with it, as well as in the course of providing further service. Particular attention is paid to the financial transactions performed by the customers subject to a high level of risk.

In order to identify suspicious transactions, the Bank uses specific criteria for identifying such transactions. Information on suspicious financial transactions is sent by the Bank in electronic form to the financial monitoring authority.

Within the framework of measures taken for the purpose of AML/CFT the Bank is guided by the following principles:

-The Bank undertakes measures to identify among its customers and their beneficial owners the foreign public officials and officials of public international organizations, politically exposed persons of the Republic of Belarus (hereinafter – PEP). The contracts with PEP or organizations, whose beneficial owners are PEP, are entered into (or extended) in writing only upon the written permission of the head of the Bank or persons authorized by him.

-The Bank does not open and maintain bank accounts for anonymous owners (without submitting the documents required for identification by the person opening an account), and does not open and maintain such accounts to the owners, using fictitious names (aliases).

-The Bank does not open bank accounts to individuals without personal presence of the person opening an account, or its representative, except for the cases specified by the legislation.

-The Bank does not enter into contractual relations with customers, whose capital comprises bearer shares, if at the on-boarding stage the customer fails to disclose information of its beneficial owners

-The Bank does not enter into contractual relations with trusts or other companies dealing in assets trust management, as well as charitable foundations and other non-commercial companies involved in similar activities, if at the on-boarding stage the customer fails to disclose information of its beneficial owners

-The Bank does not inform customers about the measures taken by the Bank in the sphere of AML/CFT (unless otherwise stipulated by the Law).

EMPLOYEES TRAINING PROGRAM

The employees of the Bank are trained in accordance with the local training program on AML/CFT in the form of instruction (introductory, planned, target instruction). Training of employees is carried out at least once a year and includes questions of identification of the participants of financial transactions, registration and identification of suspicious financial transactions, changes in the legislation governing AML/CFT. Knowledge assessment of the Bank's employees on AML/CFT is held at least once a year.

For the purpose of further improvement of the Bank's Internal Control System for the purpose of AML/CFT, the internal procedures are continually reviewed and updated in accordance with the laws of the Republic of Belarus and the recommendations of international organizations.

Verified and confirmed
Valery Smaliak
Chairman of the Board



11 April 2019