

Combating the legalization (laundering) of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction

The Bank has approved a Policy on Combating the Legalization (Laundering) of Proceeds from Crime, the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction (hereinafter referred to as AML/CFT), which establishes general rules of internal control in order to implement the requirements of the Law of the Republic of Kazakhstan “On Anti-Money Laundering (laundering) of proceeds from crime and the financing of terrorism” and is aimed at minimizing the above risks.

The organization of an internal control system for AML/CFT/PWF purposes is based on a risk-based approach and compliance with 3 (three) lines of defense in managing ML/TF risks, where:

- 1) the first line of defense is all Bank employees;
- 2) the second line of defense - a financial monitoring unit under the leadership of the responsible AML/CFT/PWF officer;
- 3) the third line of defense is the internal audit unit, which assesses the quality and effectiveness of the internal AML/CFT system.

In order to manage and reduce ML/TF risks, the Bank is taking the following measures:

- 1) proper identification of clients (their representatives) and beneficial owners, including if the Bank has grounds to doubt the reliability of previously received information about the client (his representative), beneficial owner, updating previously received information, information and documents ;
- 2) collecting additional information about clients in accordance with the “Know Your Client” principle;
- 3) monitoring of clients’ transactions, taking into account the clients’ activities in order to identify reasonable grounds indicating or suggesting that the transactions being carried out may be related to AML/CFT.

In order to implement the requirements of the AML/CFT Law for proper verification of the client (his representative) and the beneficial owner, as well as for identifying and sending messages about threshold and suspicious transactions to the authorized financial monitoring body, the Bank is developing a program for monitoring and studying the transactions of clients (his representative) and beneficial owner.

In order to manage ML/TF risks , the Bank has developed a risk management program (low, medium, high risk levels) for ML/TF.

As part of the implementation of the program for monitoring and studying customer transactions, the Bank carries out activities aimed at establishing the goals and grounds of all complex (large), unusual, suspicious transactions and transactions that have characteristics corresponding to typologies, schemes and methods of legalization (laundering) of criminal proceeds, financing terrorism and financing the proliferation of weapons of mass destruction, as well as the source of financing if necessary.

The results of monitoring and studying customer transactions are used to annually assess the degree of exposure of the Bank’s services (products) to ML/TF risks, as well as to review customer risk levels.

The policy is subject to mandatory application and compliance by all structural divisions and its employees, officials of the Bank.

The Bank does not open accounts for anonymous owners and does not enter into business relations with clients who have not undergone proper verification in accordance with the requirements of Article 5 of the AML/CFT Law.

When forming and ensuring the functioning of internal control systems for AML/CFT/PWF purposes, the Bank proceeds from the fact that it uses a system for checking clients for compliance with PEPs, as well as PEPs included in the list of public officials approved by the President of the Republic of Kazakhstan, their spouses and close relatives, and persons involved in terrorist activities. "The customer due diligence procedure includes, among other things, a formalized check for the presence/absence of customers on terrorist lists. Current lists are developed and maintained by an external information and analytical service

As part of the requirements for identifying participants in correspondent relationships with foreign financial institutions, a number of significant information is requested, including information about the presence of influential political persons in its management or composition of owners.

Among the risks associated with ML/TF and measures to reduce them, the Policy takes into account factors influencing the level of ML/TF risk associated with establishing and maintaining business relationships, including client risk, country or geographic risk, and risks associated with products or services (financial instruments) and methods of their provision.

The bank stores for at least 5 years from the date of termination of relations with the client, documents confirming the information provided for by the AML/CFT Law, as well as copies of documents necessary for personal identification.

The Bank regularly reviews its internal rules for AML/CFT/PWF purposes. At the same time, it takes into account such aspects as monitoring compliance procedures (such as internal audit or external audit).