

FORTEBANK JOINT STOCK COMPANY



Approved
by Resolution of the Board of Directors
ForteBank Joint Stock Company
(Minutes of the Meeting No. 1 dated 26 May 2016)

BROUGHT INTO EFFECT
since 03 June 2016



MONEY LAUNDERING AND FINANCING TERRORISM RISK MANAGEMENT POLICY

(The document title was amended according to the resolution of the Board of Directors dated 31 July
2020, minutes 24 (z))

Developed by: Compliance Control Service

Astana city, 2016

This Money Laundering and Financing of Terrorism Risk Management Policy (hereinafter the “Policy”) has been developed in order to ensure proper execution of Anti-Money Laundering and Combating the Financing of Terrorism Act of the Republic of Kazakhstan (hereinafter the “Act”), international conventions and treaties ratified by Republic of Kazakhstan, and with due account for recommendations of Financial Action Task Force on Money Laundering (FATF).

(Amended as per the Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)

(Preamble was amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

Clause 1. General

1. The purpose of this Policy is to protect business reputation and establish an internal control system at ForteBank JSC (hereinafter the “Bank”) for prevention of the Bank and its employees from being involved in banking and other operations related to legalization (laundering) of illegally gained income and/or financing of terrorism, prevention, obstruction and suppression or proliferation of weapons of mass destruction and its financing.

(Paragraph 1 was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

2. All provisions of this Policy shall apply to subsidiaries of the Bank in terms applicable to the specific nature of their activities.

(Paragraph 2 was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

3. This Policy uses the following terms and symbols:

- 1) **group system of ML/FT and compliance risk management** – a combination of the processes of the Bank and its subsidiaries based on mutual cooperation of the Bank and its subsidiaries aimed at improving and supporting the high level of compliance with the requirements of applicable law and internal documents regulating the matters of managing compliance risk and ML/FT risk;

(The sub-paragraph was added as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

- 1-1) **customer** – a legal entity or an individual and (or) a foreign structure with no corporate status obtaining services of the Bank;

(Sub-paragraph 1-1) was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

- 2) **legalization (laundering) of illegally gained income** – putting of illegally gained money and (or) other property into legal circulation through transactions constituting conversion or transfer of property representing proceeds from criminal violation, concealment of its true nature, source, location, disposition, movement, rights to property or its ownership, where known that such property represents the proceeds from criminal violation, as well as possession and use of this property, or mediation in legalization of illegally gained money and (or) other property;
- 3) **ML/FT** – legalization (laundering) of illegally gained income, and financing of terrorism;
- 4) **AML/CFT** – anti-money laundering, and combating the financing of terrorism;
- 4-1) **ML/FT risk management** – a set of measures implemented by the Bank aimed at identifying, assessing and monitoring ML/FT risks, as well as minimizing them (in regards to the customers and the transactions performed by the customers);

(The sub-paragraph was added as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

- 5) **financing of terrorism** – provision or collection of money and (or) other property, rights to property, or property benefits, as well as granting, exchange, donation, charity support, provision of information and other kinds of services, or provision of financial services to an individual or a group of persons, or an entity, by a person being aware beforehand of the terrorist nature of their activities or that the property granted, information, financial and other kinds of services provided would be used to carry out terrorist activity or support a terrorist group, terrorist organization, illegal paramilitary forces;
 - 6) **financial monitoring** – a set of measures on collection, processing, analysis and use of data and information on transactions with money and (or) other assets, according to Republic of Kazakhstan laws.
4. This Policy requires all employees of the Bank and its subsidiaries to apply and adhere to this Policy and defines the basics of the group system of ML/FT risk management.

(Paragraph 4 was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

Clause 2. Major Tasks of the Bank for the ML/FT Risk Management Purposes:

1. The principles and provisions of this Policy, as well as current laws of the Republic of Kazakhstan are fundamental to the development of the Bank's internal regulations and order documents governing the process of establishing a business relationship and interaction with Customers
2. The Bank has internal documents in effect regulating the procedure of ML/FT management and internal control for AML/CFT purposes, including:
 - 1) procedures for arrangement of internal control for AML/CFT purposes, including functions and interaction of the Bank's business units, interaction with the Bank's subsidiaries;
 - 2) data on automated informational systems and software used for conducting internal control for AML/CFT purposes and transmitting messages to the Agency of the Republic of Kazakhstan for Financial Monitoring, including the information regarding the developers;
 - 3) ML/FT risk management program and assessment method for AML/CFT purposes, as well as the procedure of application of said documents;
 - 4) customer acceptance and service programs (taking into account risk factors, including the ones identified and published on the Internet resource of the appropriate public authority);
 - 5) proper customers (their representatives) and beneficiary owners verification and identification procedures, including data recording and safekeeping of the documents and information received within the framework of internal control for AML/CFT purposes;
 - 6) procedures for monitoring and investigating customers' operations;
 - 7) procedures for submission of information to the Agency of the Republic of Kazakhstan for Financial Monitoring;
 - 8) provisions to ensure maintenance of confidentiality and safekeeping of proprietary information;
 - 9) procedure for training (preparation) of employees;
 - 10) procedure for informing by employees, business units and authorized collegial bodies of the Bank about the facts of violation of internal documents and legislation on AML/CFT that have become known to them;
 - 11) the list of the management reports submitted to the Management Board and the Board of Directors, as well as the procedure of drafting and submitting the management reports following the results of assessment of the effectiveness of the internal control for AML/CFT purposes by the Internal Audit Service of the Bank.

(Paragraph 2 was amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

(Paragraph 2 was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

3. Internal documents determining execution of internal control for AML/CFT purposes are regularly reviewed in order to improve AML/CFT processes and to bring them in compliance with the amended requirements of the applicable law, internal documents and/or due to other changes in the Bank's activities.

(Clause 2 was amended as per Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)

(Paragraph 3 was amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z)) and dated June 17th, 2022, minutes № 20 (z))

Clause 3. Customer Due Diligence

1. One of the key principles of the system of alert and detection of operations (transactions) aimed at legalization (laundering) of illegally gained income is that the Bank employees must have sufficient information on customers (representatives thereof) and beneficial owners, from the very beginning of interaction with them or in the course of conducting a separate operation. Thus, customer due diligence involves a series of measures, some of which must be applied at the beginning of interaction with the customer, and the others – on a continuous basis throughout the period of interaction.
2. Identification of the customer (representative thereof) and beneficial owner involves carrying by the Bank of activities on recording and verification of information on the customer (representative thereof) and beneficial owner, establishment and recording of the intended purpose of business relationship, as well as obtaining and recording of other data as stipulated by internal documents of the Bank and Republic of Kazakhstan laws.

Continuous verification of the business relations and examination of the transactions performed by the customer, including, if necessary, receiving and recording data on the financing source of the performed transactions.

Processing and analysis of the information obtained allows examine the customer and its activities, both at initial stage and in the course of servicing, for the purpose to assess the risk of performance by the customer in future of legalization (laundering) of illegally gained income. In the process of customer identification, the Bank verifies information obtained from the customer (representative thereof) by referring to reliable, independent sources, databases or other information.

(Paragraph 2 was amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

3. The Bank shall take necessary measures to achieve reasonable assurance that the customer (representative thereof) is exactly the legal entity or individual he/she/it claims to be, as well as the measures to confirm the absence of constraints preventing provisions of certain services or products requested by the customer. The Bank also takes adequate and reasonable measures to establish the fact of customer's possible actions for the benefit of third parties, and to identify the persons for the benefit whereof the customer acts, except in cases stipulated by current Republic of Kazakhstan laws.
4. The Bank shall take necessary measures to identify individuals and legal entities in respect whereof there are sanctions of their government or international bodies, in order to prevent the establishment/continuation of business relationships with those persons or conducting of individual transactions with them.

The issues of working with the international sanctions shall be defined by the Rules for working with the international sanctions.

(Paragraph 4 was amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

5. The Bank neither opens nor maintains anonymous bank accounts or numbered bank accounts, neither does it make payments (transfers) on behalf of customers to such bank accounts.
6. The Bank neither opens nor maintains correspondent accounts for non-resident banks that have no physical presence in the state (territory) it is registered in as a bank and(or) obtained a banking license, and/or for non-resident banks registered in states or territories offering preferential tax treatment and/or not requiring the disclosure and provision of information at conducting financial operations.
7. Omitted.

(Omitted as per the Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)

8. Customer (representative thereof) and beneficial owners due diligence includes performance of the following procedures:
 - 1) recording of information necessary for identification of an individual: data of the identity document, individual identification number (except for cases when the customer is not assigned with an individual identification number in accordance with the laws of the Republic of Kazakhstan), as well as legal address. If the Bank employee has established that a representative acts on behalf of the customer, the Bank shall identify the representative, verify the authority of such person to act on behalf and (or) in the interests of the customer, as well as identify the customer represented thereby. Information about the customer's representative shall be recorded in the relevant application form provided for in the Bank's internal documents. If the customer opens a bank account (makes a deposit) in the name of a third party, the Bank employee receives from the customer the information and documents that allow to identify and study the specified third party;
 - 2) recording of information necessary for identification of a legal entity (branch, representative office): data of the certificate of state registration (re-registration) of a legal entity (branch, representative office), business identification number (except for cases when the legal entity is not assigned with a business identification number in accordance with the laws of the Republic of Kazakhstan) or the number under which a non-resident legal entity is registered in a foreign state, as well as the location address and other documents, if they are provided by internal documents of the Bank for a certain type of service/operation carried out by the Bank;
 - 3) identification of the beneficial owner and recording of the information necessary for identification thereof, in accordance with subparagraph 1) hereof, except for the legal address. In order to identify the beneficial owner of the customer being a legal entity, the Bank shall establish the structure of its ownership and management on the basis of the constituent documents and the register of shareholders of such customer, or information obtained from other sources. If, as a result of the measures provided for in this subparagraph, the beneficial owner of the customer being a legal entity is not identified, the beneficial owner shall be deemed to be the sole executive body or the head of the collegial executive body of the customer being a legal entity. The information necessary for identification of the beneficial owner shall be recorded on the basis of information and (or) documents provided by the customer (representative thereof) or obtained from other sources;
 - 4) establishing the intended purpose and nature of the business relationship and the reasons for the planner or performed transactions;
(Sub-paragraph 4) was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))
 - 5) conducting on a regular basis of verification of business relations and study of operations carried out by the customer through the Bank, including, if necessary, obtaining and recording of information about the source of financing of operations carried out;

- 6) verification of accuracy and update of information about the customer (representative thereof) and the beneficial owner. The accuracy of the information necessary for identification of the customer (representative thereof), the beneficial owner, is verified by making a reconciliation with the data of the originals or notarized copies of the relevant documents, or by making a reconciliation with the data from available sources. In relation to the customer's representative, the powers of such person to act on behalf and (or) in the interests of the customer are verified in addition. The information is updated in the presence of the bases for doubt of reliability of earlier received data on the customer, the beneficial owner, and also in the cases provided by internal documents of the Bank.
 - 6-1) receiving data on the type of activity and source of financing of the transactions being performed;
 - 6-2) increase of the number and frequency of inspections, identifying the nature of transactions which require further verification;
(Paragraph 6-1) and 6-2) were added as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))
- 7) other measures provided by the law of the Republic of Kazakhstan, the internal documents of the Bank and the agreements with the customer.
(The sub-paragraph was added as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))
9. Customer (representative thereof) and beneficial owner due diligence is carried out in following cases:
 - 1) establishment of business relationship with the customer;
 - 2) conducting transactions with money and/or other property subject to financial monitoring, including suspicious transactions in accordance with Republic of Kazakhstan laws;
 - 3) omitted;
(The omission comes into effect on November 15, 2020, as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))
 - 4) existence of any reasons for doubting the authenticity of the previously received data on the Customer (representative thereof) or the beneficiary owner;
(The sub-paragraph was added as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))
10. Depending on the degree of ML/FT risk, the Bank may apply enhanced or simplified customer due diligence measures, in accordance with internal documents of the Bank.
(Paragraphs 8, 9 and 10 were amended as per the Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)
11. Involving the Bank and its employees into any unlawful activity related to ML/FT and into any transactions within the Republic of Kazakhstan related to performance of transactions with high risk of ML/FT shall not be allowed.

In regards to a participant of Astana International Financial Center rendering the digital assets platform management services, when performing the banking transactions, aside from implementation of the enhanced due diligence measures, implementation of other measures provided by the applicable law and by-laws of the Bank shall be ensured.
(The paragraph was added as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

Clause 4. Monitoring Procedures for AML/CFT Purposes

1. In order to implement the Act requirements on customer due diligence, as well as on detection and submission to the authorized body on financial monitoring of messages on

threshold and suspicious transactions, the Bank shall develop a program of customer transactions monitoring and study. The Bank uses the results of customer transactions monitoring and study for annual assessment of the degree of Bank services (products) exposure to ML/FT risks, as well as to review the levels of the risk of ML/FT with respect to customers.

The Bank determines the degree of customer transactions study with due account for the degree of exposure of Bank services (products) the customer uses to the ML/FT risk, and with due account for ML/FT scenarios (schemes) and (or) signs of unusual and suspicious transactions.

2. Monitoring procedures include the analysis of types of transactions conducted by the customer, and business areas thereof. When establishing customer activity monitoring procedures, the Bank takes into account the frequency, scope and nature of customer transactions in the context of the level of ML/FT risk assigned to the customer and Bank products/services used thereby.
3. The frequency of update and (or) the necessity to obtain more information about the customer (representative thereof) and beneficial owner are established by the Bank with due account for the level of ML/FT risk with respect to the customer (group of customers).
4. The Bank studies the transactions the customer conducts (has conducted) for a certain period of time, in the case of assigning a high level of ML/FT risk to the customer, as well as when the customer conducts a suspicious transaction.
5. Monitoring of customers' activities may be performed manually and/or automatically. Therewith, the Bank recognizes the importance of maintaining a state of constant vigilance by employees due to impossibility to automate such factors as intuition of employees, personal contacts of Bank employees with the customer or telephone conversations therewith, as well as abilities to detect transactions that have no meaning, based on practical experience.

Monitoring of the list of persons related to terrorist activity and of the information on listing of an organization or a person on the list of organizations and persons related to financing of terrorism and extremism, as well as on the list of organizations and persons related to financing of proliferation of weapons of mass destruction published on the Internet-resource of the Agency of the Republic of Kazakhstan for Financial Monitoring, with implementation of the appropriate measures aimed at freezing the transactions.

(Paragraph 5 was amended as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

6. The data obtained within implementation of the program of customer transactions monitoring and study is entered and stored in the customer file and (or) stored with the Bank throughout the period of business relationship with the customer, and at least five years from the date of completion or performance of an individual operation (transaction).

Clause 5. Arrangement of ML/FT Risk Management at the Bank

1. The Board of Directors and the Management Board are responsible for the establishment and efficient operation of the compliance risk management and ML/FT risk management systems.

(Amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

- 1-1. The Bank shall implement the AML/FT procedures with due consideration of the risk-oriented approach by implementing the measures provided by the applicable law. When assessing the probability of occurrence of ML/FT risk, CCS employees shall consider the risk factors on the grounds of their expert opinion.

(Article 5 was supplemented with clause 1-1 as per the Resolution of the Board of Directors dated September 29th, 2023, minutes №29 (z))

2. The Bank ensures in its staff the presence of Chief Compliance Controller who must have experience and credentials sufficient to make independent decisions in carrying out his/her duties. Chief Compliance Controller is responsible for organizing and coordinating compliance risk management process, including ML/FT risk.

(Amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

3. Chief Compliance Controller shall inform the Management Board and the Board of Directors of the Bank of the efficiency of the Bank's AML/CFT actions, and of the existing risks related to ML/FT, including the instances of violation of AML/FT law and the internal control rules committed by the Bank employees, according to the Management Reports List submitted to the Management Board and the Board of Directors.

(Amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z)) and dated June 17th, 2022, minutes № 20 (z))

4. All employees of the Bank must be aware of and understand their responsibilities and duties arising from the provisions of regulatory legal acts of the Republic of Kazakhstan and internal regulations of the Bank in respect of actions associated with legalization (laundering) of illegally gained income and financing of terrorism.

- 4-1. The Board of Directors, the Bank Management Board and the Chief Compliance Controller shall set the high standards for the compliance risk management and MLFT risk management, determining the strategy of the Compliance Control Service according to the "Tone at top" principle.

(Article 5 was supplemented with clause 4-1 as per the Resolution of the Board of Directors dated September 29th, 2023, minutes №29 (z))

5. One of the most important instruments used for the AML/CFT purpose is the high level of employees training in terms of control over customer transactions subject to financial monitoring. Bank employees should get appropriate training and be familiar with:

- 1) typology, schemes and methods of ML/FT, as well as the signs to determine suspicious transactions;
- 2) duties of employees for AML/CFT purposes, including receiving from the customer of necessary documents (identity card, constituent and registration documents), detection of transactions in respect whereof there are suspicions that they may be related to legalization (laundering) of illegally gained income and financing of terrorism, and sending messages on those transactions, etc.
- 3) customer identification program;
- 4) customer transactions monitoring and examination program;
- 5) employees AML/FT training and education program.

(Paragraph 5 was supplemented with sub-paragraphs 3), 4) and 5) as per the Resolution of the Board of Directors dated June 17th, 2022, minutes № 20 (z))

6. Omitted.

(Omitted as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

7. The Bank shall conduct training of employees engaged in promotion and support of business, at least once a year. Based on the requirements of the Republic of Kazakhstan laws and with due account for the functions performed, the range of employees undergoing annual training may be extended.

The Bank employees engaged in the field of AML/FT shall undergo tests with a frequency of at least 1 (once) per 3 (three) years from the date of testing under the aegis of the National Center for Managing Public Service Personnel JSC.

(Amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z)) and dated June 17th, 2022, minutes № 20 (z))

8. Additional training events are held in case of change of the Republic of Kazakhstan laws on AML/CFT and the internal documents of the Bank on AML/CFT.
9. The employees and divisions of the Bank shall, when interacting with the appropriate public authorities regarding AML/FT matters within their competence, ensure delivery of a correct and unified position approved by the Compliance Control Service.

(Paragraphs 3, 4 and 5 were amended as per the Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)

(Article 5 was supplemented with clause 9 as per the Resolution of the Board of Directors dated September 29th, 2023, minutes №29 (z))

Clause 6. Group System of ML/FT Risk Management

1. The Bank and its subsidiaries shall arrange an effective mutual cooperation for AML/CFT purposes and shall exchange information and new AML/CFT methods;

(Paragraph 1 was amended as per the Resolution of the Board dated June 17th, 2022, minutes № 20 (z))

2. The subsidiaries of the Bank and their subsidiaries shall comply with the requirements of the Policy and assist the Bank in creating a group system of ML/FT risk management, to the following extent:

ensuring that the agreements entered into with their customers shall contain the rights for transferring to the Bank the information on the customers, their official, representatives and beneficiary owners, as well as their transactions, in order to implement ALM/CFT measures. This information may be used by the Bank in order to analyze the transactions performed by the Bank's customers;

ensuring the existence of the proper verification procedures for customers and transactions with high risk of ML/FT according to the requirements of the Law on AML/FT, ensuring the standards to refusal to establish business relations / termination of business relations in the event of the customer being involved in the financing of terrorism or extremism;

identifying suspicious transactions and (or) the necessity of advice from the Compliance Control Service, forwarding information / inquiries to AML@fortebank.com;

conducting training according to the training courses provided by the Bank regarding AML/CFT issues.

(Paragraph 2 was amended as per the Resolution of the Board dated June 17th, 2022, minutes № 20 (z))

3. The Bank subsidiaries shall ensure the existence of the ML/FT risk management procedures regulating ML/FT risk management process and internal control for the AML/CFT purposes at their subsidiaries (if available) according to the requirements of the Policy and the law of the Republic of Kazakhstan, taking into account the specific character of activity of such entities.

(Clause 6 was added as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

Clause 7. Final Provisions

1. This Policy is reviewed and updated as necessary, and with due account of changes in Republic of Kazakhstan laws, as well as changes in international practice, standards and recommendations in AML/CFT which are not contrary to the laws of the Republic of Kazakhstan.
2. Responsibility for the failure to fulfill and/or improper fulfillment of the requirements of this Policy shall vest in all employees of the Bank.
3. Responsibility for implementation of this Policy and internal regulations and order documents of the Bank on issues related to AML/CFT shall be vested in all Bank employees involved in establishing business relationship and interaction with customers, as well as in divisions and collective bodies of the Bank which, within their competence, shall consider and agree issues of such nature.

Information on the events of violation of the requirements of the Policy shall be sent to the Compliance Control Service via email: AML@fortebank.com.

(Amended as per the Resolution of the Board of Directors dated July 31, 2020, Minutes No.24 (z))

4. Following the approval of this Policy, the Bank employees shall use its provisions at development and modification of internal regulations governing the requirements for the organization of AML/CFT process.
5. Bank's internal regulations developed by the Compliance Control Service within implementation of this Policy shall be approved by the authorized body/person of the Bank, including the Chief Compliance Controller, unless otherwise required by the legislation of the Republic of Kazakhstan and internal documents of the Bank.
6. Those issues not covered by this Policy shall be settled in accordance with the norms of Republic of Kazakhstan laws and/or the Bank's internal regulations.

(Paragraphs 1 and 5 were amended as per the Resolution of the Board of Directors dated October 29, 2018, Minutes No.28)