



# Policy of protection against the misuse of the bank for purposes of money laundering and terrorist financing

In order to prevent the misuse of the bank for purposes of legalisation of proceeds of criminal activity (hereinafter for text simplification referred to as "money laundering") and terrorist financing, the following policy of protection against the misuse of the bank for purposes of money laundering and terrorist financing (hereinafter referred to as "policy of protection") has been issued. The policy is a basic outline of the Tatra banka group (hereinafter referred to as TBG) modern strategy to combat money laundering and terrorist financing, which reflects the latest knowledge and trends in the development of this issue. TBG as a financial company based on technological innovation, including top communication channels, new types of products and services, is carefully considering all major business decisions, also in view of the potential risks associated with money laundering and terrorist financing. The policy respects all international standards, regulations valid in the EU, acts of the Slovak Republic as well as legislative norms valid in the field of prevention of money laundering and terrorist financing. It contains fundamental principles the bank applies in relation to clients, as well as its own employees with the aim to prevent its misuse for purposes of money laundering or terrorist financing.

## 1. Organisational structure of Tatra banka and its subsidiaries, determination of powers and responsibilities in respect of protection against money laundering and terrorist financing.

Tatra banka has a properly and transparently defined organisational structure, including organisational structures of its subsidiaries. Competences and responsibility for the field of prevention against money laundering and terrorist financing has clearly been defined in the articles of association and order of competence. A workplace responsible for implementation of the policy and performance of centralised activities related to money laundering and terrorist financing prevention and detection including an appointed person responsible for protection against money laundering and terrorist financing has been created within the organisational structure. TBG has implemented a programme of own activities focusing on protection against money laundering and terrorist financing. All employees have been notified of this programme and it is available to every employee through its internal publication in a manual of internal regulations accessible via IT tools.

## 2. Assessment of money laundering and terrorist financing risks and the scope of care in relation to each client.

TBG has created and implemented a money laundering and terrorist financing risk assessment system. The risk assessment system is based on international "best practice" standards an appropriate implementation of regulations defined and applied in the Raiffeisen Bank International group TBG is a part of. As part of the formation and updating of the risk assessment system, all relevant process and product changes in TBG as well as conclusions and recommendations from the National Risk Assessment in the area of AML and CFT are taken into account. Risks are assessed in relation to each client based on the assessment an appropriate care in relation to each client is provided. Client assessment procedures are based on risk-oriented approach and risk analyses considering the results of the initial and preliminary client identification and its verification and the range of products and services the particular client uses. The TBG, as a high-principled financial institution taking care of the compliance with regulations, uses modern Know Your Customer system by performing of customer due diligence for both new and existing clients which also includes the latest methods of determining the beneficial owner as well as politically exposed clients. Appropriate due diligence in terms of money laundering and terrorist financing risk is also related to correspondent banking.

## 3. Consideration of each prepared and conducted trade as to potential suspicious elements.

TBG has an effective system for detection of situations and trades. The system is based on consideration of each prepared or conducted transaction of either the intermediaries in direct contact with clients or by means of backstage SW tools processing data stored in the information systems. Employees have completed a proper professional training for a correct and complex consideration of trades as to potential relation with money laundering or terrorist financing.

## 4. System of performance of international penalties providing peace and security.

TBG performs the duties resulting from the acts imposing obligations in the field of international penalties providing peace and security. To perform these duties consistently and effectively, TBG has implemented a system for detection of subjects with imposed international penalties in client portfolio and a system of detection within the activities related to the payment system, including detection of transactions connected with goods and territories under embargo. Attention to the observance of the international sanctions regime is also paid in view of the constantly changing developments in the field of international relations and security. In this regard, TBG proactively adapts its resources and capacities so that it can always respond flexibly to the current state of the international sanctions environment and the issuance of new sanctions regulations.

## 5. Process of internal detection and reporting of potentially suspicious business transactions and system of suspicious business transaction reporting to competent authorities.

TBG has created an effective and practical system to collect internal reports of potentially suspicious business transactions from individual employees of the bank as well as operations captured by innovative monitoring tools. All signalled suspicious business operations are subsequently analysed and assessed at the central level, by central staff. In addition to modern time management, the innovative system for the evaluation and processing of suspicious business operations enables the proper recording and storage of all relevant documents and information related to assessment and decision-making. All business transactions considered as suspicious are immediately reported to the financial intelligence unit under a legally specified manner.

## 6. Expert training of employees including feedback.

TBG has created a system of expert training of employees in the field of prevention of money laundering and terrorist financing. Each new employee, irrespective of their work position, completes an expert preparation in the adaptation training or specialised trainings for particular work positions. Special attention is paid to the professional training of employees from the so-called TBG's first line of defence, who are in direct contact with clients. The expert preparation includes a feedback provided to employees, mostly in form of an analysis of particular cases and typologies of suspicious business transactions. Professional training is a combination of modern interactive e-learning methods and face to face training.

## 7. Internal control system and provision of relevant internal regulation observance system.

TBG has an effective internal control system at all organisational structure and work position levels. The internal control system covers also the area of prevention and detection of acts with a potential aim of money laundering and terrorist financing and performance of protective measures against money laundering and terrorist financing. Fundamental principles of the policy of protection contained herein are specified in the TBG in several internal regulations for purpose of a detailed description of measures for prevention and detection at various levels. The most important internal regulations the policy observes in TBG conditions in practice include the "Programme of activities aimed against money laundering and terrorist financing" forming a part of the Compliance TBG manual. Regulations governing the client identification and acceptance procedures and regulations for defining clients in the information systems also belong to very important internal regulations. The policy is valid for all Tatra banka, a.s. group companies and duties and procedures specified in the policy of protection and internal regulations are valid and obligatory for all TBG employees.

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