

## **Statement on Measures on Combating Money Laundering and the Financing of Terrorism & Proliferation and on Sanctions Compliance Procedures at the Eurasian Development Bank**

In order to protect its reputation and maintain the highest professional standards, the Eurasian Development Bank (hereinafter – EDB or the Bank) takes all necessary measures to prevent its involvement in illegal financial operations and activities related to money laundering or the financing of terrorism or proliferation (hereinafter – AML/CFT).

Performing its activities, the Bank:

- does not open or maintain accounts for anonymous owners and persons, using the fictitious names (pseudonyms), and does not establish relations with the banks, which open and maintain such accounts;
- does not establish and does not maintain relations with the banks that do not have permanent government bodies in the territories of states, where they are registered;
- does not provide services to customers, who have not submitted documents and information necessary for their identification, as well as for identification of their representatives and beneficial owners.

The Bank reserves the right to refuse establishing the relations with the persons included into the lists of organizations and individuals, involved in the financing of terrorist and extremist activities, as well as into the lists of persons, that may be involved in money-laundering or the financing or proliferation.

The Bank does not have any relations with persons registered (located) in the states (territories) that do not comply with the FATF Recommendations.

In order to conduct customer due diligence, the Bank:

- collects documents and information about the Customers (including their representatives and beneficial owners) required for identification purposes;
- obliges the Customer to fill in a questionnaire providing information on the purpose of establishing relations, sources of funds, and in case of establishing relationships with the entities, which according to national laws are subject to perform AML/CFT duties, providing also information on measures taken by them to comply with AML/CFT laws and regulations, their internal AML/CFT documents and measures taken in order to ensure compliance with them;
- verifies Customer's information by using the reliable sources of information, which are available to the Bank on a legal basis;
- screens the Customer, its management, representatives, beneficial owners against the lists of organizations and individuals involved in the financing of terrorist and extremist activities, sanctions lists and other lists used for AML/CFT purposes.

The Bank has procedures for identifying PEPs among beneficial owners or members of the management bodies of our corporate customers. In addition to the standard due diligence measures, the Bank exercises enhanced due diligence in relation to such customers in order to obtain the confirmation of the legality of their funds origin, the absence of corruption practices and conflicts of interest.

Upon analyzing Customer-related documents and information the Bank assigns an appropriate risk level to each Customer. The risk assessment is based on the type of the Customer, type of its activities and business, the geographical factor (in particular, the location of the Client and its main Counterparties), the services which the Customer intends to use, as well as the method of provision and the types of operations (if an entity is an existing Customer) and some other factors.

The Bank updates the Customer information on a regular basis. The frequency of such updating depends on assigned Customer risk level and varies from six months to two years. If significant changes in Customer's profile are revealed, updating process starts immediately regardless of the date of planned renewal and risk reassessment.

The Bank monitors and analyzes all Customer's transactions. All transactions are screened against the lists of organizations and individuals involved in the financing of terrorist and extremist activities, as well as against sanctions lists in online mode by using a special software. In case of revealing a transaction involving a person included into the lists of organizations and individuals involved in the financing of terrorist and extremist activities, the Bank acts in accordance with the legislation of the country of its headquarters.

Identification and analysis of unusual transactions, which may be related to money-laundering or terrorist financing, is made by using scenarios installed in specially developed software as well as by monitoring and additional analysis performed by employees of AML/CFT Division, which is part of Security and Compliance Control Department, and AMLO. The possibility of interaction with authorized governmental bodies of the Bank's headquarters state and the main Bank's member state including providing information on suspicious transactions is ensured by agreements on AML/CFT issues signed by EDB with the Ministry of Finance of the Republic of Kazakhstan and with the Government of the Russian Federation.

All documents and information obtained during the Customer identification and verification process as well as information about the Customers' transactions are documented in a duly manner and are subject to record-keeping for at least five years after the date of termination of relationships with the Customer.

Taking into account the importance of improving the knowledge and skills in the field of AML/CFT internal control, the Bank provides AML/CFT trainings for relevant Bank employees involved in maintaining accounts, Customer servicing, conducting transactions in financial markets and etc. at least once a year. AMLO and employees of AML/CFT Division of the Security and Compliance-Control Department participate in AML/CFT seminars, conferences and round tables as well as in the meetings of Eurasian Group, which is an associated member of FATF, on an annual basis.

The Bank does not cooperate with countries (territories) embargoed by the UN, EU, USA, UK, Bank's member states' and other countries (in accordance with agreements signed by the Bank) and does not participate in carrying out transactions (deals) with persons, located in such countries (territories).

The Bank does not establish relationships with blocked persons included into the UN, EU, USA, UK or Bank's member states sanctions lists and lists of other countries

(in accordance with signed agreements by Bank), if such relations could infringe the applicable sanctions laws and (or) contradict the undertakings of the Bank given to its investors and creditors.

EDB ensures compliance with applicable economic sanctions laws by:

- implementing multiple controls of all Bank's Clients/Counterparties and other participants of the transactions/deals against the sanction lists. To achieve that purpose, the Bank uses the Specially Designated Nationals and Blocked Persons List (SDN-list) and other lists of the Office of Foreign Assets Control (OFAC) of the US Treasury Department, the Consolidated list of Persons, Groups and Entities subject to EU Financial Sanctions, the Consolidated list of Financial Sanctions Targets of the UK Treasury Department, sanctions lists of the Bank's member states formed by the authorized bodies in accordance with national legislation, as well as other lists of persons, whose transactions (deals) are prohibited or limited by the applicable economic sanctions laws;
- careful monitoring of the economic sanctions legislation and amendments introduced to it;
- timely updating of sanctions lists in the Bank's systems;
- conducting detailed analysis of deals with view to the applicable economic sanctions laws and the Bank's obligations to its investors and creditors;
- performing automated online control of all transactions against the sanctions lists.

The Bank avoids participation in transactions and deals that by Bank's opinion can be directed for evasion of the applicable economic sanctions laws and as a result could cause significant damage to the Bank's business reputation and limit its business activities.