

**On approval of the Methodology of risk assessment of bank, branch of foreign banks for legalization (white-washing) of income from crime, terrorist financing and the financing of weapons of mass destruction and related public entities.**

**Resolution of the National Bank of Ukraine № 191  
of 24 March 2016**

According to Articles 3, 14 of the Law of Ukraine "On prevention and counteraction to legalization (white-washing) of income from crime, terrorist financing and the financing of proliferation of weapons of mass destruction", Articles 7, 15, 55, 56 of the Law of Ukraine "On the National Bank of Ukraine" Article 63 of the Law of Ukraine "On banks and banking activities" and the purpose of the National bank of Ukraine to regulate and supervise the compliance of banks, branches of foreign banks of the legislation of Ukraine regulating relations in the sphere of combating legalization (white-washing) of income from crime, terrorist financing and the financing of proliferation of weapons of mass destruction, given the risk-prevention and counteraction to legalization (white-washing) of income from crime, terrorist financing and the financing of proliferation of the National bank of Ukraine **resolves:**

1. To approve the Methodology of risk assessment of bank, branches of foreign banks for legalization (white-washing) of income from crime, terrorist financing and the financing of weapons of mass destruction and related public entities (hereinafter - Methods) attached.

2. Department of Information Technology (Nahorniuk V.V.) to develop software for calculating matrix of risks evaluation of using bank, branches of foreign banks for legalization (white-washing) of income from crime, terrorist financing and the financing of proliferation of weapons of mass destruction.

3. Financial Monitoring Department (Bereza I. V.) to approve numeric boundaries for appropriate levels of risk and assess the level of intra-control in the field of risk management and weighting coefficients, which are adjusted for the risks, the calculation of which is provided in paragraphs 12, 14 16, 18, 19, 22, 26 section II of Methodology.

4. To recognize the resolution of the National Bank of Ukraine № 458 "On Approval of the Methodology of violation risk assessment of legal requirements on financial monitoring by banks" of 12 October 2010 such as repealed.

5. To lay the control over the implementation of this resolution on acting Deputy Governor of the National Bank of Ukraine Rozhkov K. V.

6. The resolution shall enter into force on the day following the day of its signing.

Governor

Hontareva V. O.

Ind. 25

Rashkovan V. L.

Rozhkov K. V.

Smoliy Ia. V.

Solohub D. R.

Churiy O. Ie.

Chief of the Financial Monitoring Department

Bereza I. V.

	_____	_____2016
Chief of Information Technology Department		Nahorniuk V. V.
	_____	_____2016
Legal Department		
	_____	_____2016
Word-processor		
	_____	_____2016

APPROVED

Resolution of the National Bank of Ukraine

№191 of 24 March 2016 with the changes № 2015 approved

by the National Bank of Ukraine on 30 March 2016

The Methodology of the risk assessment of bank, branches of foreign banks for legalization (money laundering) of income from crime, terrorism financing and the financing of proliferation of weapons of mass destruction and related to public entities

## I. General Provisions

1. This Methodology has been developed to meet the requirements of the Law of Ukraine "On prevention and counteraction to legalization money laundering) of income from crime, terrorism financing and the financing of proliferation of weapons of mass destruction" (hereinafter - the Law) for the purpose of regulation and supervision based on risk assessment prevention and counteraction to legalization (money laundering) of income from crime, terrorism financing and the financing of proliferation of weapons of mass destruction (hereinafter - the risk assessment).

Special attention is given to evaluation of risks associated with membership of participants and / or members of the board of the bank [supervisory (supervisory) board] and / or members of the Board for public figures<sup>1</sup> as well as relatives<sup>2</sup> and related persons<sup>3</sup> (hereinafter - Stand related to them persons), persons under public (open) sources present in the list of richest people in Ukraine and the world<sup>4</sup> (hereinafter - persons present in the list of richest people), presence among bank customers those, who are public figures and related with them persons, type and volume of financial transactions which are made, and analysis of the bank risk management system on prevention and counteraction to legalization (money laundering) of income from crime, terrorism financing and the financing of proliferation of weapons of mass destruction (hereinafter –money laundering / terrorism financing), which, in particular, ensures the implementation of completeness of bank measures to public officials and related persons.

Evaluation of the overall risk level of using bank for money laundering / terrorism financing and its components is performed by calculating relevant indicators of risks matrix, which takes into account the totality of risks of bank customers and risks of services (products) of bank for money laundering / terrorism financing, and also depends on the value of the indicator of intra control in the management of the risks mentioned. The result, carried out by calculating the overall risk, is set to one of the categories mentioned in the 1<sup>st</sup> part of paragraph 6 of this section, the procedure of determination of which is provided in the internal procedures, developed by subdivision of the central apparatus of the National Bank of Ukraine (hereinafter - National Bank), which monitors the compliance of legislation by banks in the sphere of counteraction to money laundering/terrorism financing (hereinafter - the Department), in accordance with paragraph 7 of section I of this Methodology.

Risk Matrix is a diagnostic tool for the National Bank as a subject of state financial monitoring, which provides regulation and supervision of banks, branches of foreign banks (hereinafter - the Bank), and is used to identify those areas of the bank activities, which are the riskiest in terms of money laundering / terrorism financing.

Providing the risk assessment of the bank for money laundering/ terrorism financing, including risk assessment of public persons and related entities is to determine the bank's ability to manage risks using bank services for money laundering/terrorism financing, including those by public and floor related parties with them, and determine the actual level of effectiveness of intra controls established for risk management at the bank.

The result of the risk assessment of using the bank for money laundering/terrorism financing is used while planning audits of banks, their subdivisions in the sphere of counteraction of money laundering/terrorism financing and in order to assess the adequacy of measures taken by the bank to limit (decrease) risks under while its activity and for efficient allocation of available National bank resources.

2. The risk assessment is carried out on the basis of statistical reporting by banks and other information received by the National Bank.

3. Terms and concepts in the Methodology are used in the following ways:

1) bank with foreign capital - the bank, where the share capital, owned (directly or indirectly) by one or more foreign investors, is not less than 50 percent;

2) high level of intra control - the quality characteristics of bank established risk management system of money laundering/terrorism financing which, in particular, ensures the implementation of completeness of bank measures to control, prevent, limit and / or reduce the risks of money laundering / terrorism financing;

3) high risk of using bank for money laundering/terrorism financing (hereinafter - risk) - the value of the overall risk level of using bank for money laundering/terrorism financing and / or its components, which indicates the maximum probability of using its services for money laundering/terrorism financing that can increase legal and reputation risk and decrease of financial performance of the bank or harm its creditors and customers;

4) significant level of risk - the overall level of risk using bank for money laundering / terrorism financing and / or its components, that indicates a high probability of using bank services for money laundering / terrorism financing;

5) insufficient level of intra monitoring - quality characteristic of bank established risk management system of money laundering/ terrorism financing, that does not include measures to control, prevent, limit and / or reduce the risks of money laundering / terrorism financing;

6) low risk level - indicates the overall risk level of using bank for money laundering/ terrorism financing and / or its components, indicating a low probability of use of banking services for money laundering / terrorism financing;

7) an acceptable level of intra control - quality characteristic of bank established risk management system of money laundering / terrorism financing, that ensures the implementation of adequate measures to control, prevent, limit and / or reduce the risks of money laundering / terrorism financing;

8) the average level of intra control - quality characteristic of bank established risk management system of money laundering/ terrorism financing, that provides implementation of measures to control, prevent, limit and / or reduce the risks of money laundering / terrorism financing, but they may be not sufficient;

9) the average risk – an overall risk level of using bank for money laundering / terrorism financing and / or its components, that indicates the increased probability of using bank for money laundering / terrorism financing.

4. The components of the overall risk level of using bank for money laundering / terrorism financing:

1) structural risk, that is 25% of overall risk level and is determined depending on the amount of bank assets, the origin of capital, affiliation of participants, members of the Bank Council [supervisory board], members of the Board to public officials or persons from the list of richest people;

2) the business risk, that is 75% of overall risk level and is determined depending on the type of customers served by the bank, their residence, place of appropriate financial operations / place of incorporation or domicile of the non-resident counterparty, the fact of using remote banking financial transactions on behalf of customers without the implementation of identification and verification of customers (customer representatives) in the context of legislation in the sphere of counteraction of money laundering / terrorism financing (hereinafter - the law on financial monitoring), forms of payment and the currency in which financial transactions were conducted, as well as additional business risk factor, which is determined based on the volume of financial transactions made by customers who belong to public entities and associated persons. Business risk can be reduced depending on the values of the level of intra control.

5. To determine the components of the overall risk level:

1) statistical reporting form №10 "Bank balance list" (on total assets);

2) statistical reporting form №670 "Report on the twenty largest bank participants" (on the origin of capital);

3) report on risk assessment of financial monitoring (on quantitative indicators of bank activities, customer base, place of registration or location of financial transactions participants, etc.);

4) report on risk management in financial monitoring (regarding the quality of bank risk management in the sphere of counteraction of money laundering / terrorism financing);

5) information on the identity of participants and / or members of the board of the bank [supervisory board] and / or members of the Board to public figures, persons from the list of richest people.

6. The results of calculating the overall level of risk and its components take the values of one of the categories: "high", "significant", "medium", "low".

The results of calculation of intra bank control its value belongs to one of categories: "insufficient", "medium", "acceptable", "high".

Changes to this Methodology may be made in the determination of assess categories of the overall level of risk and its components, categories, assessing the level of intra control through their approval by the National Bank.

7. Setting numerical boundaries for appropriate risk levels and assess the level of intra control and weighting coefficient W, that are adjusted for the risks, the calculation of which is provided in paragraphs 12, 14, 16, 18, 19, 22, 26 of Section II of this Methodology and their changes may be done in terms of internal procedures approved by the head of the Department.

## II. Structural risk (SR)

8. Evaluation of structural risk (SR) is performed to identify risk indicators of money laundering / terrorism financing, that are defined depending on the amount of assets the bank, its ownership structure and composition of government (including the identity of participants and / or members of the board of the bank [ supervisory board] and / or members of the Board to public figures, persons from the list of richest people).

To determine the value of the structural risk (SR) it is necessary to settle its components:

1) index of total assets (SR1);

2) index of capital origin (SR2);

3) index of affiliation of participants and / or members of the board of the bank [supervisory board] and / or members of the Board to public figures, persons from the list of richest people (SR3).

9. Index of total assets (SR1) is calculated as follows:

$$SR1 = \frac{(x - x_1)}{(x_2 - x_1)} \cdot (y_2 - y_1) + y_1,$$

where  $x$  – variable, equal to the total assets of the bank;

$x_1$  - constant, equal to the smallest amount of assets of the respective values of all banks;

$x_2$  - constant, equal to the sum of the volume of assets of all banks;

$y_1$  - constant, equal to 1;

$y_2$  - constant, equal to 5.

10. Value of bank capital origin (SR2) takes the value of:

"1" - if the bank belongs to the group of Foreign banking groups (excluding banks, where at least one of participants is a resident of the Russian Federation);

"2" - if the bank is a bank with foreign capital and is not part of foreign banking groups (excluding banks, where at least one of the participants is a resident of the Russian Federation);

"3" - if the bank is not a part of foreign banking groups and bank participants are residents of Ukraine (except for state banks);

"4" - if the bank is a bank with a state share;

"5" - if the bank is a bank, in which at least one participant is a resident of the Russian Federation. Banks distribution depending on the origin of the capital is in the directory ZNB48M1.xml, which is reviewed quarterly by the specialist of the Department, including data provided by banks in the form of statistical reporting № 670 "Report on twenty largest bank participants."

11. Identity indicator of participants and / or members of the board of the bank [supervisory board] and / or members of the Board to public figures, persons from the list of richest people (SR3), takes the value of:

"1" - if the bank participants and / or board members of the bank [supervisory board] and / or members of the Board do not belong to public figures, persons from the list of richest people;

"2" - if at least one of the members of the bank belongs to public figures, but he does not control the bank;

"3" - if at least one member of the Bank Council [supervisory board] and / or at least one member of the Board is a public figure;

"4" - if at least one of the members of the bank belonging to public figures and controls the bank;

"5" - if at least one of the members of the bank is a person present in the list of richest people.

Distribution of banks according to the origin of participants and / or members of the Board of the bank [supervisory board], and / or members of the Board to public figures, persons from the list of richest people is listed in the directory ZNB48M1.xml, which is reviewed quarterly by specialist of the Department, including the results of data comparison provided by banks in the form of statistical reporting № 670 "Report on twenty largest bank participants" available on the members of the supervisory board and / or members of the Board, with the data available in the Information base on national public figures<sup>5</sup>, information resource Thomson Reuters World-Check, the "Forbes" magazine.

12. The value of structural risk (SR) is defined as the sum of total assets (SR1), index of bank capital origin (SR2) and index of affiliation of participants and / or members of the board [supervisory board] and / or board members to public figures, persons from the list of richest people (SR3), whose values are adjusted by a weighting value W.

Structural risk (SR) is determined as follows:

$$SR = SR1 \cdot \frac{W}{100} + SR2 \cdot \frac{W}{100} + SR3 \cdot \frac{W}{100}.$$

According to the results of calculation, structural risk (SR) belongs to one of the risk categories mentioned in the first part of paragraph 6 of Section I of this Methodology, the procedure of its definition is provided in the internal procedures developed by the Department in accordance with paragraph 7 of section I of this Methodology.

### III. Business risk (Br)

13. Business risk (Br) assessment is based on the analysis of data on relevant types of customers served by the bank, conducted financial transactions, taking into account the place of appropriate financial operations / place of registration or residence of non-resident counterparty, services, that customers use as well as forms of payment and the currency in which financial operations were conducted.

When performing a risk assessment of customers, special attention is focuses on those types of customers who have an increased risk of financial transactions related to money laundering / terrorism financing, in particular taking into account their residency, belonging to public figures and others.

Geographic risk is the risk of using bank services for money laundering / terrorism financing during the relevant financial transactions due to the location or place of registration of participants of financial transactions (in the regions of Ukraine and abroad).

When evaluating risks for goods / services, special attention is focuses on amount of bank financial services, the list of services for customers, with the possibility to use them for money laundering / terrorism financing. To determine the values of the business risk (Br) it is necessary to settle components of this type of risk:

1) risk of services and operations (BR1), which is determined depending on: the type of customers served by the bank, their residence (BR1.1);

place of incorporation or domicile participants in financial transactions (BR1.2);

the fact of financial transactions without prior identification and verification of customers (BR1.3);

forms of payment and the currency in which the transactions were carried out (BR1.4);

2) additional business risk factor, which is determined based on the volume of financial transactions made by customers who belong to public entities and associated entities (F).

When determining business risk (Br) is also taken into account the level of intra-control (C).

14. To calculate service and operations risk (BR1) for each indicator, which is part of this type of risk - BR1.1, BR1.2, BR1.3 and BR1.4, the two groups of factors should be calculated:

the risk of financial transactions (RO and its components RO1, RO2);

risk services through which financial transactions (RS and its components RS1 - RS15).

Calculation of financial transactions risk (RO) and its components - RO1, RO2, and risk of services through which financial transactions (RS), and its components - RS1 - RS15 is given in Annex 1 to this Methodology.

Value:

1) financial transactions risk (RO) is defined as the sum of performed financial operations of crediting of deposit accounts and the accounts on demand, and withdrawals from deposit accounts and the accounts on demand (RO1) and on the rate on financial transactions with loans on property security rights on pledger's cash on deposit accounts (RO2) values of which are adjusted for W

Financial transactions risk (RO) is defined as follows:

$$RO = RO1 \cdot \frac{W}{100} + RO2 \cdot \frac{W}{100};$$

2) risk services for financial transactions (RS), defined as the sum of financial transactions on purchase and sale of monetary instruments in cash (RS1), purchase and sale of monetary instruments in cash and non-cash (RS2), sale and purchase of foreign currency in cash (RS3), sale and purchase of foreign currency in non-cash (RS4), funds transfer abroad from customers' accounts (RS5), receipt of funds from



abroad to customer accounts (RS6), money transfer through correspondent accounts within Ukraine from customer accounts (RS7), transfer of funds within and outside Ukraine on the use of transfers (RS8), funds transfers through correspondent accounts within and outside Ukraine by customers of other banks (RS9), proceeds through correspondent accounts in Ukraine on customer accounts (RS10), receipt of funds from abroad and within Ukraine with the use of transfers (RS11), receipt through the correspondent accounts from abroad and in Ukraine by customers of other banks (RS12), trade finance (RS13), purchase and sale of precious metals for cash (RS14), purchase and sale of precious metals for cashless funds (RS15), values of which are adjusted by weighting coefficient. W.

Risk services value through which financial transactions (RS), is defined as follows:

$$\begin{aligned}
 RS = & RS1 \cdot \frac{W}{100} + RS2 \cdot \frac{W}{100} + RS3 \cdot \frac{W}{100} + RS4 \cdot \frac{W}{100} + RS5 \cdot \frac{W}{100} + \\
 & + RS6 \cdot \frac{W}{100} + RS7 \cdot \frac{W}{100} + RS8 \cdot \frac{W}{100} + RS9 \cdot \frac{W}{100} + \\
 & + RS10 \cdot \frac{W}{100} + RS11 \cdot \frac{W}{100} + RS12 \cdot \frac{W}{100} + RS13 \cdot \frac{W}{100} + \\
 & + RS14 \cdot \frac{W}{100} + RS15 \cdot \frac{W}{100}
 \end{aligned}$$

15. Calculate the risk financial transactions (RO) and risk services through which financial transactions (RS), is by determining the arithmetic mean value of the components of risk services and operations (VR1) - VR1.1, VR1.2, and VR1 VR1.3 .4. The calculation taken only indicators that are > 0.

16. Services and Operations risk (BR1) is calculated as the sum of the risk of financial transactions (RO) and risk on services for financial transactions (RS), values of which are adjusted by weighting coefficient W.

The value of services and operations risk (BR1) is defined as follows:

$$BR1 = RO \cdot \frac{W}{100} + RS \cdot \frac{W}{100}.$$

17. Depending on the numerical value of obtained services and operations risk index (BR1) belongs to one of the risk categories mentioned in the first part of paragraph 6 of Section I of this Methodology, procedure of definition of which is provided in the internal procedure, developed by the Department in accordance with paragraph 7 of section I of Methodology.

18. For the determination of additional business risk factor, which is determined based on the volume of financial transactions made by customers who belong to public and associated entities (F), components are calculated as follows:

- 1) risk level on financial transactions of crediting of deposit accounts and bills on demand of customers who belong to public entities and associated persons and withdrawals from deposit accounts and bills on demand of customers who belong to public entities and associated entities (F1);
- 2) risk level on financial transactions with money transfer abroad of the deposit accounts and bills on demand of customers who belong to public entities and related parties, and the flow of funds from abroad to deposit accounts and bills on demand of customers who belong to public entities and associated entities (F2);
- 3) risk level on financial transactions on purchase and sale of monetary instruments, foreign currency and precious metals in cash by customers who belong to public entities and associated entities (F3).

The calculation of these indicators are shown in Annex 2 to this Methodology.

Index of additional business risk factor is determined depending on the volume of financial transactions made by customers who belong to public entities and associated entities (F), defined as the sum of the risk indexes of financial transactions on crediting of deposit accounts and bills on demand of customers who belong to public entities and associated persons and withdrawals from deposit accounts and bills on demand of customers who belong to public entities and associated entities (F1), risk level of financial transactions with money transfer abroad of the deposit accounts and bills on demand of customers who belong to public entities and related parties, and the flow of funds from abroad to deposit accounts and bills on demand of customers who belong to public entities and associated entities (F2), and the risk level of financial transactions on purchase and sale of monetary instruments, foreign currency and precious metals in cash by customers belonging to public entities and associated entities (F3), values of which are adjusted by weighting coefficient W.

Index of additional business risk is determined depending on the volume of financial transactions made by customers who belong to public entities and associated entities (F) and is determined by the following formula:

$$F = F1 \cdot \frac{W}{100} + F2 \cdot \frac{W}{100} + F3 \cdot \frac{W}{100}.$$

19. The value of business risk index (Br) is defined as the sum of service and operations risk level (BR1) and additional business risk factor, that is determined depending on the volume of financial transactions made by customers who belong to public entities and related entities (F), values of which are adjusted by weighting coefficient W.

Value of business risk index (Br) is defined as follows:

$$BR = BR1 \cdot \frac{W}{100} + F \cdot \frac{W}{100}.$$

20. Depending on the obtained numerical value, business risk (Br) index belongs to one of the risk categories mentioned in the first part of paragraph 6 of Section I of this Methodology, the procedure of definition of which is provided in the internal procedures developed by the Department in accordance with paragraph 7 of section I of this Methodology.

21. Business risk index (Br) may be reduced depending on the values of the level of intra-control (C), and to determine which, the calculation of the nine groups of indicators is used:

- 1) index of corporate governance and the role of bank government (C1 and its components C1.1 - C1.7);
- 2) index of information systems management (C2 and its components C2.1, C2.2);
- 3) risk management index (C3 and its components C3.1 - C3.9);
- 4) rate of the procedure for customer identification and studying (C4 and its components C4.1 - C4.11);
- 5) monitoring and reporting on financial transactions index (C5 and its components C5.1 - C5.7);
- 6) information retention index (C6 and its components C6.1 - C6.6);
- 7) index of internal controls, and internal and external audit (C7 and its components C7.1 - C7.9);
- 8) compliance index (C8 and its components C8.1 - C8.7);
- 9) training and recruitment index (C9 and its components C9.1 - C9.10).

Calculation of nine groups of indicators is provided in Annex 3 to this Methodology.

22. The value of intra-control (C) index is defined as the sum of nine groups of indicators listed in paragraph 21 of Section III of this Methodology, and whose values are adjusted by weighting coefficient W.

The value of intra- control (C) index is calculated as follows:

$$C = C1 \cdot \frac{W}{100} + C2 \cdot \frac{W}{100} + C3 \cdot \frac{W}{100} + C4 \cdot \frac{W}{100} + C5 \cdot \frac{W}{100} + C6 \cdot \frac{W}{100} + \\ + C7 \cdot \frac{W}{100} + C8 \cdot \frac{W}{100} + C9 \cdot \frac{W}{100}.$$

23. Depending on the numerical value obtained, the level of intra-control (C) belongs to one of the risk categories mentioned in the second part of paragraph 6 of Section I of this Methodology, the procedure of definition of which is provided in the internal procedures developed by the Department in accordance with paragraph 7 of section I of Methodology.

24. If the calculation of intra-control (C) index classifies it as "high", the numeric business risk (Br) value, determined in the manner specified in paragraph 19 of Section III of this Methodology, decreases by 15%; as to category "acceptable" - reduces by 10% [receiving adjusted value of business risk (BRc) index].

If the calculation of intra-control (C) index classifies it as "medium" or "insufficient", a numeric business risk (Br) value, determined in the manner specified in paragraph 19 of Section III of this Methodology should not be reduced.

25. Depending on the numerical value obtained, adjusted business risk (BRc) index belongs to one of the risk categories mentioned in the first part of paragraph 6 of Section I of this Methodology, the procedure of receiving of which is provided in the internal procedures developed by the Department in accordance with paragraph 7 of section I of Methodology.

#### IV. General risk (R)

26. The value of general risk level (R) is defined as the sum of structural risk (SR) level and business risk (BRc) level, whose values are adjusted by weighting coefficient W. General risk (R) level is determined by the following formula:

$$R = SR \cdot \frac{W}{100} + BRc \cdot \frac{W}{100}.$$

27. Depending on the numerical value obtained, general risk (R) level refers to one of the risk categories mentioned in the first part of paragraph 6 of Section I of this Methodology, the procedure of definition of which is provided in the internal procedures developed by the Department in accordance with paragraph 7 of section I of this Methodology.

28. The results of risk assessment of banks are taken into account when forming the plan for inspections of banks to comply with the requirements of legislation on financial monitoring.

29. During the formation of banks inspection plan to comply with the requirements of legislation on financial monitoring, it is taken into account an available information concerning:

- 1) signs of risk activities, mentioned in paragraph 3.3 of Chapter 3 of Section I of Regulation on measures by the National Bank of Ukraine № 346 approved by the National Bank of Ukraine on 17 August 2012 (as amended);
- 2) a preliminary site inspection of banks on financial monitoring;
- 3) analysis results of the bank for financial monitoring, conducted by the employees of the department in order of off-site supervision;

- 4) information received from government bodies, that indicates / may indicate a breach of the requirements of legislation on financial monitoring;
- 5) other information available to the National Bank.

To the Methodology of risk assessment of using bank, branch of a foreign bank  
for the legalization (money laundering) of income from crime, terrorism financing  
and the financing of weapons of mass destruction  
and related public entities (paragraph 14, section III)

Calculating risk of financial transactions (RO) and components - RO1, RO2, and risk services through which financial transactions (RS), and its components - RS1 - RS11

1. Components of risk financial transactions (RO) and the components of risk services through which financial transactions (RS) are made, depending on customer's type and residency (BR1.1)

Index	Content	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3
RO	The risk of financial transactions	$= RO1 \cdot 70/100 + RO2 \cdot 30/100$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$
RO1	On the transfer of funds on deposit accounts and bills on demand and withdrawals from deposit accounts and bills on demand	$= (\text{Sum of financial transactions by customers, who are individual residents} / \text{total amount of such transactions}) \cdot 3 + (\text{Sum of financial transactions by customers, who are non-residents} / \text{total amount of such transactions}) \cdot 2 + (\text{Sum of financial transactions by customers, who are legal entities residents} / \text{total amount of committed transactions}) \cdot 5 + (\text{Sum of financial transactions by customers, who are legal entities-non-residents} / \text{total amount of committed transactions}) \cdot 4$ <p>or = 0 if such operations were not carried out</p>
RO2	On the loans property security of the pledger cash placed on deposit accounts	$= (\text{Sum of financial transactions by customers, who are individual residents} / \text{total amount of such transactions}) \cdot 3 + (\text{Sum of financial transactions by customers, who are non-residents} / \text{total amount of such transactions}) \cdot 2 + (\text{Sum of financial transactions by customers, who are legal entities residents} / \text{total amount of committed transactions}) \cdot 5 + (\text{Sum of financial transactions by customers, who are legal entities-non-residents} / \text{total amount of committed transactions}) \cdot 4$ <p>or = 0 if such operations were not carried out</p>

Continuation of Annex 1

Continuation of the table

1	2	3
RS	Risk Services, through which financial transactions are made:	$= RS1 \cdot 10/100 + RS2 \cdot 10/100 + RS3 \cdot 10/100 + RS4 \cdot 5/100 + RS5 \cdot 10/100 + RS6 \cdot 5/100 + RS7 \cdot 4/100 + RS8 \cdot 5/100 + RS9 \cdot 5/100 + RS10 \cdot 4/100 + RS11 \cdot 5/100 + RS12 \cdot 5/100 + RS13 \cdot 7/100 + RS14 \cdot 10/100 + RS15 \cdot 5/100$ <p style="text-align: center;">Or</p> $= 0 \text{ if such operations were not carried out}$
RS1	On the sale of monetary instruments for cash	$= (\text{Sum of financial transactions by customers, who are individual residents / total amount of such transactions}) \cdot 3 + (\text{Sum of financial transactions by customers, who are non-residents / total amount of such transactions}) \cdot 2 + (\text{Sum of financial transactions by customers, who are legal entities residents / total amount of committed transactions}) \cdot 5 + (\text{Sum of financial transactions by customers, who are legal entities-non-residents / total amount of committed transactions}) \cdot 4$ <p style="text-align: center;">or = 0 if such operations were not carried out</p>
RS2	On the sale of monetary instruments in cash and non-cash	
RS3	On the sale of foreign currency for cash	
RS4	On the sale of foreign currency for non-cash	
RS5	On the transfer of funds from Ukraine from customer accounts	
RS6	On the transfer of funds from abroad to customer accounts	
RS7	On the transfer of funds through correspondent accounts within Ukraine from customer accounts	
RS8	On the transfer of funds within and outside Ukraine on the use of transfer systems	
RS9	On the transfer of funds through correspondent accounts within Ukraine and outside of customers of other banks	
RS10	On enrollment through correspondent accounts of received funds within Ukraine to customer accounts	

Continuation of Annex 1

Continuation of the table

1	2	3
RS11	On revenues from abroad and within Ukraine using money transfer systems	
RS12	On revenues of funds through correspondent accounts of customers of other banks from abroad and within Ukraine	
RS13	On Trade Finance	
RS14	On the sale of precious metals for cash	
RS15	On the sale of precious metals for non-cash	

2. Composition of risk on financial transactions (RO) and the components of risk services through which financial transactions (RS) are made, depending on the geographical origin of funds (BR1.2)

3.

Index	Content	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3
RO	The risk of financial transactions:	$= RO1 \cdot 70/100 + RO2 \cdot 30/100$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$
RO1	On the transfer of funds on deposit accounts and bills on demand and withdrawals from deposit accounts and bills on demand	$= (\text{Sum of financial transactions, taking place and / or by accounts, opened in Kyiv and Kyiv region / total amount of transactions}) \cdot 4 + (\text{sum of financial transactions, taking place and / or by accounts, opened in Donetsk, Luhansk, Dnipropetrovsk, Kharkiv, Zaporizhzhya, Odesa regions / total amount of transactions}) \cdot 5 + (\text{sum of financial transactions, taking place and / or by accounts})$

Continuation of Annex 1

Continuation of the table

1	2	3
RO2		<p>opened in other regions of Ukraine / total amount of transactions) · 2 + (sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents registered in countries defined by FATF, that have strategic deficiencies / total amount of transactions) · 5 + (sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents that are registered in countries under monitoring FATF / total amount of transactions) · 4 + ( The sum of such financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents that are registered in countries that are defined by MSAs and the bank as a high-risky / total amount of transactions) · 5 + (sum of financial transactions for the benefit of non-residents and / or by non-residents and / or by accounts registered in countries classified at offshore zones and countries (areas) that meet the criteria established by the Tax Code of Ukraine (according to the Cabinet of Ministers ofUkraine) / total amount of transactions) · 5 + (sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents registered in other countries outside the Ukraine / total amount of transactions) · 3</p> <p style="text-align: center;">or</p> <p>= 0 if such operations were not carried out</p>



Continuation of Annex 1

Continuation of the table

1	2	3
RS	Risk on service, through which financial transactions was conducted:	$= RS1 \cdot 10/100 + RS2 \cdot 10/100 + RS3 \cdot 10/100 + RS4 \cdot 5/100 + RS5 \cdot 10/100 + RS6 \cdot 5/100 + RS7 \cdot 4/100 + RS8 \cdot 5/100 + RS9 \cdot 5/100 + RS10 \cdot 4/100 + RS11 \cdot 5/100 + RS12 \cdot 5/100 + RS13 \cdot 7/100 + RS14 \cdot 10/100 + RS15 \cdot 5/100$ <p style="text-align: center;">Or</p> $= 0 \text{ if such operations were not carried out}$
RS1	On the sale of monetary instruments for cash	$= (\text{Sum of financial transactions, taking place and / or by accounts, opened in Kyiv and Kyiv region / total amount of transactions}) \cdot 4 + (\text{sum of financial transactions, taking place and / or by accounts, opened in Donetsk, Luhansk, Dnipropetrovsk, Kharkiv, Zaporizhzhya, Odesa regions / total amount of transactions}) \cdot 5 + (\text{sum of financial transactions, taking place and / or by accounts opened in other regions of Ukraine / total amount of transactions}) \cdot 2 + (\text{sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents registered in countries defined by FATF, that have strategic deficiencies / total amount of transactions}) \cdot 5 + (\text{sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents that are registered in countries under monitoring FATF / total amount of transactions}) \cdot 4 + (\text{The sum of such financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents that are registered in countries that are defined by MSAs and the bank as a high-risky / total amount of transactions}) \cdot 5 +$
RS2	On the sale of monetary instruments for non-cash	
RS3	On the sale of foreign currency for cash	
RS4	On the sale of foreign currency for non-cash	
RS5	On the transfer of funds from Ukraine from customer accounts	

		(sum of financial transactions for the benefit of non-residents and / or by non-residents and / or by accounts)
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Continuation of Annex 1

Continuation of the table

1	2	3
RS6	On the transfer of funds from abroad to customer accounts	registered in countries classified at offshore zones and countries (areas) that meet the criteria established by the Tax Code of Ukraine (according to the Cabinet of Ministers of Ukraine) / total amount of transactions) · 5 + (sum of financial transactions carried out on non-residents and / or by non-residents and / or by accounts of non-residents registered in other countries outside the Ukraine / total amount of transactions) · 3 or = 0 if such operations were not carried out
RS7	On the transfer of funds through correspondent accounts within Ukraine from customer accounts	
RS8	On the transfer of funds within and outside Ukraine on the use of transfer systems	
RS9	On the transfer of funds through correspondent accounts within Ukraine and outside of customers of other banks	
RS10	On enrollment through correspondent accounts of received funds within Ukraine to customer accounts	
RS11	On revenues from abroad and within Ukraine using money transfer systems	
RS12	On revenues of funds through correspondent accounts of customers of other banks from abroad and within Ukraine	
RS13	On Trade Finance	
RS14	On the sale of precious metals for cash	
RS15	On the sale of precious metals for non-cash	

Continuation of Annex 1

3. Composition risk of financial transactions (RO) and the components of risk services through which financial transactions (RS) are conducted without prior identification and verification of customers (BR1.3)

Index	Content	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3
RO	The risk of financial transactions	$= RO1 \cdot 70 / 100$ Or = 0 if such operations were not carried out

RO1	On the transfer of funds on deposit accounts and bills on demand and withdrawals from deposit accounts and bills on demand	= (Amount of such financial transactions made without prior identification and verification of customers / total amount of transactions) · 5 Or = 0 if such operations were not carried out
RS	Risk on service, through which financial transactions was conducted:	= RS1·10/100 + RS2·10/100 + RS3·10/100 + RS4·5/100 + RS5·10/100 + RS6·5/100 + RS7·4/100 + RS8·5/100 + RS9·5/100+ RS10·4/100 + RS11·5/100 + RS12·5/100 + RS13·7/100+ RS14·10/100 + RS15·5/100 Or = 0 if such operations were not carried out
RS1	On the sale of monetary instruments for cash	= (Amount of such financial transactions made without prior identification and verification of customers / total amount of transactions) · 5 Or = 0 if such operations were not carried out
RS2	On the sale of monetary instruments for non-cash	
RS3	On the sale of foreign currency for cash	

Continuation of Annex 1

Continuation of the table

1	2	3
RS4	On the sale of foreign currency for non-cash	
RS5	On the transfer of funds from Ukraine from customer accounts	
RS6	On the transfer of funds from abroad to customer accounts	
RS7	On the transfer of funds through correspondent accounts within Ukraine from customer accounts	
RS8	On the transfer of funds within and outside Ukraine on the use of transfer systems	
RS9	On the transfer of funds through correspondent accounts within Ukraine and outside of customers of other banks	

RS10	On enrollment through correspondent accounts of received funds within Ukraine to customer accounts	
RS11	On revenues from abroad and within Ukraine using money transfer systems	
RS12	On revenues of funds through correspondent accounts of customers of other banks from abroad and within Ukraine	
RS13	On Trade Finance	
RS14	On the sale of precious metals for cash	
RS15	On the sale of precious metals for non-cash	

4. Components of financial transactions risk (RO) and the components of risk services through which financial transactions (RS) are conducted, depending on their shape and currency (BR1.4)

Index	Content	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3
RO	The risk of financial transactions	$= RO1 \cdot 70/100 + RO2 \cdot 30/100$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$
RO1	On the transfer of funds on deposit accounts and bills on demand and withdrawals from deposit accounts and bills on demand	$= (\text{Amount of financial transactions made in the national currency in cash} / \text{total amount of transactions}) \cdot 3 + (\text{sum of financial transactions made in the national currency in cash} / \text{total amount committed transactions}) \cdot 5 + (\text{amount of financial transactions made in foreign currency in cash} / \text{total amount of committed transactions}) \cdot 2 + (\text{sum of financial transactions made in foreign currency in cash} / \text{total amount of committed transactions}) \cdot 4$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$
RO2	On the loans property security of the pledger cash placed on deposit accounts	
RS	Risk on service, through which financial transactions was conducted:	$= RS1 \cdot 10/100 + RS2 \cdot 10/100 + RS3 \cdot 10/100 + RS4 \cdot 5/100 + RS5 \cdot 10/100 + RS6 \cdot 5/100 + RS7 \cdot 4/100 + RS8 \cdot 5/100 + RS9 \cdot 5/100 + RS10 \cdot 4/100 + RS11 \cdot 5/100 + RS12 \cdot 5/100 + RS13 \cdot 7/100 + RS14 \cdot 10/100 + RS15 \cdot 5/100$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$

Continuation of Annex 1

Continuation of the table

1	2	3
RS1	On the sale of monetary instruments for cash	$= (\text{Amount of financial transactions made in the national currency in cash} / \text{total amount of transactions}) \cdot 3 + (\text{sum of financial transactions made in the national currency in cash} / \text{total amount committed transactions}) \cdot 5 + (\text{amount of financial transactions made in foreign currency in cash} / \text{total amount of committed transactions}) \cdot 2 + (\text{sum of financial transactions made in foreign currency in cash} / \text{total amount of committed transactions}) \cdot 4$ <p>Or</p> $= 0 \text{ if such operations were not carried out}$
RS2	On the sale of monetary instruments for non-cash	
RS3	On the sale of foreign currency for cash	
RS4	On the sale of foreign currency for non-cash	
RS5	On the transfer of funds from Ukraine from customer accounts	
RS6	On the transfer of funds from abroad to customer accounts	
RS7	On the transfer of funds through correspondent accounts within Ukraine from customer accounts	
RS8	On the transfer of funds within and outside Ukraine on the use of transfer systems	
RS9	On the transfer of funds through correspondent accounts within Ukraine and outside of customers of other banks	
RS10	On enrollment through correspondent accounts of received funds within Ukraine to customer accounts	
RS11	On revenues from abroad and within Ukraine using money transfer systems	
RS12	On revenues of funds through correspondent accounts of customers of other banks from abroad and within Ukraine	

Continuation of Annex 1

Continuation of the table

1	2	3
RS13	On Trade Finance	
RS14	On the sale of precious metals for cash	
RS15	On the sale of precious metals for non-cash	

## Annex2

To the Methodology of risk assessment of using bank, branch of a foreign bank  
for the legalization (money laundering) of income from crime, terrorism financing  
and the financing of weapons of mass destruction  
and related public entities (paragraph 18, section III)

Calculation of the additional business risk factor, which is determined based on the volume of financial transactions made by customers who belong to public entities  
and associated entities (F)

Index	Content	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3
F1	Financial transactions risk level on crediting of deposit accounts and bills on demand of customers who belong to public entities and associated persons and withdrawals from deposit accounts and bills on demand of customers belonging to public entities and associated persons	= 2 - if the sum of financial transactions carried out by national public figures and associated persons + amount of financial transactions carried out by foreign public figures and associated persons + amount of financial transactions made by leaders who perform political functions at international organizations and related entities, is $\leq 1\ 000\ 000.00$ UAH.;
	Financial transactions risk level on money transfer abroad of the deposit accounts and bills on demand of customers who belong to public entities and associated persons, and the flow of funds from abroad to deposit accounts and bills on demand of customers who belong to public entities and associated persons	or = 3 - if the sum of financial transactions carried out by national public figures and associated persons + amount of financial transactions carried out by foreign public figures and associated persons + amount of financial transactions made by leaders who perform political functions at international organizations and related entities, is $\leq 25\ 000\ 000.00$ UAH.;



Continuation of Annex 2

Continuation of the table

1	2	3
F3	Financial transactions risk level on purchase and sale of monetary instruments, foreign currency and precious metals in cash by customers, who belong to public entities and associated persons	<p>or</p> <p>= 4 - if the sum of financial transactions carried out by national public figures and associated persons + amount of financial transactions carried out by foreign public figures and associated persons + amount of financial transactions made by leaders who perform political functions at international organizations and related entities, is <math>\leq 250\,000\,000.00</math> UAH;</p> <p>or</p> <p>= 5 - if the sum of financial transactions carried out by national public figures and associated persons + amount of financial transactions carried out by foreign public figures and associated persons + amount of financial transactions made by leaders who perform political functions at international organizations and related entities are <math>&gt; 250\,000\,000.00</math> UAH.</p>

## Annex3

To the Methodology of risk assessment of using bank, branch of a foreign bank  
for the legalization (money laundering) of income from crime, terrorism financing  
and the financing of weapons of mass destruction  
and related public entities (paragraph 21, section III)

## Calculation of intra-control level (C)

Index	Content	Percent in the performance group	The answer (maybe only one)	Score	Calculation algorithm based on the data of "Report on the risk assessment of financial monitoring"
1	2	3	4	5	6
C1	Corporate governance and the role of bank management				$=C1.1 + C1.2 + C1.3 + C1.4 + C1.5 + C1.6 + C1.7$
C1.1	Are there duly approved internal documents on financial monitoring (further - internal documents)	5	Yes	1	$= (1 \cdot 5) / 100$
			No	5	$= (5 \cdot 5) / 100$
C1.2	The time passed since the last approval of internal documents (amendments to them)	20	Less than 3 months	1	$= (1 \cdot 20) / 100$
			From 3 to 6 months	2	$= (2 \cdot 20) / 100$
			From 6 months to 1 year	3	$= (3 \cdot 20) / 100$
			More than 1 year	4	$= (4 \cdot 20) / 100$
			No data / not applicable	5	$= (5 \cdot 20) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C1.3	Properly approved separate program to manage compliance-risk management for financial monitoring	5	Yes	1	= (1·5)/100
			No	5	= (5·5)/100
C1.4	Meetings with relevant employees or departments of the bank and whether effective implementation of programs of prevention and counteraction to legalization (money laundering) of proceeds from crime, terrorism financing and the financing of proliferation of weapons of mass destruction (hereinafter - preventing and counteraction of money laundering / terrorism financing ) (hereinafter - the ML / TF)	25	The relationship between bank management and relevant employees or units of constant meeting on implementation of programs on ML / TF are held regularly	1	= (1·25)/100
			The relationship between bank management and relevant employees or units of constant meeting on implementation of programs on ML / TF are held in case of need	2	= (2·25)/100
			The relationship between bank management and relevant employees or units of constant meeting on implementation of programs on ML / TF are held not regularly	3	= (3·25)/100
			The relationship between bank management and relevant employees or units of constant meeting	4	= (4·25)/100

			on implementation of 5 programs on ML / TF are not held		
			No data / not applicable	5	= (5·25)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C1.5	How often a review of internal documents is carried	10	Every quarter and / or more often in case of need	1	= (1·10)/100
			Every 6 months and / or more often in case of need	2	= (2·10)/100
			Once a year and / or more often in case of need	3	= (3·10)/100
			Once a year without regular review in case of need	4	= (4·10)/100
			No data / not applicable	5	= (5·10)/100
C1.6	Does the bank's management has allocated sufficient financial, human and other resources to perform functions in the ML / TF	25	Yes	1	= (1·25)/100
			No	5	= (5·25)/100
C1.7	Is the program on ML / TF is approved by supervisory board of the bank	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C2	Information Systems management				= C2.1 + C2.2

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C2.1	Whether the requirements for information systems for risk management of the use of bank services for money laundering / terrorism financing (hereinafter - the risk of ML / TF) are enshrined in programs and procedures of the bank	25	Yes	1	$= (1 \cdot 25) / 100$
			No	5	$= (5 \cdot 25) / 100$
	Does the bank's policies and procedures include requirements for information systems (answer given in percent): a record of relevant information on all customers, including the information on their risk level set; record of establishing new relationships with customers; fixing cases of termination of relationships with customers; fixing cases of termination of	75	100%	1	$= (1 \cdot 75) / 100$
			From 76% to 99%	2	$= (2 \cdot 75) / 100$
			From 50% to 75%	3	$= (3 \cdot 75) / 100$

	relationship with customer; fixation where customer relationships were not installed or were terminated on the basis of the requirements of the legislation on				
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
	financial monitoring; Customer review on the databases (databases, access to which bank has signed agreements under) containing information regarding risk ML / TF customers available to bank, and using other sources if that information is public (open); case definitions of absent (need for clarification)		Up to and including 49%	4	$= (4 \cdot 75) / 100$
	information on the identification and study of customers; store information in a way that easily allows to restore it and track all financial transactions;		No data / not applicable	5	$= (5 \cdot 75) / 100$

	analyzing financial transactions of customer that allows to define abnormal activity; informing in case of unusual or suspicious activities; informing if the financial transaction is carried out on a significant sum				
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C3	Risk management				$= C3.1 + C3.2 + C3.3 + C3.4 + C3.5 + C3.6 + C3.7 + C3.8 + C3.9$
C3.1	Is risk management function available in internal documents of Bank on ML / TF	5	Risk management function is available in program on ML / TF. The bank has a separate division of risk management	1	$= (1 \cdot 5) / 100$
			Risk management function is available in program on ML / TF. But the bank does not have a separate unit for risk management	2	$= (2 \cdot 5) / 100$
			Risk management function is available in program on ML / TF, but is not effective.	3	$= (3 \cdot 5) / 100$
			Risk management function	4	$= (4 \cdot 5) / 100$

			is not available in program on ML / TF.		
			No data / not applicable	5	= (5·5)/100
C3.2	Is risk management unit engaged issues in the ML / TF	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C3.3	Is there a bank risk analysis procedure for ML / TF	10	The bank risk analysis procedure on ML / TF is available	1	= (1·10)/100
			The bank risk analysis procedure on ML / TF is available, but covers not all the aspects of bank activities	2	= (2·10)/100
			The bank risk analysis procedure on ML / TF is available, but it is not effective	3	= (3·10)/100



Continuation of the table

1	2	3	4	5	6
			The bank risk analysis procedure on ML / TF is not available	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$
C3.4	If yes, than how often it takes place	5	ML / TF analysis is held more often than once for 3 months	1	$= (1 \cdot 5) / 100$
			ML / TF analysis is held once for 3 months	2	$= (2 \cdot 5) / 100$
			ML / TF analysis is held once for 9 months	3	$= (3 \cdot 5) / 100$
			ML / TF analysis is held more rare than once for 9 months	4	$= (4 \cdot 5) / 100$
			No data / not applicable	5	$= (5 \cdot 5) / 100$
C3.5	Is there a bank classification of certain types and categories of products, customers or geographic regions / markets that are identified as high-risk	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C3.6	Does the management of the bank takes into account risks of ML / TF during approval to expand the business, such as new branches, markets (domestic and foreign), new products	30	Yes	1	$= (1 \cdot 30) / 100$
			No	5	$= (5 \cdot 30) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C3.7	If so, who is involved in the assessment of risk ML / TF	10	Financial Monitoring Division is actively involved, in particular, ensures cooperation with business units throughout the process (includes the identification of potential ML / TF risks) for all new products, services, business expansion, mergers and acquisitions	1	$= (1 \cdot 10) / 100$
			Financial Monitoring Division is actively involved, in particular, ensures cooperation with business units throughout the process (includes the identification of potential ML / TF risks) for all new products, services, business expansion, mergers and acquisitions in case of need	2	$= (2 \cdot 10) / 100$
			Financial Monitoring Division participates in all stages of the process (risk matrix developed by business units involving financial monitoring unit only at the stage of approval) for most new	3	$= (3 \cdot 10) / 100$

			products, services, business expansion, mergers and acquisitions		
			Financial Monitoring Division is not involved in the approval process, development of new products, services, business expansion, mergers and acquisitions	4	= (4·10)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			No data / not applicable	5	= (5·10)/100
C3.8	Is the bank's management informed of changes in the levels of risk ML / TF	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C3.9	If so, how does it affect the adoption of bank management solutions on the risk management on ML / TF	10	The bank always decides on risk management taking into account changes in the levels of risk ML / TF	1	= (1·10)/100
			The bank in most cases decides on risk management taking into account changes in the levels of risk ML / TF	2	= (2·10)/100
			The bank rarely decides on risk management taking into account changes in the levels of risk ML / TF	3	= (3·10)/100

			The bank decides on risk management without taking into account changes in the levels of risk ML / TF	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$
C4	Procedure of identification and studying of customer				$= C4.1 + C4.2 + C4.3 + C4.4 + C4.5 + C4.6 + C4.7 + C4.8 + C4.9 + C4.10 + C4.11$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C4.1	Is there a bank approved procedure for the identification and studying of customer	5	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C4.2	Did the bank introduce the basic legal requirements on ML / TF in the procedure of identifying and studying of customers (answer given in percent): resident individuals who open accounts; non-resident individuals who open accounts; individual entrepreneurs who open accounts; resident legal entities who open accounts;		100%	1	$= (1 \cdot 10) / 100$
			From 76% to 99%	2	$= (2 \cdot 10) / 100$
			From 50% to 75%	3	$= (3 \cdot 10) / 100$
			Up to and including 49%	4	$= (4 \cdot 10) / 100$

	non-resident legal entities who open accounts; final beneficial owners (controllers); correspondent relations with non-resident banks;				
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
	public figures, friends and / or related entities; nonprofit organizations; persons carrying out financial transactions without opening an account; others		No data / not applicable	5	$= (5 \cdot 10) / 100$
C4.3	Whether the following procedures are used in the implementation of customers' identification and studying: establishing a business relationship with a new customer or a denial of service, including the termination of existing business relationships; risk classification of customers;	10	Procedure of identification and studying of customers includes a documented process with clear requirements for obtaining relevant information, the verification of customers using risk-based approach and compliance fixation and storage	1	$= (1 \cdot 10) / 100$
			Procedure of identification and studying of customers includes a description of	2	$= (2 \cdot 10) / 100$

	<p>depth review and studying of high-risk customers, products, financial transactions etc.</p> <p>monitoring of customer accounts and financial transactions</p>		<p>the procedures with clear requirements for obtaining relevant information, the verification of customers using a risk-based approach and compliance fixation and storage.</p> <p>However, some requirements are not clearly defined and need to be updated</p>		
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			Procedure of identification and studying of customers does not include a description of separate procedures with clear requirements for obtaining relevant information, the verification of customers using a risk-based approach and compliance fixation and storage	3	$= (3 \cdot 10) / 100$
			Procedure of identification and studying of customers does not include a description of the procedures with clear requirements for obtaining relevant information, the verification of customers using a risk-based approach and compliance fixation and storage	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$
C4.4	Is there a procedure of differentiation in studying of customers depending on their risk level	5	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
	Are the requirements of ML / TF to the procedure for the identification and studying of customers (answer given in percent):	10	100%	1	$= (1 \cdot 10) / 100$
			From 76% to 99%	2	$= (2 \cdot 10) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
	fixing information about the purpose and nature of business relationships / financial operations; establishing a separate procedure for the identification and studying of customers - public figures, correspondent banks and other high-risk customers and financial transactions etc. update information about customer		From 50% to 75%	3	$= (3 \cdot 10) / 100$
			Up to and including 49%	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$
C4.6	Categories of customers, the procedure for the identification and studying of which requires specifying such information (answers given in percent): Business / profession / content activity; purpose of account opening; sources of funds;	10	100%	1	$= (1 \cdot 10) / 100$
			From 76% to 99%	2	$= (2 \cdot 10) / 100$
			From 50% to 75%	3	$= (3 \cdot 10) / 100$
			Up to and including 49%	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$



	source of assets				
C4.7	Whether the procedures of identifying and studying of customers Include such action (answer given in percent): verification of force / authenticity of documents;	10	100%	1	= (1·10)/100
			From 76% to 99%	2	= (2·10)/100
			From 50% to 75%	3	= (3·10)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
	personal meeting with a potential customer (customer); implementation of extended validation of customers classified as high risk associated with high-risk activities and / or originating from the country in which recommendations of the Financial Action Task Force on Money Laundering (hereinafter - FATF) and other international organizations operating in the ML / TF; concerning legal entities		Up to and including 49%	4	= (4·10)/100
			No data / not applicable	5	= (5·10)/100

	information on occupation, location, financial condition, expected financial nature of operations, etc. are not applied or are applied insufficiently				
C4.8	If a bank is intermediary or receiver when making international payments, are the following requirements provided by bank (the answer is given in percent)	10	100%	1	$= (1 \cdot 10) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
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	implementation of identification of payment initiator and, if necessary, suspension or denial of payment in case of insufficient information about its originator or beneficiary; check of cross-border payments in accordance with sanctions list, set out in Security Council resolutions of the United Nations in 1267 and 1373; implementation of identification that appealed to the bank for transfer		From 76% to 99%	2	$= (2 \cdot 10) / 100$
			From 50% to 75%	3	$= (3 \cdot 10) / 100$
			Up to and including 49%	4	$= (4 \cdot 10) / 100$
			No data / not applicable	5	$= (5 \cdot 10) / 100$
C4.9	Is there a bank administrative liability of employees in the event of violations of procedures for identification and studying of customers	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C4.10	Accidents of responsibility of the bank for violation of procedures for identification and studying of customers over the past three years	10	Yes	5	$= (5 \cdot 10) / 100$
			No	1	$= (1 \cdot 10) / 100$
C4.11	The analysis of financial transactions of connected customers	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C5	Monitoring and reporting on financial transactions				$= C5.1 + C5.2 + C5.3 + C5.4 + C5.5 + C5.6 + C5.7$
C5.1	Are there requirements for monitoring financial transactions of the customer and analyzing customer behavior for the unusual / suspicious activity	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C5.2	Are there internal documents of the bank's requirements for monitoring customers and their financial transactions, depending on its risk level	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C5.3	Are there requirements for enhanced monitoring of financial transactions of customers with high risk	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C5.4	Is there a bank monitoring and reporting of unusual and suspicious activities of customers, including customers of its affiliates, other subdivisions and	25	Yes	1	$= (1 \cdot 25) / 100$
			No	5	$= (5 \cdot 25) / 100$

	subsidiaries				
C5.5	The procedure C5.4 is documented / regulated	25	Yes	1	= (1·25)/100
			No	5	= (5·25)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C5.6	Is there a bank administrative responsibility for non-procedure monitoring of financial transactions and reporting transactions	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C5.7	Responsibility of the bank for non-procedure monitoring of financial transactions and reporting of financial transactions over the last three years	10	Yes	5	= (5·10)/100
			No	1	= (1·10)/100
C6	Storage of documents and information				= C6.1 + C6.2 + C6.3 + C6.4 + C6.5 + C6.6
C6.1	Are there a bank procedures of fixing the receipt of documents and storage	5	Yes	1	= (1·5)/100
			No	5	= (5·5)/100
C6.2	What is the shelf life of documents and information concerning customer identification, its financial operations,	10	Listed information is stored for seven years or more	1	= (1·10)/100
			Listed information is stored from five to seven	2	= (2·10)/100

	reporting of suspicious transactions / unusual activities, etc.		years		
			Listed information is stored for five	3	= (3·10)/100
			Listed information is stored for less than five years	4	= (4·10)/100
			No data / not applicable	5	= (5·10)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C6.3	The form of information storage: on paper, in digital form, at the bank or a foreign custodian	15	Information stored electronically while maintaining paper-based copy in bank	1	= (1·15)/100
			Information stored electronically while maintaining paper copy at customers or in bank	2	= (2·15)/100
			Information is stored in its original form in the premises of the bank or custodian	3	= (3·15)/100
			Information partially / completely lost	4	= (4·15)/100
			No data / not applicable	5	= (5·15)/100
C6.4	Availability of requirements for records that they should be comprehensive, detailed and archived with the ability to restore data on	30	Yes	1	= (1·30)/100
			No	5	= (5·30)/100

	financial transactions				
C6.5	Availability of the procedure provided in C6.4	30	Yes	1	$= (1 \cdot 30)/100$
			No	5	$= (5 \cdot 30)/100$
C6.6	Presence of law enforcement requests for information about the customer during the reporting period	10	Yes	5	$= (5 \cdot 10)/100$
			No	1	$= (1 \cdot 10)/100$
C7	Internal control and internal and external audits				$= C7.1 + C7.2 + C7.3 + C7.4 + C7.5 + C7.6 + C7.7 + C7.8 + C7.9$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C7.1	Frequency of bank internal audit on	20	More often than once a year	1	$= (1 \cdot 20)/100$

	compliance with legislation on ML / TF		At least once a year	2	= (2·20)/100
			At least once for two years	3	= (3·20)/100
			In case of need	4	= (4·20)/100
			No data / not applicable	5	= (5·20)/100
C7.2	Presence of identified by National Bank of Ukraine (hereinafter - National Bank) of drawback in the activities of internal audit unit of the bank over the past three years	10	Yes	5	= (5·10)/100
			No	1	= (1·10)/100
C7.3	Availability of internal audit in view of ML / TF risks	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C7.4	Availability of audit compliance by internal documents of the bank's customers, products / services and geographic areas at a high risk	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C7.5	Are the inspection of divisions of the bank and its employees are held in order to fulfill their internal documents	10	More often than once a year	1	= (1·10)/100
			At least once a year	2	= (2·10)/100
			At least once for two years	3	= (3·10)/100
			In case of need	4	= (4·10)/100
			No data / not applicable	5	= (5·10)/100
C7.6	Measures taken by the results of the last audit on revealed violations of the Bank on ML / TF (answer given in percent)	5	100%	1	= (1·5)/100
			From 76% to 99%	2	= (2·5)/100
			From 50% to 75%	3	= (3·5)/100
			Up to and including 49%	4	= (4·5)/100
			No data / not applicable	5	= (5·5)/100



Continuation of the table

1	2	3	4	5	6
C7.7	Availability of appropriate mechanisms for the distribution of functions and absence of conflict of interest in relation to risk management ML / CFT	5	Yes	1	= (1·5)/100
			No	5	= (5·5)/100
C7.8	Is it included the last check of the bank, which carried out external auditors analysis of interbank system on ML / TF	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100
C7.9	Violation of the law on ML / TF established at the time of the last inspection by the National Bank	20	Violations not found	1	= (1·20)/100
			Sanctions of National Bank over detected (committed) violations were not applied	2	= (2·20)/100
			The written request of the National Bank over detected (committed) violations was sent	3	= (3·20)/100
			Measure of impact in the form of written warning and / or removal of the official position of the bank and / or written request of the National Bank was sent over detected (committed) violations	4	= (4·20)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			Written warning and / or a fine and / or suspension of financial transactions for a defined period and / or removal of the official position of the bank and / or written request of the National Bank was sent over detected (committed) violations	5	$= (5 \cdot 20) / 100$
C8	Compliance				$= C8.1 + C8.2 + C8.3 + C8.4 + C8.5 + C8.6 + C8.7$
C8.1	Does the internal Bank system on ML / TF compliance presupposes effective interaction with structural divisions in the risk management process	10	Provided effective cooperation between the heads of the Bank (Chairman of the Board, Deputy Chairman of the Board) and persons acting as responsible employees of departments. Meetings are held on a regular basis; their results are communicated to all employees. ML / TF Program is distributed with regular updates	1	$= (1 \cdot 10) / 100$
			Provided effective cooperation between the heads of the Bank	2	$= (2 \cdot 10) / 100$

			(Chairman of the Board, Deputy Chairman of the Board) and persons acting as responsible employees of departments. Meetings		
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			Are conducted if necessary, the results are communicated to all employees. ML / TF program is distributed with regular updates		
			Effective cooperation between the heads of the Bank (Chairman of the Board, Deputy Chairman of the Board) and persons acting as responsible employees of departments is not conducted. Meetings are held not regularly; the results are communicated to all employees. ML / TF program is distributed with regular updates	3	$= (3 \cdot 10) / 100$
			Heads of the Bank (Chairman of the Board, Deputy Chairman of the Board) do not hold meetings on a regular basis and / or take part in	4	$= (4 \cdot 10) / 100$

			training programs and approval of ML / TF		
			No data / not applicable	5	= (5·10)/100
C8.2	Compliance officer of bank is agreed by National Bank	10	Yes	1	= (1·10)/100
			No	5	= (5·10)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C8.3	Experience of compliance officer in ML / TF	20	More than five years	1	= (1·20)/100
			From three to five years	2	= (2·20)/100
			From one year to three years	3	= (3·20)/100
			Up to one year	4	= (4·20)/100
			No data / not applicable	5	= (4·20)/100
C8.4	Provide information on the last date of compliance officer's training	10	Up to one year	1	= (1·10)/100
			From one year to two years	2	= (2·10)/100
			From two years to three years	3	= (3·10)/100
			More than three years	4	= (4·10)/100
			No data / not applicable	5	= (5·10)/100
C8.5	Presence of a mechanism for tracking changes in the law on ML / TF and its implementation to internal documents	20	The bank monitors changes in legislation of Ukraine, internal documents brought into line with the requirements of regulations of the National Bank and the	1	= (1·20)/100

			State Service for Financial Monitoring of Ukraine (hereinafter - SSFMU)		
			The bank monitors changes in legislation of Ukraine, internal documents brought into line with the requirements of regulations of the National Bank and SSFMU. However, there are some flaws in the process, which are identified and removed / removing.	2	$= (2 \cdot 20) / 100$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			The bank monitors changes in legislation of Ukraine. However, deficiencies were found in the harmonization of internal documents in compliance with the normative legal acts of the National Bank and SSFMU which today are not yet resolved	3	$= (3 \cdot 20) / 100$
			Monitoring of changes in legislation of Ukraine and	4	$= (4 \cdot 20) / 100$

			bringing internal documents in compliance with normative legal acts of the National Bank and SSFMU are ineffective		
			No data / not applicable	5	$= (5 \cdot 20) / 100$
C8.6	Is there a compliance officer in each separate subdivision of bank	10	Yes	1	$= (1 \cdot 10) / 100$
			No	5	$= (5 \cdot 10) / 100$
C8.7	Share-time of compliance officer, devoted to the ML / TF in total working time (response given percent)	20	From 76% to 100%	1	$= (1 \cdot 20) / 100$
			From 50% to 75%	2	$= (2 \cdot 20) / 100$
			From 25% to 49%	3	$= (3 \cdot 20) / 100$
			Up to and including 24%	4	$= (4 \cdot 20) / 100$
			No data / not applicable	5	$= (5 \cdot 20) / 100$
C9	Training and recruitment				$= C9.1 + C9.2 + C9.3 + C9.4 + C9.5 + C9.6 + C9.7 + C9.8 + C9.9 + C9.10$

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
C9.1	What is the procedure of training is provided by bank training program	5	Provided a full and continuous training on ML / TF for employees.	1	$= (1 \cdot 5) / 100$

	on ML / TF		Learning responses the level positions and responsibilities, adequate financial resources are given		
			Provided a full and continuous training on ML / TF for employees. Learning responses the level positions and responsibilities, adequate financial resources are given. But several minor changes are in need to improve the process.	2	$= (2 \cdot 5)/100$
			Training on ML / TF for employees are provided. However, some questions on ML / TF are not covered by this study. Significant changes are in need to improve the process.	3	$= (3 \cdot 5)/100$
			Non-systematic training on ML / TF, that does not cover certain regulatory issues	4	$= (4 \cdot 5)/100$
			No data / not applicable	5	$= (5 \cdot 5)/100$
C9.2	Frequency of trainings on ML / TF	25	Training conducted at least once every three months	1	$= (1 \cdot 25)/100$
			Training conducted at least once every six months	2	$= (2 \cdot 25)/100$
			Training conducted at	3	$= (3 \cdot 25)/100$

			least once every nine months		
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Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			Training conducted once a year or less	4	= (4·25)/100
			No data / not applicable	5	= (5·25)/100
C9.3	What percent of the bank's employees are required to participate in training on ML / TF	5	100%	1	= (1·5)/100
			From 76% to 99%	2	= (2·5)/100
			From 50% to 75%	3	= (3·5)/100
			Up to and including 49%	4	= (4·5)/100
			No data / not applicable	5	= (5·5)/100
C9.4	Have Chairman and members of the Board participated in training on ML / TF	15	Yes	1	= (1·15)/100
			No	5	= (5·15)/100
C9.5	Availability of special training programs on ML / TF developed and implemented in accordance with the duties of employees	5	Yes	1	= (1·5)/100
			No	5	= (5·5)/100
C9.6	Forms of training on	5	Training on ML / TF	1	= (1·5)/100



	ML / TF: seminars and workshops; independent study, classes on computers; other		conducted in all forms		
			Training on ML / TF conducted only in the form of seminars, workshops and classes on computers	2	= (2·5)/100
			Training on ML / TF conducted only in the form of seminars and workshops	3	= (3·5)/100
			Training on ML / TF conducted only in the forms of self-employment	4	= (4·5)/100

Continuation of Annex 3

Continuation of the table

1	2	3	4	5	6
			No data / not applicable	5	= (5·5)/100
C9.7	Does the bank document and record the results of training on ML / TF	5	Yes	1	= (1·5)/100
			No	5	= (5·5)/100

C9.8	Does the internal audit check quality curriculum and whether evaluates performance	10	Yes	1	$= (1 \cdot 10)/100$
			No	5	$= (5 \cdot 10)/100$
C9.9	Are there bank's internal personnel policies and procedures that monitor the reputation of experts / staff of bank	5	Yes	1	$= (1 \cdot 5)/100$
			No	5	$= (5 \cdot 5)/100$
C9.10	Does the bank check the persons applying for a job in the bank (for example, the presence / absence of relevant experience, criminal record, etc.)	20	Yes	1	$= (1 \cdot 20)/100$
			No	5	$= (5 \cdot 20)/100$