

Anti-Money Laundering Policy

(April 13, 2022)

Kwangju Bank

1. Due Diligence System to Identify Customers with Risks

- Customer Due Diligence System
 - Conducting customer due diligence (CDD) when opening new accounts, making one-time financial transactions, and there is concern over money laundering, etc.
 - Identifying and verifying customer's identity, transaction purpose and the beneficial owner, etc.
- Risk Assessment
 - Identifying and evaluating risks related to money laundering acts (national risk, customer type, product and service risk, etc.) and utilizing it for CDD.
- Verifying Beneficial Owner
 - The beneficial owner refers to a natural person who ultimately manages or controls the customer.

2. Non-face-to-face Due Diligence System to Identify Customers with Risks

- Non-face-to-face Customer Due Diligence System (Corporation may not use non-face-to-face customer due diligence system)
 - When opening a new account, CDD including non-face-to-face real name verification procedures shall be conducted.
 - Non-face-to-face transactions shall be subject to enhanced CDD.

3. Due Diligence System to Prevent the Financing of Terrorism

- The Bank shall verify whether the transaction customer is a person listed on the watch list by comparing the customer's information with that on the watch list — and the transaction customer shall take necessary measures, such as obtaining approval from the compliance officer to trade with the Bank — as set forth in each of the following subparagraphs before a financial transaction is completed:
 - Watch list subject to financial transaction restrictions announced by the Financial Services Commission pursuant to the “Act on Prohibition against the Financing of Terrorism.”
 - Persons on sanctions list designated by the UN
 - Citizens (including individuals, corporations and organizations) or residents of higher-risk countries and non-compliance countries announced by FATF
 - Watchlist subject to financial transactions restrictions issued by the government of the country where the bank or overseas branch is located for fear of risk of money laundering.
 - List of politically exposed persons, etc.

4. Politically Exposed Persons

- “Politically exposed persons (PEPs)” refers to a person who had or has political/ social influence in a foreign country, or his/her family members and closely related persons
- If a PEP falls under any of the following categories, he/she shall obtain approval from the compliance officer:
 - Whether or not the transaction is accepted when a foreign PEP opens a new account
 - Whether to continue trading with a customer when the customer (or beneficial owner) who has already opened an account is identified as a foreign PEP

5. Approval of Products and Countries with Risks of Money Laundering/Terrorism Financing by High-Ranking Officials

- Approval of Risk Assessment for New Products
 - When a department related to product and service development develops new financial products and services, the department shall conduct a risk assessment in accordance with the “New Product Risk Assessment Table” and then obtain approval from the compliance officer to prevent risks such as money laundering.
- Approval for Higher-Risk Countries
 - Citizens or residents of higher-risk countries and non-compliance countries announced by FATF shall obtain approval from compliance officer to establish a business relationship with the Bank.

6. Retaining Documents Related to Money Laundering/Terrorism Financing and Number of Storage Years

- In accordance with Article 5-4 of the “Act on Reporting and Use of Certain Financial Transaction Information,” the Bank shall retain internal and external reports and related data, including customer due diligence records, financial transaction records, suspicious transactions and large-cash transaction reports, for five years from the date when the financial transaction ends.