



K&H Bank - Risk Appetite Statement

pertaining to Anti-Money Laundering, Sanctions and Anti-Bribery & Corruption

K&H Bank is committed to combating financial crime and ensuring that products enlisted at us are not misused for the purpose of money laundering, terrorism financing and fraud events. It is also prohibited to provide any product or proceed any transaction for the benefit of sanctioned individual or entity. As such, adherence with applicable laws and regulations regarding Anti-Money Laundering, Sanctions and Anti-Bribery & Corruption is mandatory and fundamental to our program.

We have strict and transparent standards and we continuously strengthen our processes so as to ensure compliance with applicable laws and regulations.

K&H Bank reserves the right to reject any client, payment, or business that is not consistent with our Risk Appetite.

I. Adherence to Applicable Laws and Regulations

In accordance with funds transfer regulations you are required to provide us accurate and complete information regarding the payers and payees of each payment order or other transaction processed through your account.

Please note that you may be requested to provide additional information or document regarding a payment order or other transaction, or counterparty of such transaction.

II. Monitoring for Suspicious Activity

Our AML, Sanctions, and Anti-Bribery & Corruption Programs include customer due diligence, enhanced due diligence and suspicious and prohibited transaction monitoring and reporting policies as well as surveillance systems to monitor such activity.

At various points in time, we may request information regarding the transactions flowing through your account and the parties to the payment. If you cannot respond sufficiently or within a timely manner, we also reserve the right to reject any payments of concern to us.

III. Prohibitions

We have no appetite for clients who engage in any of the following:

- (a) Intentional or willfully negligent breaches of law, regulation or policy applicable to Financial Crime Risk;
- (b) Repeated unintentional or repeated accidental breaches of law, regulation or policy applicable to Financial Crime Risk;
- (c) Misusing the account for the purpose of money laundering or terrorism financing;
- (d) Misusing the account for the purpose of fraud
- (e) Facilitating business activities which could be construed as a tax offence;
- (f) Refusing to provide sufficient information or documentation to demonstrate compliance with the standards outlined in this Statement.

We intend to conduct business only with reputable clients who use their own products, services, and related accounts for legitimate purposes, and whose identities can be determined and verified. In keeping with that principle, we will not knowingly conduct business with clients that seek to process payments through K&H Bank involving:

- Gambling entities
- Weapon dealers
- Illegal Narcotics
- Payable through Accounts
- Illegal Pornography (“Red Light”)
- Human Trafficking
- Shell Banks
- Money Service Businesses



IV. Sanctions Risk Appetite

We have no appetite for establishing or maintaining a client or counterparty relationship with an entity or individual designated on any of the below lists or where otherwise prohibited by applicable law or regulation. We also have no appetite to execute transactions relating to any such entity or individual.

- i. The United Nations Security Council Sanctions List (UN)
- ii. The Consolidated List of European Union Financial Sanctions (EU)
- iii. Sanctions lists administered by the United States Office of Foreign Assets Control (OFAC), including the List of Specially Designated Nationals and Blocked Persons

V. Restrictions

The risk presented by the following types of industries are considered as high risk. For these categories, K&H Bank reserves the right to ask additional documents during the relationship establishment for better understanding of the nature of business of our client.

- Charities, political parties
- Used product dealers
- Precious metal dealers
- Offshore banks
- Money transmitters
- Oil & gas industry

The following characteristics are also considered as high risk, therefore subject of enhanced due diligence:

- Politically Exposed Person
- Remote Account Opening
- Correspondent Banking Relationship

K&H Bank considers high amount cash transactions are particularly high risk activity, therefore these transactions are limited. Exact executable daily amount of transaction on client level is detailed in the prevailing General Terms and Conditions of K&H Bank.

I. Special Risk Countries (SRCs) – The most oppressive Regimes

- Democratic People's Republic of Korea (North Korea)
- Republic of the Sudan
- Syria
- Congo, Democratic Republic of the
- Libya
- Somalia
- South Sudan
- Central African Republic
- Eritrea
- Equatorial Guinea
- Turkmenistan
- Tajikistan
- Uzbekistan
- Chad
- Yemen

From risk point of view countries identified as Tax heaven, Offshore, Corruption, High Money Laundering or Fraud risk are also considered as high risk. Lists are created based on the international standards.

Special handling of Iranian transactions can be found in Embargo Policy.