BNK Financial Group

ESG Policy Book

Anti Money Laundering Policy

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Anti Money Laundering Policy

1. Objective

- BNK Financial Group aims to proactively respond to illegal money laundering activities and anti-money laundering regulations through this policy.

2. Application Scope

- This policy applies equally to BNK Financial Group and all its subsidiaries.

3. Basic Principles

3.1 Know Your Employee (KYE)

- BNK Financial Group implements the Know Your Employee (KYE) by requiring pledges and other documents when hiring new employees. Efforts are made from the recruitment stage to ensure that newly hired employees are not used for money laundering behaviors.

  Annually, for employees currently in service, we take thorough measures to prevent risks related to money laundering and terrorism by identifying credit information, reputation risks, and whether they are key individuals through the employee identity verification form.

3.2 Know Your Customer (KYC)

- BNK Financial Group verifies the identity, transaction purpose, and actual ownership of customers when they open a new account or make occasional financial transactions above the legal amount. Even after establishing a customer relationship, we continuously verify customers at appropriate times during the maintenance of the relationship to assess the risk of Money Laundering/Terrorist Financing (ML/TF).

- Busan Bank and Kyongnam Bank have introduced the 'Pre-Approval System for Due Diligence' for corporate customers to prevent violations of the 'Act on Reporting and Using Specified Financial Transaction Information' and proactively respond to regulations of supervisory authorities. We have strengthened internal controls related to the adequacy of corporate entity data entry and the omission of supporting documents for actual ownership verification.

3.3 Non-Face-to-Face Know Your Customer (KYC)

- BNK Financial Group verifies the identity of non-face-to-face customers by adhering to regulatory guidelines, such as submitting a copy of the real-name verification document through identification card photographs. We comply with the standards of the Financial Action Task Force (FATF) by verifying the source of funds and the purpose of transactions.

3.4 Due Diligence System for Preventing Terrorist Financing

- BNK Financial Group shall take necessary measures, such as obtaining the approval of the compliance officer, to establish a transaction relationship by comparing the information of key individuals on the following watch list before the completion of financial transactions to determine if the transaction customer is a key individual.

1. List of persons subject to restrictions on financial transactions announced by the Financial Services Commission under the 'Act on Prohibition against the Financing of Terrorism'
2. Sanctioned individuals designated by the UN
3. Nationals (including individuals, corporations, and organizations) or residents of higher-risk and non-compliance as announced by the FATF
4. List of persons subject to restrictions on financial transactions published by the government of the country where overseas branches are located, due to concerns about money laundering.
5. List of foreign politically exposed persons, etc.

3.5 Due Diligence on Politically Exposed Person (PEP)

- BNK Financial Group conducts Enhanced Due Diligence (EDD) to verify the transaction purpose, source of funds, etc., when a customer is identified as a following foreign politically exposed person. If a foreign politically exposed person opens a new account or an existing account holder is identified as one, the Compliance Officer is required to continue the transaction relationship.

1. Senior administrators of foreign administrative, judicial, defense, or other government agencies
2. Senior managers of major foreign political parties/executives of foreign state-owned enterprises
3. Royalty and nobility/religious leaders
4. Businesses or organizations related to foreign politically exposed persons

3.6 Education and Professional Training

- BNK Financial Group regularly conducts customized anti-money laundering training for employees, tailored to their duties and positions, including outside directors, management, auditors, compliance officers, and employees.

3.7 Transaction Monitoring

- BNK Financial Group has introduced an anti-money laundering system equipped with RPA to enhance monitoring of money laundering behaviors, performing tasks such as verifying suspicious transaction documents. Suspicious transactions and large cash transactions are reported to the Financial Intelligence Unit (FIU).

3.8 Approval for Products and Countries with High-Risk such as Money Laundering and Financing of Terrorism by Senior Management

- When the departments related to product and service development at BNK Financial Group develop new financial products and services, they shall conduct a risk assessment to prevent money laundering activities and obtain approval from the compliance officer or the head of the anti-money laundering department.

- For residents of high-risk countries announced by FATF, approval from the compliance officer is required to establish a transaction relationship.

3.9 Independent Audit

- BNK Financial Group conducts an annual review and evaluation of the appropriateness and effectiveness of anti-money laundering operations by a department separate from the anti-money laundering tasks. Any deficiencies and areas for improvement identified during the independent audit are reported to the Board of Directors.

3.10 Retention of Documents Related to Anti-Money Laundering

- BNK Financial Group retains internal and external reports, customer identification records, financial transaction records, suspicious transaction reports, large cash transaction reports, and related materials for five years from the termination of the financial transaction.

4. Others

4.1 Reference

- Relevant laws, including the 'Act on Reporting and Using Specified Financial Transaction Information'

4.2 Enactment and Revision History

- June 27, 2024. Policy enacted and implemented
- July 24, 2026. Approved by the ESG Committee

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