

KYC AND ANTI-MONEY-LAUNDERING PRACTICES IN OP FINANCIAL GROUP

OP Financial Group – organization, policies and procedures

OP Financial Group is Finland's largest financial services group. It provides its customers extensive and diversified range of banking, investment and insurance services. The Group has three business segments: Banking, Non-Life Insurance, and Wealth Management.

Group's operations are based on the cooperative principle. The Group consists of 104 (30 Apr 2023) independent member cooperative banks and OP Cooperative, which they own, including OP Cooperative's subsidiaries and closely related companies.

OP Cooperative is the central institution of the amalgamation of the cooperative banks. The cooperative's members are the amalgamation's deposit banks and other credit institutions. By virtue of Laki talletuspankkien yhteenliittymästä (Act on the Amalgamation of Deposit Banks), the central institution has both the right to control its credit institutions and the obligation to supervise their operations.

OP Cooperative carries out control and supervision duties from its position at the head of the financial and insurance conglomerate formed by OP Financial Group. It also acts as the Group's strategic owner institution.

OP Cooperative's mission is to create the basis for OP Financial Group's unity and success. Its task is to supervise and steer the Group's business in line with the jointly agreed strategy. OP Cooperative also analyses the operating environment and gathers information on changes in the industry. It oversees the Group's corporate image, reputation and brands.

AML, CTF and sanctions policies in OP Financial Group

OP Financial Group is subject to the Finnish legislation in relation to money laundering and terrorist financing based on Directives of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and the Financial Action Task Force on Money Laundering's recommendations. OP is also subject to regulation set out by the Finnish Financial Supervisory Authority, FIN-FSA as well as legislation and regulation set out by the Finnish Government and Parliament.

OP Financial Group as a credit institution is supervised by the European Central Bank (ECB). The Finnish Financial Supervisory Authority oversees OP Financial Group's investment firms and insurance companies in Finland as prescribed in legislation governing financial and insurance markets. The Group's operations in Estonia, Latvia and Lithuania are supervised to an applicable extent by the national regulators. The Financial Supervisory Authority, FIN-FSA, is responsible for ensuring that the procedures, risk management and internal control of supervised entities concerning AML/CTF issues meet statutory requirements.

OP Financial Group has sound documented instructions and internal controls in place regarding knowing your customer, prevention of money laundering and terrorist financing and sanctions. Instructions can be accessed by the employees of the Group companies via the Group's intranet.

The KYC, AML/CTF and sanctions policies and programs are applicable to all agencies, branches and subsidiaries of OP Financial Group companies and they are obliged to comply with the policies. Subsidiaries and branches operating abroad have detailed KYC and AML instructions in place taking account of the requirements established by local legislation and the policies and programs of OP Financial Group.

Customer acceptance, identification and customer due diligence

OP Financial Group has developed and implemented customer acceptance policy and procedure to identify customers or groups of customers that probably pose a greater risk of money laundering or terrorist financing to the Group companies' risk assessment.

The KYC, AML/CTF and sanctions policies contain detailed instructions in accordance with the legislation and regulation mentioned above concerning customer identification and customer due diligence.

The OP Financial Group companies do not enter or maintain relationships with shell banks. The Group companies do not maintain either anonymous or numbered accounts nor payable through accounts.

Transaction monitoring and reporting obligation

OP Financial Group has electronic tools in place for transaction monitoring, screening and CDD.

In case the customer's activities or transactions are deemed suspicious, the OP Financial Group companies' employees are obligated to report suspicious activity to the local FIU. In practice employees of the Group companies have the obligation to report suspicious customer activity to the OP Financial Group AML Investigation and MLRO team who will in their turn report the case to the local FIU.

Documentation and storing of CDD data

Customer identification and customer due diligence are documented and stored in accordance with the Act on Preventing Money Laundering and Terrorist Financing (444/2017) including its amendments.

The period of storage of customer due diligence data and related documentation is five years from termination of the customer relationship or, in case of an occasional business transaction, for five years from the performance of the business. Information obtained for the purpose of fulfilling the obligation to obtain information and the reporting obligation is kept separate from customer data.

Training of Employees

OP Financial Group companies offer regularly training for personnel on matters and liabilities relating to KYC, AML/CTF and sanctions. Training is compulsory, provided on a regular basis and covers all organizational levels.