



Anti-Money Laundering, Sanctions & Countering of Terrorist Financing Policy Statement

Excerpt of Applicable AML, Sanctions and CTF standards

1. Introduction

RAKBANK is committed to highest standards of Anti-Money Laundering (AML) and Countering of Terrorist Financing (CTF) measures. The members of the Board, Senior Management and all employees are required to adhere to these standards to protect RAKBANK and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

The UAE is a member country of the Financial Action Task Force (FATF) by virtue of being a GCC member who is one of the members of MENA FATF. The UAE is also a member state of the United Nations (UN) and Arab League and has enacted laws and regulations designed to implement the anti-money laundering and CTF policies in line with FATF, UN and Arab League regulations. The aim of these laws is to detect and prevent money laundering and potential terrorist financing.

RAKBANK, being an UAE entity, regulated by the Central Bank of the UAE, adheres to all the applicable laws and regulations including the AML and CTF requirements.

The requirements mentioned in this Policy Statement are based on:

UAE Central Bank	<ul style="list-style-type: none">• Circular No. 24/2000 dated 14/11/2000 “Regulations Concerning Procedures for Anti-Money Laundering” and subsequent amendments
UAE Federal Law	<ul style="list-style-type: none">• Law No. 4/2002 regarding Criminalization of Money Laundering and its amendments
International Standards	<ul style="list-style-type: none">• Financial Action Task Force (FATF) recommendations• Wolfsberg Group Principles• Recommendations by Basel Committee on Banking Supervision

2. Governance Framework

Director – Compliance is entrusted by the CEO and Board of RAKBANK to overview and implement bank wide AML, CTF and Sanctions related functions. He is responsible for adherence to all applicable Financial Crime regulations and obligations. In addition, he is responsible for establishing and maintaining RAKBANK’s AML program to identify, assess,

monitor and manage risks related to Anti Financial Crimes.

3. Policies and Procedures

RAKBANK has formulated a set of its own policies and detailed procedures outlining its AML policies and procedures manuals. These detailed documents ensure that the applicable standards are followed in the day-to-day business of the Bank.

These policies and procedures are subject to an annual review to ensure conformity with applicable AML laws and regulations and to keep pace with changing regional and international regulatory requirements.

4. Regulatory Commitment

RAKBANK's AMLCTF Policies and Procedures are based on UAE Laws and AMLCTF regulations issued by the CB-UAE. Being part of the Global financial sector and dealing in international financial markets RAKBANK also adheres to certain international standard on Financial Crimes, AML/CTF and Trade and Economic Sanctions.

RAKBANK must refuse to open an account / enter into a relationship or close/terminate any existing account / relationship, if it is not able to reliably seek & obtain information on the Ultimate Beneficial Ownership (UBO), source of funds / wealth of the customer, or if the customer happens to be connected to any of the terrorist or criminal organisations or listed on any of the AML and or sanctions list.

The Bank will not:

- Accept funds that are known or suspected to be the proceeds of criminal activity
- Enter into/maintain business relationships with individuals or entities that are either known or are suspected to be a terrorist or a criminal organisations or listed on any of the sanction lists
- Maintain anonymous accounts, accounts for shell banks or pay-through accounts
- Enter into relationships with customers from prohibited jurisdictions or industries

The Bank is committed to report suspicious transactions to the regulator and liaise & assist with the law enforcement authorities, regulators and correspondent banks with regard to any investigations.

5. AML & CTF Risk Control Framework

RAKBANK has deployed comprehensive set of measures to identify, manage and control its AML and CTF Risks.

Bank's AML & CTF Risk Control Framework includes but is not limited to the below measures

5.1 Customer On-boarding Policy

RAKBANK has implemented bank-wide client on-boarding program to ensure all category of customers (including but not limited to natural or legal persons or legal structures, correspondent banks) are subject to adequate identification, risk rating and monitoring measures

5.2 Risk Based Approach

RAKBANK adopts a Risk Based Approach for its AML & CTF requirements. All customers are risk rated at the time of on-boarding and measures commensurate to the applicable risk are adopted to establish a relationship and continued due diligence.

Risk based approach generally is regarded as a continuous process, that is dynamic as customers behaviour and businesses are never static. RAKBANK will therefore ensure that the risk management processes for managing money laundering and terrorist financing risks are kept under regular review.

RAKBANK will increase the degree and nature of monitoring of the business relationship based on its risk score, in order to determine whether those transactions or activities appear unusual or suspicious

5.3 Controls

RAKBANK has adequate controls in place to ensure that the procedures laid down are in accordance with the AML/Sanctions policy. These controls are subject to independent review by internal audit and The Central Bank of UAE from time to time.

5.4 KYC Program

RAKBANK has implemented a stringent KYC program to ensure all its customers are adequately identified and profiled for on-going monitoring purposes.

5.5 Sanctions and Embargo Program

RAKBANK has a sanctions policy in place that governs and lays down procedures for sanctions related controls. The Bank screens all its potential and existing customers before on-boarding and on an on-going basis from a sanctions perspective and is committed to ensure no dealings with any entity that appears on regional or international sanction lists such as UN, OFAC, EU and UK HMT. The Bank also screens all its payments from sanctions perspective.

6. Trade Based Activity

6.1 Trade and Economic Sanctions

RAKBANK being a commercial bank needs access to international financial and currency markets. Implicitly this requires adoption of compliance standards expected from international financial institutions. One such critical expectation is compliance with Trade & Economic Sanctions issued by international governments, Regional and Global inter-governmental organizations. It also requires compliance with certain extra territorial regulations to be able to continue business in certain global currencies.

Therefore, RAKBANK has implemented a dedicated sanctions compliance program that maintains the banks sanctions policy to meet its extraterritorial obligations.

6.2 Trade Based Money Laundering

Trade finance transactions conducted by the bank are monitored as part of the AML/CTF and Sanctions program of the Bank. Trade finance transactions are conducted for RAKBANK customers only.

All trade transactions are screened to ensure these are conducted as per customer's profile .All parties/countries/vessels to a trade finance transaction are screened against negative and sanctions list databases.

7. Compliance Risk Assessments

The bank conducts periodic AML and Sanctions Compliance risk assessments. These are independently initiated by the Compliance unit to identify key risk areas within business functions to initiate corrective actions. The methodology adopted for the Compliance risk assessments is leveraged on the methodology used for the risk and control self-assessments.

Rakbank has incorporated trade based money laundering scenarios into its existing training programs on AML/CFT

8. Training Program

RAKBANK ensures that all the staff are mandatorily trained in AML and sanctions related requirements at the time of joining and regularly on an on-going basis. Taking cognizance of the differing level of compliance expectations from each job role depending on whether they are the first, second or third line of defence, all job roles are classified and the staff are provided specialized levels of training.

9. Anti-Bribery and Corruption and Anti-Fraud

RAKBANK has required controls in place to combat bribery, corruption and fraud either external or internal. The bank also ensures that all staff are adequately informed and educated in this regard.

10. Record Retention

- At a minimum, all relevant records are retained in accordance with the RAKBANK's record keeping and archival policy.
- The Bank's record keeping policy is at all times governed by the UAE Central Bank's requirement on record keeping.

11. Confidentiality of Customers data

The information about customers and their transactions obtained in the course of fulfilling AML-CTF obligations is considered as confidential. Employees of the Bank should avoid disclosure to other parties or to the customer of any suspicions identified, investigated or reported.

12. Independent Audit

RAKBANK's AML and Sanctions Framework are subject to independent Internal as well as regulatory audit on a regular basis.

An audit is conducted by the Central bank of UAE on a periodic basis and no concerns have been noted.