



Financial Crime Policy Statement

Introduction

As a UAE regulated financial institution, RAKBANK is committed to the highest standards of financial crime prevention measures. Members of the Board, Senior Management and all employees are required to adhere to these standards. In doing so, RAKBANK and its subsidiaries remain compliant with all relevant AML/CFT regulations in tandem with fostering best working practices to safeguard the Bank and its subsidiaries from being used as a means to facilitate any form of illegal activity, thereby protecting it from any financial loss and reputational damage.

Governance Framework

In line with the Bank's culture of compliance to the Financial Crime Policy, the three lines of defense model has been adopted for risk governance which aims to promote clear accountability for risk acceptance, oversight and independent assurance within the organization. This gives the Bank transparency to structure roles, responsibilities and accountability for decision making, risk management and implementation of control measures to achieve effective governance and assurance. The Financial Crime Policy of the Bank is approved by the Board, and the Compliance Division of the Bank, as second line of defense, is the policy owner.

Policies and Procedures

RAKBANK has formulated a set of its own internal policies and procedures outlining AML/CFT obligations in its day-to-day business activities. These policies and procedures are subject to annual review to ensure conformity with applicable AML/CFT laws and regulations and keep pace with changing regional and international regulatory requirements.

AML/CFT Standards

RAKBANK has deployed a comprehensive set of measures to identify, manage and control its money laundering (ML) and terrorist financing (TF) risks. The AML/CFT system and controls placed by the Bank forms its overarching financial crime control framework which has been developed in line with regulatory expectations and industry best practices.

The defined framework includes but is not limited to the following:

- Appointment of a Money Laundering Reporting Officer (MLRO)
- Maintaining internal policies and procedures outlining the Bank's systems and controls for financial crime prevention
- Mandating an annual Enterprise-wide Risk Assessment
- Assessing customers' risk and applying measures that commensurate to their applicable risks
- Mandating risk based customer due diligence measures and where customers are considered to pose higher risk of financial crime, enhanced due diligence measures are to be applied
- Deploying robust systems and comprehensive processes for the monitoring and investigating of customers' transactions
- Conducting independent validation on processes, systems and controls to ensure robustness of the AML/CFT framework
- Implementing an AML/CFT training plan to raise awareness and drive a compliance culture across the Bank
- Maintaining a risk appetite statement

Further to the above, as part of its regulatory obligation, RAKBANK 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 suspected to be terrorists or a criminal organizations or listed on any of the sanction lists
- Maintain anonymous accounts, accounts for shell banks or pay-through accounts

Sanctions Program

The Bank is obligated to comply with the directives of competent authorities of the UAE in relation to agreements and conventions pertaining to the combating of money laundering and the financing of terrorism including the prevention and suppression of proliferation of weapons of mass destruction, international convention for the suppression of the financing of terrorism and the treaty on the non-proliferation of nuclear weapons.

The Sanctions Program in RAKBANK is designed to mitigate the risk of breaching sanctions laws and regulations and reduce the potential risk of being utilized to circumvent sanctions. In its commitment to ensure adherence to regional and international sanctions statutes, customers and payments are subject to screening mandatorily against lists such as the United Nations Security Council Consolidated List (UN List) and UAE Terrorist List (UAETL). Furthermore, as the Bank has a commitment to its foreign correspondent banks, RAKBANK also screens against the Specially Designated Nationals (SDN) lists of the Office of Foreign Assets Control (OFAC), European Union (EU) and HM Treasury's Office (UKHMT).

Training Program

In order for AML/CFT risk assessment and mitigation measures to be effective, the Bank is obligated to ensure that all employees have adequate AML/CFT training. All employees are subject to training 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, specialized levels of training are rolled out in line with the expectations of the Central Bank of the United Arab Emirates (CBUAE) for a role-based AML/CFT training.

Anti-Bribery & Corruption and Anti-Fraud

RAKBANK has deployed appropriate controls to combat bribery, corruption and fraud. The Bank also ensures that all staff are adequately informed in this regard.

Record Retention

At a minimum, all relevant records are retained in accordance with the RAKBANK's record keeping and archival policy which is governed by CBUAE's requirement on record keeping.

Confidentiality

The Bank is obligated to maintain confidentiality in regards to the information obtained about customers and their transactions. Furthermore, any information reported and the act of reporting itself to competent authorities is considered confidential and employees of the Bank are mandated to avoid disclosure to other parties or to customers of any suspicions identified or investigated.