

Anti-Money Laundering and Counter Terrorism Financing Policy

Background

Arab Bank Australia (ABAL) holds a strong commitment to conducting business in conformity with the highest ethical standards by adhering to applicable Anti-Money Laundering (AML) and Combating Financing of Terrorist (CFT) laws and regulations pertaining to financial institutions. ABAL embraces a risk-based approach to managing compliance, ensuring adequate controls are implemented to combat, detect, and report potential money laundering and financing terrorist activities.

Objectives

- Provide guidance and direction to ensure compliance with appropriate regulatory requirements to minimise risks associated with money laundering, financing terrorists, and related activities.
- Combat, detect, and report use of ABAL's products or services for money laundering and financing terrorists.
- Protect the name and reputation of ABAL.

Definitions

Money Laundering

Money Laundering is the process of concealing the existence, illegal source or application of income from criminal activity and the subsequent disguising of that income to make it appear legitimate. Money laundering is just as serious as the underlying crimes that generate the money that is laundered.

Terrorism Financing

Terrorism is an act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a Government or an international organisation to do or to abstain from doing any act (*Source - FATF Glossary*).

Terrorism financing differs from money laundering in two ways:

- Very small sums of money can do very large amounts of damage in the hands of a terrorist. For example a bomb that costs a few thousand dollars to make can kill and cause billions of dollars damage.
- Although terrorists may finance their activities through crime, particularly fraud involving stolen cheques or fake or stolen credit cards, legitimate funds can also be misappropriated for terrorist financing

Statement of Policy

ABAL has adopted an AML/CFT Program that includes the following essential elements:

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- *AML governance* characterised by the designation of an AML/CFT Compliance Officer responsible for overseeing the AML program, maintaining senior leadership commitment, establishing AML compliance guidelines, and setting and directing AML strategy.
- *Policies and procedures* that set ABAL standards pertaining to the identification, mitigation, and deterrence of money laundering and financing terrorists, including but not limited to its AML and CTF Policy as well as Know Your Customer (KYC) Standards. In addition to the minimum KYC requirements, risk-based procedures, adopted by each line of business address customer due diligence requirements, record keeping and reporting requirements, as well as processes for the identification, reporting, and escalation of unusual events and transactions.
- *Training/communications/awareness* that promotes a risk culture that supports AML compliance through the development of training and awareness resources, oversight of enterprise wide training programs and maintenance of enterprise awareness of AML issues.
- *Audit and testing* which includes a periodic independent evaluation of the AML program and validates and tests the effectiveness of AML processes and procedures as well as internal self assessments and reporting.
- *Employee due diligence* program which determines the screening procedure for prospective employees and maintains a system to manage any employee who fails, without reasonable excuse, to comply with the AML/CTF Program.
- *Adherence* to the AML/CTF legislation and Guidelines issued by the regulators.

Roles and Responsibilities

ABAL Board and Senior Management are responsible for approving and the ongoing oversight of ABAL AML/CTF Program. A dedicated AML/CTF Compliance Officer is responsible for monitoring and reporting on the effectiveness of the risk management and compliance management framework of AML and CTF risks.

ABAL staff must make reasonable efforts to determine the true identity of ABAL customers, develop and maintain a clear understanding of ABAL customers' practices, and report activity identified as unusual.

Consequences of Breaching This Policy

Breach of this policy may result in disciplinary actions, including termination in appropriate cases.