

ADCB Islamic Bank JSC
Financial Crime, AML/CFT, ABC,
and Sanctions Policy Statement

Compliance Department

Financial Crime Policy Statement

ADCB Islamic Bank JSC (“ADCBK” or “the Bank”) is committed to maintaining the highest ethical standards and compliance with all applicable laws and regulations. ADCBK advocates the prevention of all forms of Financial Crime, including Money Laundering, Terrorist Financing, Bribery and Corruption, the intentional evasion of Sanctions, and proliferation financing, and recognises risk management as a fundamental pillar of its business. As a result, ADCBK recognises that the implementation and maintenance of a robust Financial Crime risk management framework is of primary importance to its success.

ADCBK’s Compliance Department oversees the Bank’s Financial Crime Compliance program and has established policies and programs that have been endorsed and approved at the level of the Board of Directors. ADCBK’s employees play a pivotal role in preventing Financial Crime and protecting the integrity of the financial system in which ADCBK and its customers operate. Consequently, all employees are responsible for complying with the Bank’s policies and programs, maintaining awareness of prevalent Financial Crime risks, consulting with peers, and escalating any concerns to Management or through the Bank’s reporting channels.

This Policy Statement is a mechanism for the Bank to convey how highly it regards the importance of ensuring that any Financial Crime risks identified are appropriately mitigated.

Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT) Program Statement

The Bank’s AML / CFT Internal Control Program (the “Program”) is developed in accordance with the current legislation of the Republic of Kazakhstan, ADCB Group’s Know Your Customer and AML / CFT Policy, and the Bank’s AML / CFT Internal Control Rules.

This Program is comprised of the following:

- AML/CFT Internal Control Implementation Program;
- AML/CFT Risk Management Program;
- Customer Identification Program;
- Customer Transactions Monitoring Program; and
- AML/CFT Training Program.

ADCBK’s AML/CFT Program has been established to ensure that:

- All employees are made aware of the minimum AML/ CFT control standards that apply across the Bank;
- Any AML/CFT risks are mitigated appropriately; and
- Any prohibitions which fall outside the Bank’s risk appetite are clearly stipulated.

ADCBK’s AML / CFT Program includes the following:

- The appointment of a designated Money Laundering Reporting Officer (MLRO) who is responsible for:
 - the identification, assessment, monitoring, and reporting of Money Laundering and Terrorism Financing risks;
 - ensuring and maintaining the quality, strength, and effectiveness of the Bank’s AML / CFT program;

- establishing a strong and effective AML / CFT compliance culture to ensure that employees are well-qualified, well-trained, well-equipped, and well aware of their responsibility to combat the threat posed by ML/FT;
- Appropriate Know Your Customer (KYC) and Customer Due Diligence (CDD) processes that require the identification and verification of customers and beneficial owners, including the mandatory completion of screening and risk assessment analysis;
- The requirement for all customers to be AML / CFT risk-rated on the basis of the following risk factors: Geography, Products and Services, Customer risk, Channel, Nature of the business for entities;
- Enhanced Due Diligence (EDD) protocols for customers who present a higher risk exposure to the Bank, such as Politically Exposed Persons (PEPs), including the requirement for Senior Management approval;
- Requirements applicable to KYC periodic reviews of all customers based on their respective AML / CFT risk classifications, in addition to trigger-based / event-driven KYC reviews;
- Ongoing monitoring of customer relationships;
- Transaction monitoring processes to detect potentially suspicious activity;
- Clearly articulated investigation processes and processes for reporting to the Authorized Body (ie, the State authority in Kazakhstan responsible for financial monitoring and taking other measures on anti-money laundering and counter terrorist financing or financing the proliferation of weapons of mass destruction in accordance with the AML Law) in instances where there are reasonable grounds to suspect any Money Laundering or Terrorist Financing risk; and
- Mandatory periodic training requirements for all employees on applicable AML / CFT risks and controls.

Anti-Bribery and Corruption (ABC) Policy Statement

ADCBK is committed to maintaining the highest level of professional and ethical standards in all its operations and ensuring it is not engaged in corrupt business practices. Employees must not seek, accept, promise, or offer any improper advantage, under any circumstances, in exchange for any financial or non-financial benefits to or from any person or entity in relation to the Bank's business activities.

The purpose of the ABC Policy is to ensure that the Bank:

- maintains a high ethical standard;
- avoids any allegation of bribery or corruption;
- does not engage in any unfair business practice;
- effectively manages conflicts of interest; and
- complies with standards and restrictions imposed by applicable laws and regulations.

Under the ABC Policy, employees are prohibited from:

- Accepting or offering bribes in any form;
- Receiving or giving gifts in kind or cash (above the threshold prescribed);
- Falsifying books and records; or
- Paying, offering, or promising to provide or arranging, or authorising, directly or indirectly through any other person or firm, the payment or transfer of anything of value to either a Public Official (foreign or local) or an employee of a local and/or international firm.

ADCBK has zero tolerance towards Bribery and Corruption.

As a baseline requirement, the Bank complies with all anti-bribery laws that may be applicable or relevant to its business ("Anti-Bribery Laws"), including:

- Anti-Corruption Law of the Republic of Kazakhstan dd November 18th, 2015 No. 410-V (Anti-Corruption Law);
- Administrative Violations Code of the Republic of Kazakhstan;
- Penal Code of the Republic of Kazakhstan (Penal Code); and
- The United Nations Convention Against Corruption.

Employees must act responsibly and assess whether providing or accepting any hospitality, entertainment, gifts, or other business courtesies could:

- be perceived as an improper inducement, facility payment, or a conflict of interest;
- reflect negatively on the Bank's reputation; or
- violate any applicable law, regulation, or policy or procedure of the Bank.

All activities related to giving and receiving gifts or hospitality will be classified under Allowed Activity, Compliance Approved Activity, or Prohibited Activity. The dedicated Compliance Officer decides on whether to approve exceptions regarding the value or type of activity based on the rationale shared by the employee.

All Employees and Agents are responsible for adhering to these guidelines and upholding the Bank's commitment to ethical and professional conduct in all of their engagements on the Bank's behalf. Failure to comply may expose the Bank to civil and criminal liability, fines, loss of reputation, and other serious consequences. Individual Employees who fail to comply may also be exposed to personal legal risk as well as disciplinary action by the Bank.

Sanctions Policy Statement

The purpose of the ADCBK Sanctions and Counter Proliferation Financing Policy (–the “Sanctions Policy”) is to ensure compliance with applicable Sanctions Regulations, Restrictions, Embargoes, and Export Controls (together, the “Sanctions Programs”).

The Sanctions Policy sets forth the risk mitigation parameters of ADCBK with respect to the Kazakhstan, United Nations, United States of America, European Union, United Kingdom, United Arab Emirates and other local or international Sanctions measures of relevance to or applicable to or potentially applicable to ADCBK's business.

As a result, ADCBK has no appetite for establishing or maintaining a client or counterparty relationship with any individual or entity designated by any of the authorities mentioned below, or otherwise prohibited by applicable laws or regulations:

- The Agency of the Republic of Kazakhstan for Financial Monitoring (AFM);
- The United Nations Security Council (“UNSC”);
- The European Union (“EU”);
- The United States Office of Foreign Assets Control (“OFAC”);
- The Office of Financial Sanctions Implementation HM Treasury (“OFSI”); and

- Global Affairs Canada, Sanctions Police and Operations Coordination Division (“GAC”).

ADCBK has adopted the Sanctions Policy in order to guard against its participation, or the participation of its customers, Employees or Agents, in transactions or other business that might contravene local or international Sanctions, or that might expose ADCBK and/or ADCB Group to undesired risks.

ADCBK complies with the economic Sanctions rules and requirements of the Republic of Kazakhstan, including the regulations of the Agency of the Republic of Kazakhstan for development and regulation of the financial market, the National Bank of Kazakhstan, and the Agency of the Republic of Kazakhstan for Financial Monitoring (AFM). In addition, ADCBK complies with all economic sanctions applicable or potentially applicable to its business or transactions, which includes Sanctions promulgated by the UNSC, OFAC), the EU, OFSI, GAC, and such other states or regions as ADCBK may consider relevant.

ADCBK does not participate in operations that may expose ADCBK or ADCB Group or their customers, Employees, Agents, or counterparties to Sanctions risk.

ADCBK does not participate in any transactions designed or intended to evade Sanctions.

ADCBK does not facilitate any payments where any of the parties in the payment chain are Sanctions Targets under applicable Sanctions.

ADCBK does not facilitate payments to, through, or from a country or territory that is subject to comprehensive, country-, or territory-wide economic sanctions and/or trade embargoes, which presently includes Cuba, Iran, North Korea, Syria, and Ukraine (Crimea and Sevastopol).

ADCBK will not facilitate the proliferation of goods that can or will be used for the purpose of (amongst others) developing / producing chemical, biological, or nuclear weapons.