

## AML/CFT/CPF Policy Statement

<p><b>Objective</b></p>	<p>The primary purpose of this policy is to establish the governing principles and minimum requirements to prevent Askari Bank Ltd (AKBL) (also referred as a Bank) for being used as a channel for Money Laundering (ML) , Terrorist Financing (TF) and Proliferation Financing (PF) activities and to prohibit business relationships with Sanctioned Individuals &amp; Entities and to comply with the applicable laws, regulatory requirements specifically related to Prevention, Detection and Reporting of suspicious activities.</p>
<p><b>Scope</b></p>	<ol style="list-style-type: none"> <li>i. This policy shall apply to all Askari Bank Limited (the Bank) local conventional &amp; Islamic and overseas branches, subsidiaries business units including business of other banks routed through the Bank and to each staff member (Regular / Contractual) as an individual. In addition, overseas branches shall also follow local laws of that country. Where the AML/CFT/CPF requirements in the overseas location differ from those in Pakistan, the higher of the two standards will be applicable to overseas locations, to the extent that the law of the overseas location so permits.</li> <li>ii. The policy covers minimum requirements of Know Your Customer (KYC) including Customer Due Diligence (CDD) / Enhance Due Diligence (EDD), Sanction Risk, Trade Based Money Laundering (TBML) Risk, Prohibited Relationships/ Transactions, Internal Risk Assessment (IRA) and will be read and complied in conjunction with the State Bank of Pakistan (SBP) Anti-Money Laundering, Combating the Financing of Terrorism &amp; Proliferation prevailing Regulations. Any subsequent regulations issued by the regulator from time to time shall be applicable immediately and shall be added in the Policy in subsequent revision.</li> </ol>
<p><b>Coverage</b></p>	<p>AKBL is committed to ensure compliance with the regulations and standards/guidelines issued by both the National and International authorities where relevant, including but not limited to:</p> <p><b>National</b></p> <ol style="list-style-type: none"> <li>a. AML/CFT/CPF Regulations issued by SBP.</li> <li>b. Anti-Money Laundering Act, 2010</li> <li>c. Anti-Money Laundering Regulations, 2015 issued by Government of Pakistan</li> <li>d. Anti-Money Laundering and Countering Financing of Terrorism Regulations 2018 issued by SECP.</li> <li>e. Benami transactions (Prohibition) act 2017 &amp; Rules 2019</li> <li>f. Anti-Terrorism Act (ATA), 1997.</li> <li>g. Control of Narcotics Substance Act 1997.</li> <li>h. The Anti Narcotic Force Act, 1997</li> <li>i. National Accountability (NAB) Ordinance, 1999</li> <li>j. FBR Common Reporting Standard 2017</li> <li>k. Framework for Managing Risks of Trade Based Money Laundering and Terrorist Financing, 2019 issued by SBP</li> </ol> <p><b>International</b></p> <ol style="list-style-type: none"> <li>l. Financial Action Task Force (FATF) Recommendations and Guidelines</li> <li>m. Wolfsberg Anti-Money Laundering Principles for Correspondent Banking</li> <li>n. Terrorist financing Risk assessment Guidance 2019 issued by FATF</li> <li>o. Targeted Financial Sanctions Under UNSC Act, 1948</li> </ol>
<p><b>Roles &amp; Responsibilities</b></p>	<p>The policy covers the roles &amp; responsibilities of the following:</p> <ol style="list-style-type: none"> <li>i. Board of Directors (BOD)</li> <li>ii. Board Risk Management Committee (BRMC)</li> <li>iii. Compliance Committee of Management (CCM)</li> </ol>

	<ul style="list-style-type: none"> <li>iv. Anti-Money Laundering Reporting Officer (AMLRO)</li> <li>v. Counter Financing for Terrorism (CFT) Desk</li> <li>vi. Compliance Officer / Anti Money Laundering Reporting Officer- WBB Bahrain</li> </ul>
<b>Customer Acceptance Criteria</b>	As per SBP Regulations/guidelines, the Bank have an explicit criterion for acceptance of customers.
<b>Customer Identification Procedure (CIP)</b>	Customer identification means identifying the customer and customer beneficial owners and verifying his /her identity by using reliable, independent source documents, including but not limited to bio metric verification, data or information in the light of AML/CFT/CPF Regulations and Guidelines.
<b>Risk Scoring Model</b>	In line with State Bank of Pakistan's AML/CFT/CPF Regulations and AML/CFT/CPF guidelines on Risk Based Approach, the bank have a KYC Risk Scoring System in order to create KYC profiles and risk ratings of prospective customers as High, Medium & Low Risk in accordance with its policies and procedures.
<b>Risk Assessment</b>	<p>AKBL shall risk assess each customer, product, services, new technologies in line with the regulatory requirements and international standards for classifying them in different risk levels based on the quantified risk scoring model.</p> <ul style="list-style-type: none"> <li>• Customer Risk Assessment</li> <li>• Product and Services Risk Including New Technologies</li> <li>• Internal Risk Assessment on ML / TF</li> </ul>
<b>Three Line of Defense</b>	<p>The "Three Lines of Defense" model in AKBL defines the relationship among various functions and clearly differentiates as to how responsibilities are divided among different roles which are as under:</p> <ol style="list-style-type: none"> <li>1. First Line of Defense-Business &amp; Operations</li> <li>2. Second Line of Defense Compliance Division</li> <li>3. Third Line of Defense – Internal Audit</li> </ol>
<b>Prohibited Relationships &amp; Transactions</b>	<p>AKBL will not, at any time, conduct business with or on behalf of individuals or entities that are subject to:</p> <ol style="list-style-type: none"> <li>i. <b>Sanctions &amp; Embargos</b> <ul style="list-style-type: none"> <li>• Designated / sanctioned individuals / entities (including individuals who are authorized to operate account(s) and the members of governing body / directors / beneficial owners / trustees etc.) as declared by UNSC or those who are known to be associated with such entities and persons, whether under the proscribed name or with a different name;</li> <li>• Anti-Terrorism Act (ATA) –list of proscribed individuals / entities issued by Government of Pakistan through NACTA.</li> </ul> </li> <li>ii. <b>Type of Customer &amp; Nature of Business</b> <ul style="list-style-type: none"> <li>• Customers with an anonymous or fictitious/ benami name(s) account;</li> <li>• Numbered accounts</li> <li>• Unauthorized / unlicensed money changers/ prize bond dealers or any other illegal financial businesses including the business locally known as "Hawala/ Hundi";</li> <li>• Parties involved in unauthorized defense goods procurement including arms and ammunition;</li> <li>• Shells Banks/ Companies and Bearer Share Companies;</li> <li>• Opening and maintaining of accounts for unlicensed banks and/ or NBFIs;</li> <li>• Deals with other entities that provide banking services to unlicensed banks;</li> <li>• Casinos and other businesses associated with gambling;</li> <li>• Governments accounts opened in the personal names of Government officials</li> <li>• The transactions are strictly prohibited with the Iran &amp; North Korea (Democratic People's Republic of Korea (DPRK) or from any other country as notified by FATF as "High Risk subject to a Call for Action" and which may be noticed by Government of Pakistan and/or SBP;</li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>• Customer where the Bank is not able to satisfactorily complete required CDD or EDD measures;</li> <li>• Payments that appear to relate to any form of illegal activity, including but are not limited to money laundering, proliferation, terrorist financing, human trafficking and corruption or relating to any predicate offence;</li> <li>• Payments that do not have to have any legitimate purpose, including without limitation transparency regarding originator and beneficiary;</li> <li>• Virtual / Crypto Currencies;</li> <li>• Personal accounts will not be used for business purposes except proprietorships, small businesses and professions where constituent documents are not available and necessary due diligence is performed.</li> <li>• Personal accounts will not be used for charity purpose / collection of donations.</li> </ul>
<b>AML/CFT/CPF &amp; Sanctions Governance Framework</b>	<p>AKBL's Global AML/CFT &amp; Sanctions controls are secured by a foundation of Governance and organization-wide Controls, including:</p> <ol style="list-style-type: none"> <li>Policies</li> <li>Procedures</li> <li>Personnel</li> <li>Controls</li> </ol>
<b>AML/CFT/CPF &amp; Sanctions Control Lifecycle</b>	<p>There are three phases related to the AML/CFT/CPF &amp; Sanctions control Lifecycle i.e.,</p> <ol style="list-style-type: none"> <li><b>Prevention</b> <ul style="list-style-type: none"> <li>• Prohibited Relationships &amp; Transactions</li> <li>• Customers/ Transactions Involving Additional Scrutiny &amp; Approvals</li> </ul> </li> <li><b>Detection/ Monitoring</b> <ul style="list-style-type: none"> <li>• Transactions Monitoring (Monitoring of Customer Relationships and Account Activity)</li> <li>• Ongoing Monitoring</li> </ul> </li> <li><b>Reporting</b> <ul style="list-style-type: none"> <li>• Suspicious Transactions Reporting (STR)</li> <li>• Currency Transaction Reporting (CTR)</li> <li>• Confidentiality of Suspicious Activity Reports</li> <li>• Escalation of Issues to the Management and Board Committees</li> </ul> </li> </ol>
<b>Customers / Transactions Involving Additional Scrutiny &amp; Approvals</b>	<p>In addition to prohibitions, certain other types of customer / transactions pose higher level of risks. All such customers/payments would require enhanced scrutiny/ analysis from AML/CFT/CPF perspective.</p> <ul style="list-style-type: none"> <li>• NGOs/NPOs/ Charities/ Trust/ Club / Societies / Associations</li> <li>• Politically Exposed Persons (PEPs)</li> <li>• Exchange Companies</li> <li>• Money Value Transfer Services (MVTs)</li> <li>• Correspondent Banking Relations</li> <li>• Precious metals (e.g., gold, silver, platinum, and palladium);</li> <li>• Tour and travel companies;</li> <li>• General Trading Companies;</li> <li>• Charity / donation</li> <li>• Used motor vehicles dealers or auctioneers;</li> <li>• Embassies, consulates and diplomatic missions; and</li> <li>• Economic citizenship or citizenship by investment programs.</li> </ul>
<b>Ongoing Monitoring</b>	<p>All business relations with customers/counter parties will be monitored on an ongoing basis to ensure that the transactions/activities are consistent with the bank's knowledge of the customer/counter parties, its business and risk profile and where appropriate, the sources of funds. Respective Businesses /Operations will obtain information and examine, as far as possible the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. The background and purpose of these</p>

	<p>transactions will be inquired and findings will be documented with a view to making this information available to the relevant competent authorities when required.</p> <p>Respective Business will periodically review the adequacy of customer information obtained in respect of customers and beneficial owners and ensure that the information is kept up to date, particularly for higher risk categories of customers.</p> <p>All the branches / business/HO units shall ensure effective on-going monitoring and screening of all the credit/ financing/other relationships including but not limited to Consumer, SME, Commercial, Corporate, Agriculture, Islamic, vendor/third party arrangements and all trade related customers and transactions/activities, Board of Directors/ members, sponsors/ shareholders etc. with special consideration of Money Laundering, Terrorism Financing &amp; proliferation financing Perspective. Customers' profiles shall be revised keeping in view the spirit of KYC/CDD and basis of revision shall be documented and customers may be consulted, if necessary.</p>
<b>Counter Measures for High-Risk Jurisdictions</b>	In order to ensure compliance with the obligations imposed in the Counter Measures for High-Risk Jurisdictions Rules, 2020 bank shall apply enhanced due diligence measures to business relationships and transactions with natural and legal persons (including financial institutions) from any country on the high-risk countries list in proportionate to the ML/TF/PF risks.
<b>Trade-Based Money Laundering (TBML)</b>	Trade Finance is a "higher risk" area of business from a financial crime perspective, therefore, AKBL shall ensure that appropriate controls are in place to deal with TBML through risk based approach, which relates to the steps taken for customers or transactions, based on the bank's analysis of the risks in relation to the parties involved, the type of transaction, monetary values of the transaction and other factors that may mitigate TBML risks. In addition, AKBL shall ensure that high risk customers and transactions are subjected to more extensive due diligence measures and close monitoring of transactions.
<b>Screening</b>	Bank is screening all type of accounts/customers and transactions both domestic & international through screening solution called "Accuity CL" effectively.
<b>Employee Due Diligence</b>	HRD shall develop and implement appropriate screening procedures to ensure high standards and integrity at the time of hiring all employees, whether contractual or permanent or hired through outsourcing.
<b>Awareness Raising &amp; Training</b>	Human Resource Division (HRD) shall chalk out and implement suitable Annual Training Program, which is developed after formal Training Need Assessment in area of AML/ CFT/ CPF annually. The Annual Training Program shall ensure training sessions for Sponsor Shareholders, BoD, Senior Management, Line Management, and Field Staff.
<b>Record Retention</b>	Bank shall ensure compliance with the regulatory guidelines maintaining record of documents and information obtained digitally or in hard form for CDD and other.
<b>Audit</b>	Internal Audit Division will review both the processes & systems of AML aligning with SBP guidelines & circular as per agreed / prescribed by Board Audit Committee (BAC).



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