



Ziraat Katılım

ANTI-MONEY LAUNDERING & COUNTER TERRORIST FINANCING POLICY



DECEMBER 2014

**ZİRAAT KATILIM BANKASI A.Ş.
ANTI – MONEY LAUNDERING & COUNTER TERRORIST FINANCING
(AML/CTF) POLICY**

It is the policy of Ziraat Katılım Bankası A.Ş. to prohibit and actively pursue the money laundering and any activities that facilitates money laundering or the funding of terrorist or criminal activities.

The bank is committed to AML/CTF compliance in accordance with applicable law and requires its management and employees to adhere to these standards in preventing the use of its products and services for money laundering purposes. Therefore inline with Know Your Customer Principle, it is essential to identify the customers and those who carry out transactions on behalf of the customers, and it is forbidden to open anonymous accounts and to conduct transactions with shell banks.

The Bank's branches and subsidiaries, regardless of their geographic location, must adhere to this policy provided that it does not conflict with the applicable AML/CTF legislation of their host country.

The Bank has established a Compliance Department and designated a Compliance Officer in order to ensure the compliance to applicable AML/CTF laws, rules and regulations.

The Compliance Officer is entitled to demand and access all kinds of information and documents from all units within the Bank, regarding its own area of duties, in order to make a decision at his discretion independently.

1. RISK MANAGEMENT

AML/CTF related risks are defined, rated and the necessary precautions are taken to monitor, assess and reduce these risks.

Risk management activities include but are not limited to the following:

- Developing methods to identify, rate, classify and assess risks based on customer risk, service risk and country risk,
- Rating and classifying services, transactions and customers according to risks,
- Procuring that risky customers, transactions or services are monitored, controlled and reported to warn the relevant units, and developing appropriate operational and control guidelines to ensure that the transactions are carried out with a senior's approval, and controlled when necessary,
- Questioning the consistency and effectiveness of risk identification and evaluation methods, risk rating and classification methods using case studies or retrospectively through real-life transactions; re-evaluating and updating such methods according to the conclusions arrived and the conditions that prevail,
- Conducting necessary improvement studies taking into consideration the national legislation governing issues which involve risks as well as recommendations, principles, standards and guidelines introduced by international institutions,
- Reporting the results of risk monitoring and evaluation to the Board of Directors at regular intervals,
- Taking additional measures against high risk groups.

Activities falling within this scope are executed by the Compliance Department.

2. MONITORING AND CONTROL

The purpose of monitoring and control is to protect the Bank against risks and to monitor and control on a permanent basis whether the Bank's operations are carried out in accordance with the Law and other arrangements issued as per the Law as well as the Bank's policies and procedures.

In the framework of monitoring and control activities, defects discovered as a result of controls carried out to assure compliance with obligations are reported to the relevant units for necessary measures to be taken and the outcome is followed.

As part of monitoring and control activities, the Bank procures that the personnel carrying out these activities have access to internal information resources.

Monitoring and control activities include but are not limited to the following:

- Monitoring and controlling customers and transactions in the high risk group,
- Monitoring and controlling transactions conducted with risky countries,
- Monitoring and controlling complex and extraordinary transactions,
- Controlling, through sampling method, whether the transactions exceeding a pre-determined limit are consistent with the customer profile,
- Monitoring and controlling linked transactions which, when handled together, are exceeding the limit requiring customer identification,
- Controlling completing and updating the information and documents about the customer which have to be kept in electronic media or in writing and the compulsory information which have to be included in electronic transfer messages,
- Monitoring whether a transaction conducted by the customer is consistent with the information about the customer's business, risk profile and fund resources on a permanent basis throughout the term of the business relationship;
- Controlling transactions conducted by using systems which enable non-face-to-face transactions,
- Risk-based control of newly introduced products and services which may be exposed to abuse due to technological developments.

Activities falling within this scope are executed by the Compliance Department. The Compliance Department may have recourse to the Bank's other departments when necessary.

3. TRAINING

The purpose of the Bank's training policy on AML/CTF is to ensure the compliance with the Law and other arrangements issued as per the Law, to develop a corporate culture by increasing the sense of responsibility of the personnel with respect to the Bank's policies, procedures and risk-based approaches and to update the personnel's knowledge.

The training activities related to the prevention of money laundering and financing of terrorism will be carried out in accordance with the size, business volume and the changing conditions of the Bank.

Training activities will be carried out under the supervision and coordination of the Compliance Officer. It is essential to conduct the training activities under the yearly training program, prepared to cover the subjects given below. The training program will be prepared by the Compliance Officer with the contribution of the relevant units. The effective performance of the implementation will be supervised by the Compliance Officer.

Training activities will be reviewed according to scaling and evaluation results, with the participation of the relevant units, and repeated regularly.

In a manner to ensure training activities to be performed in the whole institution; training methods such as organizing seminars and panels, creating workshops, use of visual and audio materials in training activities, training programs supported by employee computers over internet, intranet or extranet will be used as much as possible.

The Bank shall provide all personnel with the necessary training about AML/CTF. Priority of training is given to personnel who directly deal with the customer. It is essential to train the new employees about the subject during the orientation period. Trainings include classroom, on-the-job and on-line training methods. Classroom and on-the-job trainings are delivered by trainers who are designated by the Bank. It is imperative to attend to e-learning courses.

Trainings to be provided by the Bank to the personnel include but are not limited to the following subjects:

- Concepts of money laundering and terrorist financing,
- Stages and methods of money laundering and case studies about the subject,
- Legislation on AML/CTF
- Areas of risk,
- Corporate policy and procedures,
- International regulations on AML/CTF
- Know Your Customer procedures,
- Suspicious Transaction Reporting procedures,
- Obligation of retaining and submitting,
- Obligation of providing information and documents,
- Sanctions in violation of obligations

The activities falling within this scope are executed by the Compliance Department and the Training Department under the supervision and coordination of the Compliance Officer.

4. INTERNAL AUDIT

The purpose of internal audit is to give assurance to the Board of Directors regarding the effectiveness and adequacy of the whole Compliance Program. The Bank procures that corporate policies and procedures are reviewed and inspected annually by using a risk-based approach in order to determine whether risk management, monitoring and control activities as well as training activities are adequate and effective, whether the risk policy is adequate and effective, and whether transactions are conducted in accordance with the Law and other arrangements issued as per the Law and the corporate policies and procedures.

Within the scope of internal audit activities;

- Defects, faults and abuses that are discovered as a result of internal audits as well as opinions and recommendations to prevent their recurrence are reported to the Board of Directors.
- Deficiencies discovered in the course of monitoring and control studies and risky customers, services and transactions are included in the scope of the audit when determining the scope of the audit.
- When determining the units and transactions to be audited, care is exercised to audit the number of units and transactions that are representative of the whole transactions conducted at the Bank in terms of quantity and nature.

Activities falling within this scope are executed by the Board of Inspectors.