



United Arab Bank PJSC

Policy Statement on Anti Money Laundering /CounterTerrorist Financing / Sanctions

1. Introduction

United Arab Bank (the bank) is authorized and regulated by Central Bank of the UAE (CB UAE) and is listed on the Abu Dhabi Stock Exchange (ADX).

The bank seeks to be compliant with all applicable laws, regulations and guidelines in relation to AML/CTF/Sanctions, both local and international.

2. MLRO

The Bank has appointed a Money Laundering Reporting Officer (MLRO) in accordance with CBUAE regulations (CBUAE Circular 74/2019, Article 21) and the individual is an Approved Person registered with the local regulator (CBUAE).

3. Policy Derivation

United Arab Bank has developed a clear set of policies and procedures outlining its Financial Crime standards and principles. Detailed documents ensure that these standards are implemented into day-to-day business.

The Bank's Financial Crime policies are endeavored to comply with:

- Cabinet Resolution No. 38 of 2014 (Concerning the executive regulation of Federal Law NO. 4 of 2002 concerning anti-money laundering and combating terrorism financing)
- 74/2019 re Procedure for Anti-Money Laundering & Combating the Financing of Terrorism & Illicit Organization
- Decree Federal law No. (20) of 2018 on anti-money laundering and combating the financing of terrorism and illegal organisations
- Cabinet Decision No. (10) of 2019 concerning the implementing regulation of decree law no. (20) of 2018 on anti- money laundering and combating the financing of terrorism and illegal organisations
- 79/2019 - Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations for Financial Institutions
- Cabinet decision 20 of 2019 concerning the UAE list of terrorists and implementation of UN Security Council
- Financial Action Task Force (FATF) Recommendations
- Wolfsberg Principles
- Recommendations by Basel Committee on Banking Supervision

In addition to the above, UAB also complies with the regional and international sanctions regulations imposed by UN, OFAC, EU and HMT.

4. Compliance Risk Appetite

Compliance Risk Appetite is the level of risk that the bank is prepared to accept whilst pursuing its business strategy, recognizing a range of possible outcomes as business plans are implemented. Risk Appetite provides a basis for ongoing dialogue between the Senior Management and the Board around the bank's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

In terms of key activities required to operate the bank's control environment as well as specific risk management and control responsibilities, these apply to:

First Line of Defense - Individuals that own, take and manage risk and processes (e.g. Business, Operations etc.);

Second Line of Defense - Those that set Policy, Risk Appetite and Conformance (e.g. Compliance, Risk etc.); and

Third Line of Defense - Those that provide independent assurance (e.g. Internal Audit).

These three areas of activity represent the "three lines of defense".



البنك العربي المتحد
UNITED ARAB BANK

طلب تحويل أموال

APPLICATION FOR FUNDS TRANSFER

5. KYC & Due Diligence

UAB is committed to taking all reasonable efforts to ascertain the true identity of all customers using bank's services and the source of their funds & wealth.

The bank applies risk based customer due diligence and KYC requirements taking into account the risk associated with the type of customer, the business relationship, the product, the type of transaction and the origin or the purpose of the funds. Enhanced due diligence measures are applied to customers and transactions which can present a higher risk of money laundering, sanctions or terrorist financing (eg. PEPs, correspondent banking relationships).

6. Identification and reporting of Suspicious Transactions

Management and staff must use all reasonable efforts to ascertain the expected nature of the client's activities and to monitor this against the actual account activity.

All UAB staff are required to report any concerns on account activity or client transactions immediately to their supervisor or the designated Money Laundering Reporting Officer. The MLRO is responsible for the review and where appropriate onward reporting of transactions to the regulator.

7. Training

In order for its money laundering risk assessment and mitigation measures to be effective. UAB's Talent Management Department works closely with the MLRO in the development of the Annual Training Plan.

UAB ensures that their employees have a clear understanding of the risks involved and can exercise sound judgment, both when adhering to the organisation's money laundering risk mitigation measures and when identifying suspicious transactions. Furthermore, due to the ever-evolving nature of money laundering risk, UAB should ensure that their employees are kept up to date on an ongoing basis in relation to emerging money laundering typologies and new internal and external risks.

All employees are mandatorily trained in AML/KYC and CTF/Sanctions related requirements at the time of joining and regularly on an on-going basis. The training provided is appropriate to the employee's job level and responsibilities.

8. Records Retention

The bank has a record retention policy which is in line with CBUAE regulations (CBUAE notice 74/2019, Article 24), which a period of no less than five years from the date of termination of the business relationship or from the closing date of the account to Customers who maintain accounts with these institutions or after the completion of a casual transaction or from the date of completion of the inspection by the Supervisory authorities, or from the date of issuance of a final judgment of the competent judicial authorities, all depending on the circumstances.

9. Independent Review

UAB's Financial Crime Framework is subject to review by internal audit in addition to regulatory inspection audits on a regular basis.

UAB has an independent audit function to test the effectiveness and adequacy of their internal polices, controls and procedures relating to combating the crimes of money laundering and the financing of terrorism and of illegal organisations. The independent audit function is appropriately staffed and organised, and it has the requisite competencies and experience to carry out its responsibilities effectively.