

## **Ithmaar Bank Sanctions Policy**

Ithmaar Bank sanctions policy and guidelines are in compliance with the legal and regulatory requirements of the Kingdom of Bahrain (Bahrain AML Law No. 4 of 2001/ No. 58 of 2006 and its amendments and the Central Bank of Bahrain Rulebook- Volume 2- Financial Crime Module). These legal and regulatory requirements reflect the FATF recommendations on Anti-Money Laundering and Combating Terrorist Financing. This policy applies to all Bank's offices and branches, additionally, the bank subsidiaries located outside Bahrain are subject to the laws and requirements of the jurisdictions where they operate and if the local standards differ, the higher standards shall apply.

The Bank has established systems and procedures to ensure that business relationships are commenced with clients whose identity and activities can reasonably be legitimate including the identification of the beneficial owners. The Bank collects, records and retains all relevant client information in accordance with the regulatory requirements. The Bank also has systems in place to monitor, identify, and report suspicious transactions. The AML/CFT training (which includes sanctions related training) is regularly provided to the relevant employees. In addition, the Bank's external auditor reviews the effectiveness of the AML/CFT procedures and controls annually.

The Bank prohibits dealings with shell banks, casinos and gambling businesses, entity whose shares are issued in bearer form, arms, ammunition, any jurisdiction or party targeted by applicable international sanctions, and any other illegal business based on local laws. The Bank also does not offer payable through accounts and prohibits maintaining anonymous or accounts in fictitious names.

The Bank is committed to comply with sanction programs issued by the United Nations (UN), Office of Foreign Asset Control (OFAC), Her Majesty's Treasury of the United Kingdom (HMT), European Union(EU), and sanction programs placed by the local authority where the Bank operates. In that context, the Bank is committed to prevent, detect and where applicable report any dealings with sanctioned persons and entities. Additionally, the Bank has established policies and procedures designed for screening customers & transactions against international and local sanctioned lists of designated persons and entities. The transaction monitoring system has specific scenarios and rules to monitor, detect and prevent all types of illicit transactions and mitigate the risks of AML/CFT to comply with the applicable local and international sanctions programs. Due Diligence must be completed for employees, suppliers, and third-party service providers including Sanction screening prior to on boarding/ entering into an agreement.

### **Conversion of Currency of sanctioned deposits**

1. For all sanctioned deposits, the Bank, at its own discretion, will have the authority to convert the currency of the deposits, effective on the date of sanctions or thereafter, from original currency to BHD or any other currency.
2. This conversion authority is for purpose of bookkeeping only and shall be supported by a legal opinion for each jurisdiction.
3. The conversion of currency of individual counterparty to be approved by the CEO.