

Al Rajhi Bank

Policy statement on Anti Money Laundering and Combating Terrorist Financing

As a member of the Financial Action Task Force (FATF) and Middle East & North Africa Financial Action Task Force Money Laundering and Terrorist Financing (MENFATF), The Kingdom of Saudi Arabia is committed to adopt all international standards that relate to AML and CTF (e.g. FATF, Basel , Wolfsburg Principles, World Bank, UN Resolutions, etc.).

Al Rajhi Bank(ARB), as one of the biggest Saudi financial institutions and the world's largest Islamic Bank is also committed to the fight against money laundering, terrorist financing, and other criminal activity in line with Islamic Sharia and in compliance with all applicable laws, rules and regulations issued by the government of the Kingdom of Saudi Arabia and the recommendations issued by international body's.

In this regard ARB's Compliance AML program is applicable to all the bank's departments, units, functions, Board of Directors (BoD), and staff. The ARB's AML program consists of a framework, structure, and processes that ensure reasonable AML risk management across the Bank. While the AML policy clearly articulates the roles, responsibilities, and standards for managing Money Laundering and Terrorist Financing risk on an enterprise-wide basis. The AML Policy and supporting procedures constituted the following;

1- Governance

The AML Department at Al Rajhi Bank is an independent function that reports to the Group Chief Compliance Officer who in turn reports to the CEO and the Board Audit and Compliance Committee. The AML Department, consists of several units that under take the different roles and responsibilities defined by the BoD in the AML policy (i.e. Investigation, Reporting, Sanction and Inquiry Units in-addition to other Units that help in the assessment and control).

The AML unit is governed by the AML Policy and a set of supporting procedures that define the relationship between the AML function, the business, and other control functions (e.g. Internal Audit, Credit and Risk Management, Legal, etc.) as well as the other supporting areas within the bank such as operations, Human Resources and Customer Services.

The AML Policy is reviewed and approved every two years by the by the bank's senior management and Board of Directors. While the supporting procedures are updated on yearly basis through the bank's Policies & Procedures enterprise department process. Internal Audit and Compliance Group ensure effective implementation periodically.

2- Customer Identification- Know Your Customer and Customer Due Diligence

ARB policies and procedures do not allow dealing with any customers without having proper relationship with the bank through account/membership opening where KYC principle is properly applied, which require taking reasonable steps to determine the true identity of all customers who maintain accounts and/or relationships, and conducting Customer Due Diligence on High Risk customers (e.g. , PEPs, MSB, Correspondent Private banking and Charities) their beneficial owners, and related parties. In this regard, the Bank subscribe to obtain basic KYC information from the database of the Ministry of Interior for all new customers (e.g. Identification Number, Full name, Nationality, date of Birth and occupation, etc.). Additionally, Customer information is properly documented and maintained in a central profile which is reviewed and updated periodically. The frequency of review is determined based on the customer's risk rating where the profiles of high risk rated customers are reviewed at least annually.

Finally, The Saudi AML law and regulations prohibit opening of anonymous accounts or establishing relations with customers under anonyms or fictitious names, thus, ARB does not offer and will under no circumstances carry out any financial, commercial or similar operations such type of customers.

3- Transaction Monitoring, reporting, and Screening

ARB is strongly committed to protecting its reputation as well as its integrity by preventing the use of its products and services (operations) for criminal purposes (money laundering, terrorist financing, and other financial crimes) and cooperating with appropriate authorities in the efforts to stop any person or entity from misusing the banking system.

Transaction activity monitoring is a key component of the bank's AML program with the objectives of establishing a risk-based method for identifying, analyzing, reporting (when appropriate) and tracking unusual/suspicious activity.

ARB is employing an effective combination of technology and manual analysis monitor, identify, analyze, and report suspicious activity. An automated AML Transactions Monitoring System (provided by SAS) is in place to monitor all accounts activities and detect unusual or suspicious transactional behavior based on pre-defined scenarios. In addition, to the reported suspected transactions through the different business lines as mandated by law and internal policy. Accordingly, the suspicious transactions are investigated and analyzed by a dedicated, will experience, educated, and trained AML team. Once a suspicion has been confirmed, a Suspicious Transaction Report (STR) will be sent to (FIU) in accordance with the regulatory requirements. Further, reported cases will be flagged as high risk for an enhanced degree of monitoring and follow up.

The bank complies with the Regulatory and International Bodies to prohibit dealing with sanctioned individuals, entities and countries by UN, OFAC, UK, EU and SAMA (local list).

4- Information Sharing

The bank has a procedure in place pertaining to "responding to and initiating information sharing requests". These procedures ensure that requests for information from regulatory authorities or other financial institutions are addressed on a timely manner and in accordance with applicable laws, rules, and regulations.

In addition, the bank fully cooperates with regulatory authorities and law enforcement authorities in criminal investigations, prosecutions, and forfeiture actions relating to money laundering, name screening or other criminal activity.

5- Record Keeping and Training

The bank has a clearly articulated record retention policy for the maintenance and retention of specific records associated with customer on-boarding, reporting of suspicious transactions, information sharing, and other aspects pertaining to the execution of the bank's AML program which require that any Document initiated from or to the client is kept for permanent basis.

ARB is providing all employees with the require training according to their function, at the time of employment and continuously on annual bases according to the bank annual training assessment plan. Additionally, all employees are provided with an annual tailored AML training designed to provide them with greater understanding of money laundering and terrorism financing and emphasis on their role in its prevention (e.g., monitoring customer transactions). Trainings could take different forms (e.g. face-to-face training at the Bank's training center and other reputable providers , web based trainings, etc.).

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Title: Group Chief Compliance Officer

Signature:

Date:

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