

ICBC TURKEY BANK A.S.

Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) Policies and Procedures

ICBC Turkey Bank A.S. and its branches are committed to cooperating in the fullest extent with law enforcement and regulatory agencies to fight against money laundering, terrorist financing, and all other financial offences.

ICBC Turkey has adopted policies and procedures for anti-money laundering, anti-terrorist financing and know your customer which are in compliance with all applicable anti-money laundering and anti-terrorist financing laws in Turkey particularly Law no. 4208 Fight Against Laundering of Crime Revenues and Proceeds dated November 19, 1996, Law no. 5549 Prevention of Laundering Proceeds of Crime dated October 18, 2006 and Law no. 6415 Prevention of the Financing of Terrorism dated February 16, 2013 together with the recommendations of Financial Action Task Force (FATF), to which Turkey is a member country since 1991.

In our country, combating against the laundering crime is being conducted principally by Financial Intelligence Unit, Financial Crimes Investigation Board (FCIB-MASAK) which carries out within the Ministry of Finance.

ICBC Turkey is being supervised by Banking Regulation and Supervision Agency (BDDK) (www.bddk.org.tr), The Financial Crimes Investigation Board (MASAK) (www.masak.gov.tr), and by independent external as well as its own internal auditors/inspectors.

Compliance Program

According to the regulations issued by MASAK within the scope of AML law, in order to prevent AML & ATF risks, it is necessary to establish Compliance Program in Turkish banks.

The Compliance Program shall cover the following measures:

- Developing bank's AML/ATF policy and procedures
- Carrying out risk management activities within scope of prevention of money laundering and financing of terrorism,
- Carrying out monitoring and controlling activities,
- Assigning compliance officer and establishing a compliance unit
- Carrying out training activities within the scope of AML/ATF legislation
- Carrying out internal audit activities within the scope of the Bank's AML/ATF policy and procedures

ICBC Turkey has established a risk-based AML Compliance Program to prevent AML risks, as required by the AML regulation in Turkey.

Risk management, monitoring and controlling activities shall be carried out by the Compliance Officer/the Compliance Unit.

Scope of the Policy

AML/ATF policy was prepared by ICBC Turkey within the scope of the Compliance Program and after approval of the Board of Directors, all employees were announced. In addition to this, ICBC Turkey has prepared procedures for customer identification, AML/ATF risk management, monitoring, control and suspicious transaction reporting in line with AML policies and all employees were announced.

ICBC Turkey's AML/ATF Policy consists of the following policies:

- Policy of Customer Acceptance, Identification and Recognition
- Risk Management Policy
- Monitoring and Control Policy
- Training Policy
- Internal Audit Policy

This policy forms the general frame of the Bank's Compliance Program built on a risk-based approach in order to oversee that the Bank shall comply with the obligations imposed by the applicable legislation on the prevention of laundering of criminal proceeds and terrorism financing.

Any changes in the laundering of the criminal proceeds and the prevention of terrorism financing legislation will be reflected to the bank internal policies without delay and all employees will be informed.

The policy comes into force with the approval of the Board of Directors and can only be amended by the approval of the Board of Directors.

Policies regarding the laundering of criminal proceeds and the prevention of terrorism financing are served notice to relevant employee by taking their signatures.

Customer Acceptance, Identification and Recognition

Under the "Know-Your-Customer" principle, necessary measures shall be adopted subject to the applicable legislation, and the Bank Policy and Procedures in order to:

ICBC Turkey confirms customer's identification and due diligence regardless of monetary limit before executing transactions related to opening all kind of accounts, establishing a credit relationship, issuing credit cards, safe-deposit box services and insurance intermediaries etc.

Customer's identification and due diligence is completed before establishing a business relationship or executing a transaction which requires identification. The due diligence documents that provided from the customer are checked and verified in detail.

Does not establish a business relationship and can not carry out the transaction in cases where it is unable to confirm customer identification or to obtain sufficient information about the purpose of the business relationship.

It is provided such information from the customer about the purpose of choosing the bank and the purpose of opening an account, his/her occupation, business, activities, address. If there is any suspicion, information or document that the assets and funds of persons and companies

have not been obtained from legal means, these persons and companies shall not be accepted as customers and their guarantees and sureties shall not be accepted.

ICBC Turkey does not conduct business with shell banks and no numbered, coded or anonymous accounts are permitted. Also, account opening and carrying out a transaction are not allowed for customers which are on the black lists.

When a permanent business relationship is established with legal entities registered with the trade register, the identity of real and legal persons who have a share more than 25% is determined, measures are taken to obtain the sufficient information about those who manage the entity, control it and hold it.

Obtains satisfactory information about the purpose and nature of the requested transaction. If the requested transaction is complex, unusually large, unreasonable legally and economically, then special attention will be shown and detailed research will be carried out.

Particular attention is paid to determining whether the customer is acting on his behalf and who actually is carrying out the transaction. Authorization documents and power of attorneys are obtained and verified. The real beneficial owner of the transaction is identified.

Monitors all type of transactions, source of income as well as banking behaviors of its customers, compares those measures for those customers, activities and transactions that need special attention.

Records of identification documents and transactions are kept for 10 years from the respective transaction date.

Risk Management

This policy, which takes the size of the bank, the business volume and the nature of the transactions carried out into consideration, aims to identify, rate, monitor, evaluate and mitigate the risks that can be incurred in the issues of laundering of proceeds of crime and financing of terrorism. For this purpose, an effective risk management system in accordance with the following principles is established within the Bank.

In the Bank, a risk rating and classification system based on customer risk, service risk and country risk has been established. In this context, the risks are analyzed and the risks are rated as high, medium and low.

A risk profile is drawn and customer risk is graded from the point of view of laundering and terrorism financing, taking into account the customers' occupation, business history, financial situation, accounts, business activities, country of residence and other relevant indicators. If there is a change in customer information, the customer risk is reassessed.

The transactions of high-risk customers are closely monitored. Particular attention is paid to the transactions of customers and charitable organizations residing in risky countries and regions, operating in risky sectors, using risky products and services, and PEPs.

Enhanced due diligence is applied to prevent risks that may arise from customer, product, service, geography and transactions with high AML/ATF risk. In this scope, additional information and documents are provided, additional controls are applied and approval mechanism is operated.

The risk-based approach shall continuously monitor that transactions carried out by customers are in accordance with information regarding customers' business, business activities, business history, financial situation, risk profile and funding sources.

Information, documents and records about customers shall be kept up to date. Careful attention must be given to the fact that the documents to be submitted or deposited to the Bank during application contain adequate information and that the information provided is coherent.

The correctness of the information received for the identification of customers, such as the telephone and fax number and e-mail address, shall be verified by contacting them using these tools when necessary within the framework of the risk-based approach.

Transactions that are carried out outside of the continuous business relationship shall also be closely monitored by the risk-based approach.

Bank pays special attention to transactions such as cash deposits, withdrawals and electronic transfers, which are performed via non-face-to-face channels such as internet banking, telephone banking, also establishing correspondent banking relationship and their transactions in order to prevent laundering of proceeds of crime and financing of terrorism.

Special attention is paid to the risk of the use of new and developing technologies to prevent money laundering and terrorism financing, and measures are taken to prevent them.

Monitoring and Controlling

Monitoring and control activities in line with the international as well as internal AML, ATF and KYC guidelines are carried out by the Internal Control&Compliance Department.

Customers in high category and their transactions are monitored closely with monitoring and control methods are appropriate for the purpose. Enhanced due diligence is implemented for the customers who are in high risk category with regards to customer, service, and country risks. Within this frame, the central monitoring and control activities that are designed and carried out with a risk based approach within Internal Control&Compliance Department, are mainly focused on customers and transactions within high risk category.

Appropriate level of enhanced due diligence is applied to transactions conducted with risky countries, complex and unusual transactions, transactions inconsistent with customer's profile, customers and transactions in the high-risk groups. Monitoring and controlling shall cover the following issues:

- Monitoring and controlling customers and transactions in the high risk group,
- Monitoring and controlling transactions conducted with risky countries,
- Monitoring and controlling complex and unusual transactions,

- During the business relationship, ongoing monitoring whether the transaction conducted by the customer is consistent with information regarding business, risk profile and fund resources of the customer,
- Control of the transactions carried out through using systems enabling the performance of non-face-to-face transactions,
- Monitoring and controlling linked transactions which, when handled together, exceed the amount requiring customer identification,

Softwares are also used in monitoring and control activities. In this way automatic controls are carried out.

The deficiencies shall be reported to the relevant departments/units and the results shall be followed in order to take necessary measures. They are also reported to the Audit Committee and the Board of Directors.

Besides, the detected suspicious transactions are reported to Turkey's AML authority Financial Crimes Investigation Board (MASAK).

Training

ICBC Turkey provides mandatory-training programs related to AML, ATF & KYC guidelines (including but not limited to transactions requiring identification, procedures for identification and safekeeping of records, procedures for distinguishing and reporting for suspicious transactions, procedures to submit information and documentation requested by the authorities etc.) to employees annually. Employees have direct access to AML, ATF & KYC guidelines through the Bank's intranet system.

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 program is reviewed annually according to the latest developments in regulations or internal policies of the Bank to keep concerned employees up to date with these regulations and policies.

Trainings to be provided by the Bank to the personnel include the following subjects:

- Concepts of money laundering and terrorist financing
- Stages and methods of money laundering and case studies on the subject
- Legislation on AML/ATF
- Risk areas
- Institutional policy and procedures
- Within the framework of the Law and related legislation
 1. Principles relating to customer recognition
 2. Principles relating to suspicious transaction reporting
 3. Obligation of retaining and submitting
 4. Obligation of providing information and documents

5. Sanctions to be implemented in violation of obligations

- The international regulations on combating laundering and terrorist financing

Within the scope of training activities, the statistical information shall be reported to MASAK by the Compliance Officer until the end of March every year.

In order to increase the awareness of the staff on compliance&AML issues, Compliance Information Messages are prepared and sent regularly to all branches.

Internal Audit

Internal audit activities shall be carried out within the bank, within the framework of the following principles in order to provide assurance to the Internal Audit Department on the effectiveness and adequacy of the whole compliance program annually.

The adequacy and efficiency of the Bank's AML/ATF policies and procedures, risk management, monitoring and control activities and training activities compliance of the transactions with the Law and regulations and communiqués issued pursuant to the Law and the institutional policies and procedures shall be reviewed and audited annually with a risk-based approach.

While determining the scope of the audit, any inconveniences and risky customers, services and transactions determined during the monitoring and control activities are included in the audit scope. It is ensured that the units and transactions at the quantity and quality to represent the entire transactions performed by the Bank are audited.

The audit report is submitted to the Audit Committee and the Board of Directors.

Within the scope of internal audit activities, the statistical information shall be reported to MASAK by the Compliance Officer until the end of March every year.