

## **ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING POLICY STATEMENT**

### **Preface:**

In the context of Jordan Islamic Bank "JIB" commitment to the glorious principles and provisions of the Islamic Sharia' Principles, which prohibit the illicit gains regardless of their origin and all forms of dealing with them, its commitment to enforcing the applicable laws and regulations issued by the Central Bank of Jordan (CBJ), and its commitment to conform to the international guidelines, standards and initiatives combating money-laundering and financing terrorism, this policy was issued to fortify, protect and prevent JIB from being exploited and misused by the money laundering gangs or terrorists and criminal bodies, or being misused by any individual or entity in any illicit action.

This leads to protecting JIB from any potential risks resulting out of not applying the guidelines and procedures of due diligence according to the international best practices.

### **Scope of Application**

The present policy applies to all the activities, services, products, and employees of duty stations, existing and new administration inside or outside Jordan, and JIB subsidiaries, unless such subsidiaries are supervised by another Jordanian regulatory authority which has its own anti-money laundering and counter terrorism financing regulations.

### **Policy Owner**

The present policy was approved by Board of Directors, In case of making any updates or amendments to this policy, the Board of Directors' prior approval shall be obtained.

The Compliance Department is considered the owner of this policy and is responsible for maintaining it and monitoring its implementation in accordance with JIB policies.

### **Main Objectives of Policy: The policy aims to:**

- I.** Ensure combating money-laundering and terrorist financing, and to take the necessary precautions;
- II.** Prevent any misuse to JIB by any individual or body by involving it in any illicit action acts;
- III.** Determine the legal and administrative responsibilities of JIB and all its employees in relation to anti-money laundering and counter terrorism financing;
- IV.** Identify, understand, and assess the money laundering and terrorism financing related risks facing JIB, and to monitor the adequacy and effectiveness of regulatory controls in preventing and/or mitigating these risks;
- V.** Fully comply with all standards, recommendations, laws, instructions, regulations, bylaws, directives, and guidelines associated with anti-money laundering and counter terrorism financing;
- VI.** Develop an anti-money laundering and counter terrorism financing program for JIB, in addition to JIB governing principles, to protect it from being involved in money laundering or terrorism financing services and/or products;
- VII.** Report to the competent authorities on any transactions suspected to be related to money laundering and terrorism financing; and
- VIII.** Train employees on applicable laws and internal procedures, risks facing them and JIB, and how they can, through their positions and duties, address the money laundering and terrorism financing operations related risks.

### General Principles of Policy:

- I. Compliance is the responsibility of everyone. The responsibility of combatting and preventing anti-money laundering and counter terrorism financing operations shall be assumed by all employees of JIB sectors, centers, and units, chief among them are the senior management and the board of directors;
- II. JIB policy is based on the “Do No Harm” principle because JIB prioritizes risk prevention (risks related to legal issues, reputation, and concentration and operation);
- III. To adopt regulatory controls on the operational procedures, and protect JIB operational procedures from being used by money laundering and terrorism financing gangs;
- IV. To implement the applicable obligations of the relevant international decisions, including those issued under Chapter 7 of the UN Charter and reported to JIB by the CBJ or any other competent authority;
- V. To avoid entering into any banking relationship or implementing or participating in any financial procedures for any individual or entity if it is revealed through due diligence that the beneficial owner or the final stakeholder of such procedures is enlisted on the international lists of banned individuals and entities, which are issued by official authorities and approved by JIB (such as terrorist lists, similar local ban lists, or those issued by UN, EU and OFAC);
- VI. JIB adopts a RBA in identifying, assessing, and analyzing risks associated with its customers database, products, services, and geographical locations in which it operates. Accordingly, regulatory controls and adequate standards are developed in order to fulfill the objectives of the present policy and related instructions;
- VII. To identify clear responsibilities and work procedures for all duty stations in the field of anti-money laundering and counter terrorism financing, especially the responsibilities of the Compliance Department and relevant employees of duty stations;
- VIII. To develop clear, specific mechanisms and action procedures that help in preparing Suspicious Activity Reports (SARs);
- IX. To prohibit natural persons from using their personal accounts for commercial purposes, and to report to the Compliance Department once such cases are detected;
- X. JIB prohibits opening an account for individuals or entities in a manner that does not reveal the account’s owner or beneficial owner in accordance with the customer’s official identification documents issued by the competent authorities;
- XI. To develop an independent regular audit program to ensure that all employees of JIB follow the anti-money laundering and counter terrorism financing principles, policy, instructions, and program;
- XII. To monitor new laws, instructions, regulations, and applicable amendments; to study and assess their risks and impacts on JIB’s work; and to develop the necessary regulatory controls and standards;
- XIII. To monitor, cope with, and assess the risks of technological developments, and to develop controls and standards in order to prevent their use in money laundering and terrorism financing;
- XIV. To ensure that the Compliance Control Department has all the necessary privileges to contact JIB’s employees, look into files and records, and access the necessary information to perform its duties;
- XV. To improve JIB’s current systems, and to adopt adequate, specialized and improved risk management systems, which support and enable JIB to combat money-laundering and terrorist financing through:

- ✓ Improving the efficiency of the customer risk assessment procedure;
- ✓ Identifying PEPs;
- ✓ Identifying transactions suspected to be associated with money laundering or terrorism financing;
- ✓ Identifying and verifying the names of banned individuals; and
- ✓ Continuously reviewing, updating, and improving the present policy in accordance with developments in the field of anti-money laundering and counter terrorism financing.

#### **General Principles of the Customer Risk Assessment Policy under the Risk-based Approach,**

It is necessary to identify, understand, and assess money laundering and terrorism financing related risks to JIB pursuant to an RBA to enhance the effectiveness of the anti-money laundering and counter terrorism financing controls and system, and to mobilize resources in the best possible way to prevent and mitigate such risks. The relevant risk factors shall be taken into account before determining the overall risk level and the adequate level of risk reduction procedures to be applied.

It is necessary to take reasonable action to identify customers associated risks and classify customers, according to the RBA, by risk level, country, geographical location, product, service, process, and service provision channel.

#### **General Principles of the “New Customer Acceptance (NCA)” policy, the “Know Your Customer (KYC)” policy, “Customer Due Diligence (CDD)”, and “Enhanced Due Diligence (EDD)”**

JIB believes that one of the best anti-money laundering and counter terrorism financing safeguards is having a clear policy on New Customer Acceptance (NCA) through the implementation of the Know Your Customer (KYC) policy, as well as implementing procedures and principles of Customer Due Diligence (CDD) in accordance with the requirements of the applicable money laundering and terrorism financing instructions.

#### **Customer and Transaction Enhanced Due Diligence:**

In addition to CDD indicated above, JIB is committed to additional due diligence principles in relation to high-risk individuals and professions as classified by the Anti Money Laundering and Counter Terrorist Financing Policy and Guide, and in accordance with JIB's risk-based approach (RBA).

JIB is committed to applying enhanced due diligence principles with customers and/or the business relationships classified as high-risk relationships based on the risk assessment policy approved by JIB.

#### **Ongoing Monitoring for the Banking Services**

JIB believes that the volume and complexity of the banking transactions require systems and technical solutions to support early warning, banking transactions monitoring systems and business relationships. Besides, it requires automatic scanning of names of persons and entities listed in the international banned lists. This is to enable the Compliance Department to perform its duties according to the international best practices in this field, monitor the accounts activities and transactions to identify unusual activities or those suspected to be associated with money laundering and terrorism financing transactions. By doing this, the due diligence procedures for accounts and customers can be applied on ongoing basis and the ability to make the right decision in the right time can be developed.

### Banking Protection, Privacy and Confidentiality

- I. Customers shall not be tipped off, warned or notified by any means whatsoever of any matter related to submitting a report on the transaction suspected to be associated with money laundering and terrorism financing to the concerned regulatory authorities or any other information regarding this report;
- II. No information on the transaction suspected to be associated with money laundering and terrorism financing shall be disclosed to any entity other than the concerned entities;
- III. The identity of the employee who detects or reports the transaction suspected to be associated with money laundering and terrorism financing shall not be announced; and
- IV. Customers' information shall not be disclosed in a manner that violates or opposes the banking confidentiality applicable laws.

### Records Retention

An information system shall be developed for keeping records, documents and information to facilitate provide the Unit and the competent official authorities with any data or information required in a prompt and timely manner. Records shall be kept for five years from the transaction date or relationship termination, as the case may be, including the occasional transaction termination date.

### Training of Employees

JIB believes that training and raising employees' awareness is key to combating money laundering and terrorism financing. Thus, JIB is keen on providing employees with all information related to money laundering and terrorism financing. Employees receive online training or on the job training, from the date of being hired and throughout their employment in JIB;

It is important for employees to be trained and introduced to the necessary information on the following:

- I. Applicable anti-money laundering and counter terrorism financing law and regulations as well as the manuals and decisions issued thereon;
- II. Patterns suspected of being a part of money laundering and terrorism financing transactions and the use of such tools to educate the employees in our bank;
- III. Reporting procedures for transactions suspected to be associated with money laundering and terrorism financing; and
- IV. Policies, standards, procedures and internal controls adopted by JIB to combat money laundering and terrorism financing.