



## ZIRAAT BANK INTERNATIONAL AG

### Risk Appetite Statement

#### **Pertaining to Anti-Money Laundering, Sanctions and Anti-Bribery & Corruption**

##### **Purpose**

The Risk Appetite Statement ("this Statement") provides a comprehensive summary of the Risk Appetite parameters guiding the operations of Ziraat Bank International AG ("the Bank"). Its main purpose is to facilitate concise presentation and to inform about periodic review of the level of risk the Bank is intended to take in its core activities. It reflects the market practise, enhances the quality of internal decision-making processes, and helps build the Bank-wide risk awareness culture. This document provides a consolidated overview of how various types of risk are governed by the Bank. The detailed risk type definitions and metrics used for risk measurement and limitation can be found in this document. The parameters described in this Statement have been adopted by the Management and the Board of Directors ("the Board") through dedicated policies. This Statement will be updated annually to reflect the changes in such underlying policies. This Statement is prepared and updated periodically by the Compliance Officer in consultations with other executive managers of the Bank.

##### **Preamble**

The core business of the Bank is funding corporate and retail customers with short and medium term loans, providing saving products, clearing of local currency transfers for correspondent banks, international transfer services to retail customers via branches and documentary collection.

Regardless of their location, all departments and employees are subject to Compliance Policies of the Bank. Compliance policies are managed by the Board and oversight of the compliance activities are governed by high-level management committees such as Compliance Committee and Risk Committee.

This Statement defines the Bank's risk appetite and tolerance approach which is periodically reviewed by the Board of Directors based on the periodic compliance risk assessment which determines the Bank's compliance to regulation, risk tolerance and strategy in the face of money-laundering, terrorist financing, sanctions, and other related financial crimes risks. Any variations outside of risk appetite are reported to the Board.

The Bank fundamentally complies with all legal and regulatory requirements for the management and supervision of the bank, as well as with nationally and internationally recognized agencies and bodies including regulators.

The Bank is committed to combating national and international economic and financial crime. The Bank has an appropriate risk management system as well as procedures and policies in place to prevent money laundering, terrorist financing or other criminal acts that could endanger the assets or cause reputational damage, and abuse of the institution. The Bank ensures that the accounts it holds are not misused for the purpose of money laundering, terrorist financing or other criminal acts.

Therefore, compliance with applicable laws and regulations regarding money laundering, sanctions (embargoes), and anti-bribery and corruption is mandatory and fundamental to our overall bank risk and business strategy.

Managing compliance risks including bribery and corruption risks is not only under Compliance Department's responsibility but also every employee's responsibility. The Bank has a 3 line of defence model to manage compliance risks. First line of defence consists of branch employees and head office employees including front and back office. Second line of defence consists of Risk Management and Compliance Departments. Finally, the third line of defence consists of Internal Audit Department.

Given the high-risk character of international payments, the Bank has established standards that describe how the customers and their underlying customers, the nature of their operations, and the strength of their AML, sanctions (embargoes), and anti-bribery and corruption are evaluated.

The Bank reserves the right to reject any customer, payment or transaction that is not consistent with our risk appetite.

### **Compliance with legal and regulatory requirements**

The Bank expects the relevant departments, teams, and parties including customers to have policies and procedures in place covering AML, sanction and anti-corruption programs that comply with applicable laws and regulations in the local jurisdiction.

In accordance with applicable Money Transfer Regulation or equivalent in the jurisdictions of operation, you are required to provide the Bank with accurate and complete information about the originators and beneficiaries of each payment order processed through the Bank. You must also fully provide, upon request, additional information about any payment order or other transaction or any customer involved in such transaction.

In addition, for each Transaction (SRC), the Bank would like to have immediate access, upon request, to the relevant export permits or invoices.

### **Ongoing monitoring for suspicious activity/transactions**

The Bank expects that the relevant departments, teams, and parties including customers have a robust AML, sanction and anti-corruption programmes in place that include but not limited to customer due diligence, enhanced due diligence and suspicious and prohibited transaction monitoring and reporting policies, as well as monitoring systems to monitor such activities.

The Bank also expects that your AML, sanction, anti-corruption programmes and controls will enable to respond to enquiries that the Bank may send in connection with payments made through the account.

At various times, the Bank may request information about the transactions. **If unable to respond adequately or in a timely manner, The Bank also reserves the right to reject payments that are questionable and to issue a cease-and-desist order to prohibit such processes through the account with the Bank.**

### **Sanctions / Embargoes (Risk Appetite)**

The Bank has no appetite to establish or maintain a customer or counterparty relationship with any entity or person that features on any of the following lists or is otherwise prohibited by applicable laws or regulations. This also applies to the customers and counterparties who are not a listed entity by himself but owned or controlled by a listed person or entity directly or indirectly. The criterion to be taken into account when assessing whether a legal person or entity is owned or controlled by another person or entity is either, the possession of 50% or more of the proprietary rights of an entity or having majority interest in it, or controlled in certain ways. If these criteria are satisfied, it is considered that the legal person or entity is owned or controlled by a sanctioned person or entity. The Bank also has no appetite to conduct transactions in connection

with any such entity or person. The Bank expects the clients to screen their underlying clients against all of the lists mentioned below and not to send the Bank any transaction requests that relate to a particular entity or person or that the Bank is otherwise prohibited from processing under applicable law.

- The United Nations Security Council Sanctions List,
- The Consolidated List of Financial Sanctions of the European Union,
- The list maintained by the Office of Foreign Assets Control (OFAC) of the United States, including the list of specially designated nationals and blocked persons,
- The Ministry of Interior Terrorist Lists of the Republic of Türkiye.

The embargo and sanctions lists maintained by the United States Office of Foreign Assets Control (OFAC) include:

Special Designated Nationals (SDNs) List, Sectoral Sanctions Identification (SSI) List, Foreign Sanctions Enforcement (FSE) List, Non-SDN Palestinian Legislative Councils (NS-PLC) List; Non-SDN Iranian Sanctions (NS-ISA) List, Foreign Financial Institutions (CAPTA) Subject to Part 561 List (the "Part 561 List"), and the Non-SDN Menu-Based Sanctions (NS-MBS) List.

Establishing business relationship with customers who are resident in a comprehensive targeted sanctioned jurisdictions or jurisdictions that do not cooperate with Financial Action Task Force-FATF to address their deficiencies (FATF blacklist) are prohibited.

The Bank also has no appetite for customers whose business is conducted in Prohibited Special Risk Countries (SRCs) and limited appetite for customers whose business is conducted in Restricted Special Risk Countries (SRCs) as mentioned above. We must determine whether our customers are domiciled, resident or registered in an SRC or owned by persons domiciled, resident or registered in an SRC or conduct business with a country subject to sanctions or considered as high risk.

### **Customer Risk Assessment**

The Bank has in place customer risk assessment and management procedures and consequently classifies its customers according to their respective risk scales. Customer due diligence measures are applied to all new customers and at appropriate times to existing customers on a risk sensitive basis. Appropriate systems and controls are used to manage the identified compliance risks. The general principle of a risk-based approach is that where there are higher risks of money laundering, enhanced measures are applied and correspondingly where the risks are lower, simplified measures are permitted.

### **Prohibitions**

The Bank has no appetite for customers who engage in any of the following:

- Wilfully or deliberately negligent breaches of laws, regulations, or policies applicable to financial crime risk;
- Repeated unintentional or repeated accidental violations of laws, regulations, or policies applicable to the risk of financial crime;
- Misuse of account for the purpose of money laundering or terrorist financing;
- Facilitating business activity that could be construed as a tax offence;
- Refusing to provide sufficient information or documentation to demonstrate compliance with the standards described in this statement.

The Bank intends to do business only with reputable customers who use their own products, services and related accounts for legitimate purposes and whose identity can be established and verified.

In accordance with this principle, the Bank will not knowingly conduct business with customers below who wish to process payments through the Bank:

- Traffickers involved in the illegal distribution of arms and ammunition (armaments),
- Illegal narcotics,
- Payable through accounts,
- Human trafficking,
- Shell Banks,
- Casinos,
- Shell companies, counterfeit, and shelf companies,
- Terrorism related associations,
- Unregulated Charities,
- Gambling,
- Crypto Currencies.

The Bank expects the clients to have policies, procedures, systems, and controls in place that allow them to ensure sufficient transparency of transaction flows and that prevent them from sending the Bank these types of payments.

#### **Enhanced Due Diligence Measures to be adopted**

The Bank has heightened concerns about the risks posed by the following industries and customer groups and will seek to apply Enhanced Due Diligence measures for the said industries and customer groups which pose high risk in terms of money laundering & terrorist financing & sanctions.

- Downstream Correspondent Banking activity,
- Embassy / Consulate / Military Attaché,
- Currency exchanges,
- Charities (associations / foundations),
- Used car dealers,
- Travel and tourism companies,
- Precious metal dealers,
- General trading companies,
- Money service businesses,
- Licensed private lotteries (excluding state sponsored lotteries),
- Offshore Banks,
- Money transmitters (including Casa de Cambios),

- Taxi and courier companies,
- Politically Exposed Persons (PEP),
- Shipbroker companies,
- Logistics companies,
- Weapon/Arms and Defence Industry.

The Bank also expects the customers to have appropriate controls in place with respect to these industries.

In relation to products/services the Bank offers to the customers, below products/services are considered as high-risk products/services.

- Money Remittance to TC Ziraat Bankasi Turkey,
- Money Remittance via SWIFT/TARGET,
- Money Remittance via SEPA,
- Money Collection from TC Ziraat Bankasi Turkey Accounts,
- Other Deposit/Cash Desk Products,
- Trade Finance Products,
- ATM Services/Online Banking Transactions.

If you have any questions, please contact the AML Department at **aml@ziraatbank.de**. Please take the appropriate steps to ensure compliance with this AML Risk Appetite, Sanctions and Anti-Bribery and Corruption Statement as it is part of duty and responsibility.

### **Anti-Bribery and Corruption**

The Bank does not tolerate any form of corruption or bribery. Any request for bribes or other benefits, whether business or personal, must be rejected immediately. The Bank expects the customers to have policies, procedures, and a program in place to comply with anti-bribery and

anti-corruption regulations and laws relating to the jurisdictions in which they and their clients operate.

### High Risk Third Countries

The Bank assesses and classifies the countries in respect of money-laundering, terrorist financing, sanctions, and other related financial crimes risks according to the risk matrix below.

RISK MATRIX	
Risk Score	Risk Parameters
4	<ul style="list-style-type: none"> <li>* FATF High-Risk Jurisdictions subject to a Call for Action</li> <li>* Comprehensive Sanctions (EU, UN, OFAC)</li> <li>* Secondary Sanctions Risk by OFAC</li> <li>* Unrecognised Countries by Turkey</li> </ul>
3	<ul style="list-style-type: none"> <li>* FATF Jurisdictions with strategic deficiencies</li> <li>* EU high-risk third countries with strategic deficiencies (2016/1675)</li> <li>* National Risk Assessment (High Risk)</li> <li>* Arms Embargoes (EU, UN, OFAC)</li> <li>* Secondary Sanctions Risk by OFAC</li> <li>* EU list of non-cooperative jurisdictions for tax purposes</li> <li>* Internal Risk Analysis</li> </ul>
2	<ul style="list-style-type: none"> <li>* Targeted Sanctions (EU, UN, OFAC)</li> <li>* National Risk Assessment (Medium-High Risk)</li> <li>* Manual Assessment (e.g, Neighbours of Sanctioned Jurisdictions, Low-Mid Risk Jurisdictions)</li> <li>* Offshore Financial Centers</li> </ul>
1	<ul style="list-style-type: none"> <li>* Manual Assessment (e.g, Low Risk Jurisdictions)</li> </ul>

Amongst the parameters above, Internal Risk Analysis also includes the jurisdictional risk assessment of the parent company T.C. Ziraat Bankasi A.S.

For all business transactions, if it is a business relationship or transaction involving one of the named high-risk third countries or a natural or legal person resident in these third countries, at least all enhanced due diligence obligations listed in Section 15 (5) GwG must be fulfilled. For the countries listed only in the FATF Statement on "Jurisdictions under Increased Monitoring" and not listed in the Delegated Regulation 2016/1675, no direct obligations to act apply and no additional due diligence and organizational obligations must be fulfilled. Nevertheless, the situation in these countries or of persons from these countries should be adequately taken into account when assessing the country risk in the context of the prevention of money laundering and terrorist financing.

The Bank also considers the countries published by Deutsche Bundesbank and BaFin as a sanctioned or high-risk country. The countries listed in Annex 4 of the National Risk Analysis of Germany on Cross-Border Threats as risky countries and the Bank therefore applies enhanced due diligence measures where required.

AML & Compliance Officer  
Ziraat Bank International AG