



COMPLIANCE POLICY IN BRIEF

Given the banks occupy a crucial place in the operations of laundering of proceeds of international crimes (AML) and terrorist financing (TF), both national states and international organizations have agreed that the banking activities should be closely monitored. When the use of the national and international banking systems for the purpose of laundering proceeds of crime can be obstructed, the laundering of proceeds of crime by the organized crime groups can significantly be prevented. The basic methods used in the aforementioned purpose are the imposition of certain liabilities for the banks to comply with so that they are not subject to such acts and actions; and the monitoring of the banking activities by the local administrative authorities and raising the awareness of the banks' employees with regard to this subject.

The most directing and compulsory measures have been developed by the international organizations (United Nations, Council of Europe, IMF, World Bank, OECD, FATF). The efforts of the international organizations have brought about the harmonization of the local legislations of the national states. In this respect, several legal regulations have been issued under the leadership of the Financial Crimes Investigation Board (MASAK), which is the regulatory authority on the matter mentioned herein.

Vakıf Katılım Bankası A.Ş. adopts combating money laundering and financing of terrorism as one of the most important responsibilities, for purposes of compliance to laws and regulations as well as preserving its prestige and its customer quality and it is determined to fight in that respect. The bank adopts:

- International agreements, regulations and undertakings to which our country is a party to,*
- Laws promulgated in the scope of money laundering and terrorist financing, and regulations and communiqués issued thereunder,*
- Approaches, methods and implementations generally accepted as a whole by international standards and recommendations on money laundering and terrorist financing*

as basis in constituting implementations regarding the fight against money laundering and terrorist financing.

The Bank has issued "Compliance Policy on the Prevention of Money Laundering and Terrorist Financing" under the consideration of the size of the enterprise, the work load and the quality of the operations executed or to be probably executed, in order to comply with the Law No. 5549 on Prevention of Laundering Proceeds of Crime and the regulations and communiqués promulgated thereunder.

The objectives of the Compliance Program are ensuring the fulfillment of the liabilities with respect to the prevention of money laundering and terrorist financing, the designation of the strategies aiming to diminish or eliminate the risks that the customers, their operations and services may be exposed to by evaluating them with a risk-based approach, determination of the internal control of the Bank and the measures, the operation rules and the responsibilities therein, and raising awareness of the employees with regard to these subjects. The Compliance Program includes the following measures:

- *The creation of the Bank's compliance policies and procedures,*
- *The conduct of the risk management activities,*
- *The conduct of the monitoring and control activities,*
- *The appointment of a chief compliance officer and the foundation of a compliance unit,*
- *The conduct of training activities,*
- *The conduct of the internal audit activities.*

The Compliance Program applies, in terms of their authorities and responsibilities with respect to the prevention of money laundering and terrorist financing, to the Board of Directors of the Bank, the Senior Management of the Bank, the Head Office units, branches and their managers and employees at each level.

"Know Your Customer" principle shall consist of the Bank having sufficient knowledge about the customers and customers' activities and the development of policies and procedures before the Bank to obtain such information. By the execution of this principle a relationship based on mutual trust by providing a disclosure in customer's transactions and information shall be established and maintained, the determination if a transaction is suspicious or not shall be possible and the minimization of the risks of the Bank shall be ensured. In scope of "Know Your Customer", during the establishment of the permanent business relationship and execution of the requested transactions, necessary measures are taken under the regulations and Bank's Compliance Policy and procedures with respect to;

- *Identification,*
- *Determination if the customer is acting vicariously or on his/her own behalf,*
- *Detection of the beneficial owner,*
- *Provision of sufficient information about the requested transaction and its content,*
- *Monitoring the customer's situation and transactions throughout the customer relationship duration,*
- *Customers, activities and transactions requiring special attention.*

As per the banking regulatory and supervisory authorities the “Know Your Customer” principle goes beyond the opening of a bank account with a simple identification and address and with a simple registration, this principle requires being informed in respect with;

- *The consistency of the information and documents received from the customer,*
- *Customer’s aim in preferring the Bank and opening an account,*
- *Customer’s profession, main business branch providing an income, the principles of his/her work, his/her commercial past and the business in which he/she carries out activities, his/her experience in his/her branch, business volume and his/her education,*
- *The sources where the funds subject to the opened accounts or activities come from or go to.*

The essential point in money laundering and terrorist financing is the customer. Therefore, the customer’s identification is crucial in combating the proceeds of these unlawful activities. During the establishment of permanent business relationship with customers and the execution of the requested transactions, the essential condition precedent is the correct, complete and timely determination of customer’s identity. The identification is performed by the provision, detection, control and confirmation of the information regarding the customer’s identity. In this scope the identification is done;

- *Without taking into consideration any amount during the establishment of a permanent business relationship,*
- *Without taking into consideration any amount if any doubt arises regarding the sufficiency and accuracy of the previously received customer’s identity,*
- *Without taking into consideration any amount in situations where the suspicious transaction shall be notified,*
- *When the amount of the transaction or the total amount of several transactions connected to each other exceed the amount set out in the legislation,*
- *By taking information regarding the identity of the customers and people acting on customers’ behalf and by confirming the accuracy of this information.*

In permanent business relationship, information regarding the aim of the business relationship and its content shall be taken. As a general rule, the business relationship shall absolutely not be established and the transactions required by related persons shall absolutely not be executed unless and until the potential customer’s identity is duly determined or sufficient information on the objective of the business relationship is received. Similarly, when the identification and identity confirmation which should have been done in case of any doubt about the sufficiency and accuracy of previously obtained customer’s identity information is not done, the business relationship shall be ended