



ZIRAAT BANK INTERNATIONAL AG

Risk Appetite Statement 2023

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

Preamble

The core business of Ziraat Bank International AG (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 Ziraat Bank International AG units are subject to Compliance Policies of the Bank. Compliance Policy is ensured by 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.

Ziraat Bank International AG fundamentally complies with all legal and regulatory requirements for the management and supervision of the bank, as well as with nationally and internationally recognized standards of good and responsible corporate governance.

Ziraat Bank International AG is committed to combating national and international economic and financial crime. Ziraat Bank International AG 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, abuse of the institution. Ziraat Bank International AG 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. As our valued customer, we need your partnership in this process.

As Ziraat Bank International AG, we treat that managing compliance risks including bribery and corruption risks is not only under Compliance Department's responsibility but also every personnel's responsibility. Ziraat Bank International AG has 3 line of defence model to manage compliance risks. First line of defence consists of branch personnel and head office personnel including front and back office. Second line of defence consists of Risk Management and Compliance Departments and third line of defence consists of Internal Audit Department.

Given the high-risk character of international payments, we have established standards that describe how we evaluate our customers, the nature of their operations, our customers' customers, and the strength of their AML, sanctions (embargoes), and anti-corruption.

To provide further transparency to our process, we have developed an internal AML, sanctions, anti-corruption, and corruption risk appetite statement, which we have outlined below.

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

Compliance with legal and regulatory requirements

As our customers or business partners, we expect you to have policies, procedures and AML, sanction and anti-corruption programs that comply with applicable laws and regulations in your jurisdiction.

In accordance with applicable Money Transfer Regulation or equivalent in the jurisdictions in which you operate, you are required to provide us with accurate and complete information about the originators and beneficiaries of each payment order or other transaction processed through your account with us. 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), we would like to have immediate access, upon request, to the relevant export permits or invoices.

Ongoing monitoring for suspicious activity/transactions

We expect you to have AML, sanction and anti-corruption programmes in place that include customer due diligence, enhanced due diligence and suspicious and prohibited transaction monitoring and reporting policies, as well as monitoring systems to monitor such activities.

We also expect that your company's AML, sanction, anti-corruption programmes and controls will enable you to respond to field enquiries and enhanced due diligence that we may send to you in connection with payments made through your account.

At various times, we may request information about the transactions going through your Account and the parties to the payment. **If you are unable to respond adequately or in a timely manner, we also reserve the right to reject payments that are questionable to us and to issue a cease-and-desist order to prohibit such processes through your account with Ziraat Bank International AG.**

Sanctions / Embargoes (Risk Appetite)

We have 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. We also have no appetite to conduct transactions in connection with any such entity or person. We expect our clients to screen their clients against all of the lists below and not to send us any transaction requests that relate to a particular entity or person or that Ziraat Bank International AG 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 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.

Ziraat Bank International AG 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.

Upon request and as part of an interview about sanctions / embargoes, we must understand the percentage (%) of our customers' total income they derive from these countries, the percentage (%) of their total assets they derive from these countries and the percentage (%) of flows from these countries that they can prove to transact through Ziraat Bank International AG.

We must also understand whether you have branches or subsidiaries in sanctioned countries and if affirmative know the names of these legal entities.

Customer Risk Assessment

Ziraat Bank International AG has in place customer risk assessment and management procedures and accordingly 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

We have 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.

We intend 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, we will not knowingly conduct business with customers below who wish to process payments through Ziraat Bank International AG:

- 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.

We expect our 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 us these types of payments.

Restrictions

We have heightened concerns about the risks posed by the following industries and will seek to limit activities that we consider suspicious. For these categories, we may reach out to you to better understand transaction flows.

- Downstream Correspondent Banking activity,
- Embassy / Consulate / Military Attaché,
- Currency exchanges,
- Charities (associations),
- Used car dealers,
- Travel and tourism companies,
- Precious metal dealers,
- General trading companies,
- Money service businesses,
- Other gambling entities (excluding state sponsored lotteries),
- Offshore Banks,
- Money transmitters (including Casa de Cambios),
- Taxi and courier companies,
- Politically Exposed Persons (PEP),
- Shipbroker companies,
- Logistics companies.

We also expect our customers to have appropriate controls in place with respect to these industries.

In relation to products/services we offer 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 maintaining an account with us at Ziraat Bank International AG.

Anti-Bribery and Corruption

Ziraat Bank International AG does not tolerate any form of corruption or bribery. Any request for bribes or other benefits, whether business or personal, must be rejected immediately. We expect our 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 our customers and their clients operate.

High Risk Third Countries

We assess and classify the countries in respect of money-laundering, terrorist financing, sanctions, and other related financial crimes risks according to the risk matrix below. Amongst the parameters below, Internal Risk Analysis also includes the jurisdictional risk assessment of our parent company T.C. Ziraat Bankasi A.S.

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

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. (BaFin Circular 15/2021 (GW))

We also consider the countries published by Deutsche Bundesbank and BaFin as a sanctioned country and the countries listed in Annex 4 of the National Risk Analysis of Germany on Cross-Border Threats as risky countries and apply enhanced due diligence measures.

AML & Compliance Officer
Ziraat Bank International AG