



## Anti-Money Laundering and Terrorist Financing Policy

### Introduction

To prevent money laundering and terrorism financing; Parsian Bank, as an active bank in international banking society has always taken great and effective steps in ensuring banking healthy operation in the rout of economic, cultural and social development.

Money laundering is a crime in the Islamic Republic of Iran. Based on Anti-Money Laundering Act (Approved by the Islamic Parliament dated January 22, 2008) and Combating Terrorism Financing Act (Approved by the Islamic Parliament dated February 2, 2016); Parsian Bank, in line with other banks in Iran, plans to fight against this scourge. This Policy is developed by Parsian Bank inspired by Anti-Money Laundering Act and Combating Terrorism Financing Act, set of rules issued by the Iran Central Bank, Financial Information Center and the Anti-Money Laundering Organization of Islamic Republic of Iran and the last recommendations of the Financial Action Task Force (FATF) and Standards of the International Committee on Banking Supervision and Wolfsburg Group to prevent money laundering and terrorism financing by banking accounts and services.

#### 1. Goals

Determining strategies, criteria, internal controls and procedures based on the rules and regulations of the country and related international standards to prevent laundering of criminal actions earning and/or terrorism financing in Parsian Bank

#### 2. Scope of the Policies

Implementation of the policies defined in this document is mandatory in all branches and headquarters of this Bank. And also observing the terms of this Policy is binding to all cross border branches in countries that their law and regulations to combat money laundering and terrorist financing is not adequate or sufficient.

#### 3. Customers Identification Policies

To implement the rules and standards related to preventing money laundering and terrorism financing; Parsian Bank has set necessary provisions for identifying natural and legal clients in terms of their identity and financial capabilities.

Parsian Bank categorizes all its clients based on money laundering and terrorism financing risks with a risk-based approach based on the clients' activity levels.

In Parsian Bank, Customer Due Diligence is executed thoroughly. All staff are obliged to do below mentioned steps while giving banking services.

- Obtaining client's identity papers
- Inquiry about obtained documents from relevant centers (National Code Database for Iranian natural entities, National ID Number Database for Iranian legal entities, Specific ID Number Database



for foreign natural and legal entities, ZIP Code Database of the Islamic Republic of Iran Post Office, Trade Unions Code Database of the Ministry of Industry and Mining and trade, Official Gazette Database)

- Filing copies of obtained documents in accordance with relevant guidelines
- Identifying the client's nature of employment and income information
- Bank Clearance for the client
- Identifying the company's stakeholders and shareholders

It is very important how to communicate with the client and observing the followings matters is recommended:

- Identifying the client by obtaining documents depends on the risk level that the client may impose to the bank and the risks are related to some factors such as social and occupational status, financial status, type and nature of profession, customer records and customer native. If the client is classified in high-risk category, identifying him/her should be done at a more advanced level.

Some high-risk clients include political parties, charities-based organizations, clients in the free zones, foreign exchange dealers, nonfinancial businesses such as dealers of gold, jewelries and precious stones, housing and car dealers, holder of proxy accounts and so on.

- Providing services to walk in customer includes identifying them by obtaining document approvals from related organizations (Walk in customer is a customer that has no permanent relationship with the bank so, filing is not required)

Negligence & delinquency in performing the above mentioned duties while offering services to the clients, is subjected to disciplinary violations, and violators would be treated in accordance with disciplinary regulations.

#### 4. Correspondent Banking

Parsian Bank collects sufficient information for establishing correspondent banking relations with foreign banks based on a risk-based approach. The following cases are among the information that should be collected and reviewed:

- Information related to foreign bank ownership and management (including ownership and management structure, its shareholders and managers and so on)
- The main areas of activity
- Ensuring about the location of the bank and the presence of the foreign bank in the mentioned location



- Reviewing all foreign bank's guidelines and procedures for money laundering and terrorism financing (especially procedures for identifying clients) and responsible department in that bank for combating money laundering and terrorism financing
- Products and services that are offered by the bank to the clients and determining the composition of clients
- The purpose of opening bank account
- The identity of any other third party that will use the correspondent bank services
- Supervision conditions and banking regulations in the country of foreign bank
- Reputation level of the foreign bank and how this bank combat against money laundering and terrorism financing by complete observing the rules and regulations
- Reviewing the bank's procedures for how to identify and accept high-risk clients
- How to deal with persons mentioned in the lists of sanctions
- No bad reputation indicating violation of money laundering and terrorism financing regulations
- Appropriate laws and regulations for combating money laundering and terrorism financing in the country where correspondent bank is active
- Policies and procedures for combating money laundering and terrorism financing and how they are updated

#### **5. Preparing Reports for Cash Deposits Higher Than Thresholds**

According to the instructions of "How report about cash deposits more than prescribed thresholds" issued by the Central Bank of the Islamic Republic of Iran, all Parsian Bank branches obliged to provide a form to the client for depositing cash amounts more than prescribed thresholds; the related banking operations are allowed after filling and approving the mentioned form by the client. All items must be recorded in the bank's software system and the physical version of the form should be kept at the bank. After collecting all received reports; Anti-Money Laundering Office will prepare a report to Financial Intelligence Unit and Anti-Money Laundering Organization of the Islamic Republic of Iran on daily basis.

#### **6. Suspected Operations Control and Reporting the Cases**

In Parsian Bank all transactions and banking operations are monitored based on the instruction of "Identification of suspicious transactions and reporting practices". All employees are required to inform Anti-Money Laundering Department of the Parsian Bank about any clients that are suspect to money laundering and terrorism financing operations. Anti-Money Laundering Department will investigate the reported cases exactly and then, will prepare a report to the Anti-Money Laundering Committee to make the final decision in order to send to FIU.



In case of failure to report suspicious transactions or activities, violators would be treated in accordance with disciplinary regulations.

List of criteria to identify suspicious transactions is continuously updated after approval of the Supreme Council for Combating Money Laundering and then the lists are extends to all branches.

Based on the requirements set by the Central Bank of the Islamic Republic of Iran; Parsian Bank has purchased Anti-Money Laundering Software. This Software is used for monitoring all banking transactions based on specific rules.

Some of the rules embedded in this Software are:

- Transactions with high amounts in Trade-Industrial Free Zones
- Transactions with high amounts in high-risk areas in terms of money laundering
- Transactions with high amounts for newly opened bank accounts
- Several withdrawals and deposits in high amounts within a limited timeframe
- Several and repeated bank operations or cash transactions in amounts less than the prescribed thresholds within a limited timeframe
- Reactivation of dormant bank accounts in high and significant amounts
- Active bank accounts that are stopped suddenly and without reason
- Transferring high amounts of money between Trade-Industrial Free Zones and mainland
- Transactions with persons whose names are mentioned in suspected persons lists
- Banking operations unlike the specified level for the client

It is worth noting that these rules are continuously updated and new items are added to them. This application has the ability to create variable parameters by the user as well.

## 7. Non-person and Electronic Transactions

Based on the guideline of “Anti-Money Laundering Compliance in the field of Electronic Banking and Payment Systems”, all Parsian Bank’s branches are required to observe the rules and principles of Combating Money Laundering for clients who are eager to use non-person and electronic transactions.

## 8. Trainings

Obviously, one of the necessary and effective parameters in preventing or detecting money laundering and terrorism financing cases, is having knowledgeable and trained personnel. Parsian Bank knows well about the importance of the quality and quantity of training courses and held the following training courses continuously for its employees:

- The basic concepts of anti-money laundering and terrorism financing
- How to identify clients
- Identifying, recognizing, analyzing and reporting any suspicious transaction



All courses should be repeated at specified intervals. All personnel training records should be registered and kept.

#### **9. Keeping the Documents**

Parsian Bank keeps all banking documents based on the guideline of "Regulations and procedures for keeping commercial papers, documents and bank offices" issued by the Central Bank of the Islamic Republic of Iran and based on specific timing procedure. In case of failure, violators would be treated in accordance with disciplinary regulations.

#### **10. Prohibition, ban and stop the proliferation of weapons of mass destruction and their financing**

Based on the Non-Proliferation of Nuclear Weapons Treaty and other related conventions; the Islamic Republic of Iran has active international cooperation in countering and combating the proliferation of weapons of mass destruction. So, Parsian Bank is committed to provide any necessary tools to prevent and suppress and stop the proliferation of weapons of mass destruction and/or financing them.

#### **11. Verification and Updating the Policies**

This Policy is approved by the Bank's Board of Directors after reviewing and approving by the Anti-Money Laundering Committee. Policies are updated whenever necessary in Parsian Bank. But it is worth noting this period should not be taken more than 2 years.