

Anti-Money Laundering and Counter Terrorism Financing Statement

The purpose of this document is to detail the procedures, policies and control processes that are carried out by Aresbank, S.A. (Aresbank or the Bank) in order to combat money laundering and terrorist financing (ML) The Bank's registered address is Paseo de la Castellana 257, Madrid, where its head office is located.

The Bank is a subsidiary of Libyan Foreign Bank, which holds directly a 99.86% of its share capital.

Aresbank is subject to the supervision of the Bank of Spain.

In Spain Act 10/2010 of 28th of April on prevention of money laundering and terrorist financing transposes Directive 2005/60/EC of the European Parliament and Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, developed by Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis, and establishes the system of penalties laid down in Regulation (EC) No. 1781/2006 of the European Parliament and Council of 15 November 2006 on information on the payer accompanying transfers of funds.

Act 10/2010 has been developed by Royal Decree 304/2014, of 5 May 2014, approving the regulation developing Law 10/2010, of 28 April 2010, on prevention of money laundering and terrorism financing. This Royal Decree repeals Royal Decree 925/1995 of 9 June, developing the specific measures for the prevention of money laundering Act.

Credit institutions are one of the entities that must abide by Act 10/2010.

Anti-Money Laundering and Terrorism Financing (AML) compliance supervision is the responsibility of the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences' (the Executive Service or SEPBLAC), which is Spain's Financial Intelligence Unit.

With regard to AML, the preparation of sanction proceedings falls under the General Secretariat of the Treasury and Financial Policy, (the Treasury) which is an organ attached to the Ministry of Economy and Support of Entrepreneurship of the Ministry of Economy and Competitiveness.

Aresbank is in regular contact with the Bank of Spain, the SEPBLAC and the Treasury.

Aresbank has set up a global policy to ensure strict compliance with current legal regulations and with the recommendations put forward both by the Financial Action Task Force on Money Laundering (FATF) and by the SEPBLAC.

The main objective of Aresbank's AML policy is to prevent the use of our commercial network for any activities related to ML and is based on the following points:

- The identification and knowledge of customers and their financial and economic activities.
- The existence of internal controls and active communication between the different departments of the Bank.
- Written internal procedures.
- The development of the AML culture among all the employees of the Bank through specific training activities.
- Reporting to the competent authorities according to the procedures established by them.

Aresbank's AML internal structure consists of:

- The Board of Directors.
- Risk and Compliance Committee.
- The Internal Control Body for AML. It holds meetings at least every two months and is chaired by the Representative before the Executive Service.
- The Representative before the Executive Service. This position is served by the General Manager.
- The Money Laundering Prevention Unit (MLPU).
- The employees of the Bank.

The Internal Control Body for AML is composed of top managers who represent the following areas in the organization of the Bank:

- The Representative before the Executive Service.
- Risks Department
- Systems Department
- Operations Division
- Back Office and Customers Department
- Commercial Division
- Barcelona Branch
- Legal Department and Compliance Department and MLPU.

Aresbank uses a risk-based approach with regard to AML. The Bank has carried out an ex ante AML risk assessment in order to identify and evaluate its risks by customer type, country, geographical area, products, services, operations and distribution channels, taking into consideration variables such as the purpose of the business relationship, the customer's asset level, volume of operations, and the regularity or duration of their business dealings. This risk assessment is documented in writing and reviewed regularly and whenever a significant change that could affect the bank's risk profile is detected.

The internal AML controls are audited on a yearly basis by an External expert in AML and also by the Internal Audit Department. Each of them writes an independent audit report on the suitability of the Bank's AML framework. Both reports are submitted to the Risk and Compliance Committee, which is made up of several members of the Bank's Board of Directors.

After holding a meeting, the Risk and Compliance Committee communicates its conclusions to the Board of Directors. Aresbank takes appropriate measures to ensure that their employees are aware of AML requirements. They attend on a yearly basis specific ongoing training courses designed to detect transactions that may be related to ML and to instruct them on how to proceed in such cases. The training plan is designed taking into account the specific risks of the Bank's activity.

All of the above reflects the strong commitment of the Bank's entire organization, which includes all the employees and the Board of Directors, in the best performance of AML, and also the cooperation of Aresbank with the relevant regulatory and supervisory bodies.

October 2nd. 2017