

## **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. (hereinafter Aresbank or the Bank) in order to combat money laundering and terrorist financing (ML) since the Bank is committed to the highest international standards in this regard.

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

Regarding the legal framework, Act 10/2010 of 28<sup>th</sup> of April on the prevention of money laundering and terrorist financing transposed all applicable European Union directives. Law 10/2010 has been developed by Royal Decree 304/2014, of 5 May 2014.

In addition, Royal Decree 7/2021 transposed the fifth Directive on the prevention of money laundering and terrorist financing, which introduced important new features, especially with regard to new obligated subjects and with regard to the registry of real beneficiaries.

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.

Aresbank has set up a global policy to ensure strict compliance with current legal regulations and with the recommendations issued by the Financial Action Task Force on Money Laundering (FATF) and 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. The Board of Directors has also designated a director as responsible for applying the regulations in AML/CTF.
- The Risk and Compliance Committee.
- The Internal Control Body (ICB) Committee 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 (AMLPU).
- The employees of the Bank.

The Internal Control Body for AML is composed of the following members:

- General Manager, Representative before the Executive Service, who chairs the ICB.
- Deputy General Manager
- Manager of the Legal Department
- Manager of the Business Development Department
- Manager of the Operations Department
- Chief Risk Officer
- Head of the AMLPU
- Managers of branches (non-member guests)

Aresbank uses a risk-based approach with regard to ML. The Bank has carried out an ex ante ML risk assessment in order to identify and evaluate its risks by customer type, geographical area, products, services, operations and distribution channels, taking into consideration variables such as the purpose of the business relationship, volume of operations, and the regularity or duration of their business dealings, constituting the necessary basis to identify areas for improvement in the ML control framework and establish, where appropriate, additional mitigating measures to strengthen it.

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.

Aresbank has procedures and tools in place for continuous monitoring of the clients' business relationships and one-off transactions.

In addition, Aresbank is committed to comply with international financial sanctions and countermeasures programs.

Suspicious activities must be properly handled and escalated and the ML training ensures that staff are reminded of their duty to timely report any suspicious activities.

Aresbank takes appropriate measures to ensure that their employees are aware of ML requirements, always keeping them updated on all regulatory developments in this regard and making all manuals and internal policies available to them.

All employees 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.

Finally, the internal ML controls are audited on a yearly basis by an External expert in ML 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 (the R&C Committee), which is made up of several members of the Bank's Board of Directors.

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 ML, and also the cooperation of Aresbank with the relevant regulatory and supervisory bodies.

The bank is fully aware of the importance of maintaining a good reputation and the trust of our customers, since the reputation is the main asset of any entity.

This document has been reviewed on the date it was signed reflecting the most significant changes that have occurred in our entity, mainly in terms of the structure of our internal control body.

