

National Bank of Kuwait (Lebanon) s.a.l

Anti-Money Laundering and Terrorist Financing

Information about our policies and procedures

GENERAL

The following information has been prepared to address the many anti-money laundering and terrorist financing questions/questionnaires we receive from organisations with which we have a business relationship in order to provide each institution with a suitably complete response.

Lebanon is a member of the Financial Action Task Force on money laundering (“FATF”). Lebanon is subject to mutual evaluations by FATF.

The National Bank Of Kuwait (Lebanon)sal ,(“NBKL”) ,has adopted strict procedures for dealing with the comprehensive topic of anti-money laundering and terrorist financing. NBKL is regulated by the Central Bank of Lebanon (“BDL”). All of NBK’s overseas locations are subject to local regulations, which in the case of the United Kingdom, United States of America, France, Singapore and Switzerland are fully compliant with the requirements of the FATF. Both local and Central Bank of Lebanon regulations complement each other and all overseas locations have a dedicated anti-money laundering reporting/compliance officer.

Central Bank of Lebanon has issued comprehensive instructions as well as detailed guidance notes that deal with the issue of anti-money laundering and terrorist financing. These instructions are based on:

- a) Lebanese Law No. 318/April 2001 regarding combating money laundering operations;
- b) The forty recommendations related to combating money laundering as well as the eight recommendations related to combating terrorist financing issued by the FATF;
- c) The International Monetary Fund’s guidance for combating money laundering and terrorist financing;

In addition to the above, NBKL has also considered other international guidance on the subject of anti-money laundering and terrorist financing including (but not limited to) Basel Committee publication No. 85 – Customer due diligence for banks, United Nations guidance on the suppression of terrorist financing etc.

The Central Bank of Lebanon’s instructions as well as international guidance on anti-money laundering and terrorist financing are considered of extreme importance by NBKL and to this end it has issued, for internal purposes, publications, manuals, and workshops and has conducted seminars for the implementation by all members of management and staff..

SPECIFIC PROCEDURES WITHIN LEBANON

Know Your Customer Guidelines

NBKL has strict KYC procedures in place. All customers are required to provide valid identity and residential address documentation. Identity and account information is updated and reviewed from time-to-time as required. No anonymous or numbered accounts are permitted.

No account is opened without the branch AMLO review and approval of the appropriate documentation. Furthermore, a bank reference from a well-recognised financial institution is required in order for the account to be opened.

NBKL does not maintain accounts for shell banks (as defined by the US Patriot Act). In addition, any charity related organisation wishing to open an account must present an approved licence from the Ministry of Interior .

Regulatory reporting requirements

NBKL requires from clients, except from those exempted, to fill and sign a cash transaction slip (CTS), which must include the amount involved and the source of funds, when making a cash deposit exceeding ten thousand US dollars or the equivalent, or when carrying out multiple operations involving lower amounts but totaling more than USD 10,000 or the equivalent.

To prepare tables for operations that exceed the ceiling specified for clients exempted from filling the cash transaction slip, and to take the necessary measures to safeguard these tables, in order to make them available, on request, to internal auditing officers or bank auditors, or to the **Special Investigation Commission at the Central Bank of Lebanon.**

Terrorist financing transactions

The Central Bank of Lebanon issues listings of designated terrorists (individuals and organisations) that follow the United Nations guidelines. NBK monitors transactions with customers against this listing. In addition, our overseas units also monitor transactions against this listing as well as any local listings (including OFAC in our New York branch) that regulators provide.

In addition to our detailed KYC procedures, all new accounts are scrutinised against the Central Bank lists of suspected terrorists. All amendments to the listings issued by The Central Bank of Lebanon are reviewed at all NBKL local branches and a confirmation of no activity with these individuals and/or organisations is returned to the Central Bank of Lebanon.

Unusual large transactions

Our internal procedures are designed to highlight unusual and large transactions so that the bank's staff can take the necessary actions to ensure that the transaction is bona fide. Large transactions also require a manager's override before the transaction can be executed. Our systems require that special care and scrutiny is carried out on any large or unusual transaction(s) which have no commercial purpose and the systems have been enhanced to alert staff of any customers that have had cumulative cash transactions exceeding predefined limits

In addition to the above, where an unusual large transaction is identified, we take the necessary precautions to verify the source of the customer funds. This also applies upon the opening of an account with a new customer.

Money Laundering Reporting Unit

NBKL has a money laundering reporting officer who handles all issues pertaining to the subject. This officer (and his staff) will investigate any matters that cannot be cleared by branch or business management and will take whatever follow up action is required.

In accordance with the Lebanese anti-money laundering law, Central Bank of Lebanon instructions and our opening account terms and conditions, NBKL has the right to block customer funds until suspicions are cleared. Any suspected transaction that is unable to be cleared by the bank is forwarded to Central Bank of Lebanon for further action. The local anti-money laundering law imposes financial penalties and imprisonment for individuals and entities convicted of a money laundering offence.

Internal Training Requirements

It is NBKL policy and Central Bank of Lebanon regulation that all bank staff be trained on anti-money laundering procedures. NBKL has detailed training programs for all new recruits as well as regular training and knowledge updates for existing staff.

Compliance with Policies and Procedures

A separate Branch Compliance Unit was established (2001) to monitor compliance with policies and procedures, including, but not limited to, anti-money laundering and terrorist financing procedures. In addition, our internal auditors review money laundering initiatives in all critical areas at least once per year. Finally, we are subject to regular Central Bank of Lebanon inspection and annual external auditor review which specifically covers anti-money laundering procedures.

External Auditors

Our external auditors are currently Ernst & Young. In addition to the statutory audit, an A rated audit firm¹ is required to sign off on our internal controls, including money laundering. We have consistently obtained a clean opinion regarding our compliance with money laundering from this internal controls assessment.

Other information

- For other information concerning NBKL, please refer to our website at www.nbk.com.lb and www.nbk.com. Our most recent Group Annual Report and Financial Statements can be found on the 2nd site. In addition, details of our awards and ratings are also displayed.
 - For information concerning the Central Bank of Lebanon, please refer to www.sic.gov.lb
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