

# **UNITED GULF BANK B.S.C. (c)**



## **ANTI-MONEY LAUNDERING & COMBATING OF FINANCIAL CRIME POLICY AND PROCEDURES MANUAL**

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## Glossary

AML	Anti-Money Laundering
Board	Board of Directors of UGB
CBB	Central Bank of Bahrain
CDD	Customer Due Diligence
CFT	Combating Terrorist Financing
DMLRO	Deputy Money Laundering Reporting Officer
EDD	Enhanced Due Diligence
FATF	The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. As of 2022 the FATF had 39 full members, comprising 37 member jurisdictions and two regional organizations. (European Commission; Gulf Cooperation Council). The FATF also works in close co-operation with a number of international and regional bodies involved in combating money laundering and terrorism financing.
FID	Financial Intelligence Directorate, General Directorate of Anti-Corruption and Economic and Electronic Security, Ministry of Interior
IIS	Institutional Information System: access to this is available with the Compliance & MLRO.
KYC	Know Your Customer
MLRO	Money Laundering Reporting Officer
NCCT	Non-Cooperative Countries or Territories as defined by the FATF.
OPERATIONS	The Operations Department of UGB
PEP	Politically Exposed Person. It means individuals who are, or have been, entrusted with prominent public functions in Bahrain or a foreign country, such as Heads of State or government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations or important political party officials. Business relationships with immediate family members (i.e. spouse and children, including step-children or adopted children) or close associates
PF/WMD	Proliferation Financing refers to the act of providing funds or financial services which are used, in whole or in part, for the manufacture,

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	acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons of mass destruction (WMD) and their means of delivery. The risk to an institution stems from the potential breach, non-implementation or evasion of targeted financial sanctions imposed as a result of the above.
RBA	Risk based assessment – the process to identify, assess, monitor, manage and mitigate ML/TF/PF risks to which the Bank is exposed through transactions conducted by its customers. The risk assessment must enable the Bank to understand how, and to what extent, it is vulnerable to ML/TF/PF.
Securities	<p>Securities" means shares or bonds issued by shareholding companies, government debt instruments and the following financial instruments:</p> <ol style="list-style-type: none"> <li>Shares in companies and other Securities equivalent to shares in companies or other entities, and depositary receipts in respect of shares.</li> <li>Bonds or other forms of debt, including depositary receipts in respect of such Securities ;</li> <li>Warrants, Units, rights or interests (however described) of the participants in a collective investment scheme;</li> <li>Options, futures and any other derivative contracts relating to commodities that must be settled in cash, or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);</li> <li>Options, futures and any other derivative contract relating to commodities that can be physically settled;</li> <li>Units to Real Estate Investment Trusts (REIT).</li> <li>Index tracking products including Islamic indices.</li> <li>Any other financial instrument approved as a financial instrument by the CBB for the purpose of trading such instrument on an exchange; and</li> <li>Islamic Securities, being those financial instruments that are Shari'a compliant.</li> </ol>
UGB	United Gulf Bank B.S.C. (c), also referred to as the Bank
UGH	United Gulf Holding Company B.S.C. (UGH, the Company)





## 1. Introduction

### 1.1 Purpose

The Central Bank of Bahrain (CBB) requires all banks to establish comprehensive policy and procedures (PPM) that documents the measures undertaken by financial institutions to combat and limit their vulnerability to anti-money laundering, terrorism financing and counter proliferation financing efforts.<sup>1</sup> This PPM describes the tools, methodology, and systems that assist United Gulf Bank B.S.C. (c) (UGB, the Bank) to implement customer due diligence, ongoing transaction monitoring, reporting obligations and the application of a risk based approach.<sup>2</sup>

The Manual is aimed at assisting members of UGB's Board of Directors, Senior Management and staff to discharge their responsibilities vis a vis customer due diligence, electronic transfers, reporting and the functions of the Money Laundering Reporting Officer. Employees must know:

- The legal requirements and the different penalties for non-compliance,
- How to recognize money laundering and the action they will take if they do come across any such act.

All members of the Bank's management and staff are expected to:

- Be aware of their personal legal obligations and the legal obligations of the Bank, in relation to implementing AML procedures.
- Be aware of the Bank's Policy and follow the Bank's procedures on AML.
- Be alert for anything suspicious when handling financial transactions.
- Report suspicious transactions in line with internal procedures.

It is the responsibility of the Board of Directors, Senior Management, MLRO, Deputy MLRO and all staff of the Bank to adhere to AML standards and ensure that there are appropriate systems and controls for compliance with the requirements of the CBB and the Bahrain Bourse's to limit vulnerability to financial crime<sup>3</sup>.

### 1.2 Scope of the PPM and its application to subsidiaries

This PPM covers the operations of UGB and its parent United Gulf Holding Company B.S.C. (UGH, the Company) with whom the Bank has signed a service level agreement that includes providing AML compliance services. It should be recognized that there is no separate PPM for UGH, as the company is not permitted to undertake transactions for its customers under the terms of its license. UGH's AML activities mainly relate to the due diligence of the Company's regulated financial counterparties. UGH's risk assessment will hence be basic and is based on the simplified due diligence permitted by the CBB.

<sup>1</sup> FC-A.1.2, Volume 1, CBB Rulebook.

<sup>2</sup> FC-1.1.2G

<sup>3</sup> FC-4.1.5

It is the responsibility of UGB as the head of a financial group, to ensure that each of its financial subsidiaries implement groupwide programs against AML and terrorist financing.<sup>4</sup> While each of the subsidiaries is committed to having a robust AML framework, policies, and procedures, it should be recognized that the extent of AML compliance is subject to the requirements of the regulators of the jurisdictions in which the subsidiaries operate. In any event, the subsidiaries have been informed of the need to implement groupwide programs against money laundering and terrorist financing, including policies and procedures for sharing information within the group for AML/CFT purposes, which must also be applicable, and appropriate to, all their branches and subsidiaries. These must include:

- The development of internal policies, procedures, and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees.
- An ongoing employee training program.
- An independent audit function to test the system.
- Policies and procedures for sharing information required for the purposes of CDD and money laundering and terrorist financing risk management. This includes incorporating risk management procedures with respect to the conditions under which a customer may utilize the business relationship.<sup>5</sup>
- The provision at group-level compliance, audit, and/or AML/CFT functions of customer, account and transaction information from branches and subsidiaries when necessary for AML/CFT purposes; and
- Adequate safeguards on the confidentiality and use of information exchanged

In order to seek assurance from UGB's subsidiaries, a questionnaire covering the above matters will be circulated by UGB at the end of each year. Each of the MLRO's of the Bank's financial subsidiaries has to affirm through responses to UGB's MLRO, that there are adequate controls. A copy of this is included in Appendix 2 – Annual AML Questionnaire from UGB's financial subsidiaries. UGB and UGH subsidiaries must keep UGB's MLRO of any AML issues that have been notified to or queried by their local regulators.

Subsidiaries also have to be cognizant of the CBB's rules on financial crime, as the CBB requires UGB **and** its subsidiaries operating in the Kingdom of Bahrain and in foreign jurisdictions, to follow the rules of Module FC. This documents the standards set by

<sup>4</sup> FC-B.2.1

<sup>5</sup> FC-B.2.4

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regulatory authorities in Bahrain with respect to AML/ CFT/ PF procedures, systems and controls.<sup>6</sup> Should there be a situation where the subsidiaries' jurisdiction prevents the implementation of the robust AML standards, the respective MLRO must notify UGB's MLRO who will in turn immediately inform the CBB in writing<sup>7</sup>.

It is also the responsibility of UGB's subsidiaries to provide the Bank's MLRO with an agreed upon procedures report from their external auditors/ external consultants, that documents the adherence of the subsidiaries' AML program with the tenets of Module FC. This has to be provided by 15 June every year. The MLRO in turn will submit this to the CBB within the stipulated deadline of 30 June. If the services of an external consultant are used, UGB and its subsidiaries have to ensure that the personnel conducting the review are qualified, skilled and have adequate experience to conduct such a review. At least two people will be asked to work on the report (one of whom is a team leader). The MLRO will ascertain that they have:

- A minimum of 5 years professional experience dealing with the AML/CFT issues
- Formal AML/CFT training.<sup>8</sup>

Reference is made in this PPM to the tenets of the Personal Data Protection Law No. 30 of 2018 wherein the personal, sensitive data of customers must be stored, safeguarded and used only for legitimate purposes as defined by the law. Access is restricted to the MLRO, Deputy MLRO, and staff in the Compliance, Internal Audit and Operations Departments.

### 1.3 Frequency of Review

These systems and controls will be documented and reviewed annually by UGB's Board of Directors.<sup>9</sup> The documentation and the Board's review and approval, will be made available upon request to the external auditors of the Bank, regulators, and financial counterparties with whom UGB has a correspondent or Treasury relationship. Recognizing the importance of enforcing AML standards, the Board authorizes UGB's CEO, MLRO, Deputy MLRO and members of the Management Committee to seek and share information within the UGB / UGH / KIPCO Group, for combating AML//CFT/PF.<sup>10</sup>

<sup>6</sup> FC-B.2.1

<sup>7</sup> FC-B.2.2

<sup>8</sup> FC-4.3.2C

<sup>9</sup> FC-2.1.1

<sup>10</sup> FC-B.2.4

## 2. Definition of Money Laundering

The Financial Crime Module of the CBB Rulebook – Volume1 and the AML Law of the Kingdom of Bahrain (Decree Law No. 4 of 2001), require Banks and other institutions to put in place procedures to prevent criminals from using the financial ‘system’ to launder “tainted” money.

### 2.1 What is money laundering?

Money laundering is not just the attempt to disguise money derived from illegal activities. It includes any transaction or series of transactions that seeks to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud, tax evasion, terrorism, and other crimes.

Generally, the money laundering process involves three stages:

- **Placement** - Physically disposing of cash derived from illegal activity. One way to accomplish this is by placing criminal proceeds into traditional financial institutions or non-traditional financial institutions, for example currency exchanges, cryptocurrency exchanges, casinos, or check-cashing services.
- **Layering** - Separating the proceeds of criminal activity from their source using layers of financial transactions. These layers are designed to hamper the audit trail, disguise the origin of funds, and provide anonymity. Some examples of services that may be used during this phase are the early surrender of an annuity without regard to penalties, fraudulent letter of credit transactions, the illicit use of bearer shares to create layers of anonymity for the ultimate beneficial owner of the assets, holding assets in an unrelated third party’s name or using shell companies as intermediaries in the movement of funds.
- **Integration** - Placing the laundered proceeds back into the economy in such a way that they re-enter the financial system as apparently legitimate funds. Examples of this include depositing the money derived from the sale of assets, real estate etc. into bank accounts.

A financial institution may be used at any point in the money laundering process.

There are personal obligations to every member of UGB’s management and staff. Penalties can be incurred for the following:

Transactions	It is an offence to conduct transactions with the proceeds of crime where staff know, or have reason to believe, that funds are the proceeds of criminal activity. This includes receiving, possessing, or concealing the proceeds of such activities. <sup>11</sup>
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<sup>11</sup> Article 2.1 of the Bahrain Anti Money Laundering Law , 2001

Assistance	Misappropriation of evidence and provision of facilities to persons committing the offence of money laundering are considered to be acts of participation in the offence. The participation offence cannot arise if staff do not know, or have no reason to know, the intent of the person committing the offence.
Destruction	Destruction, misappropriation, concealment or forgery or any document which could be used as evidence in the offence or against the accused. All documents should be preserved for future investigations. <sup>12</sup>
Reporting	It is an offence not to disclose information relating to money laundering to the MLRO or the FID and the CBB. Failure to disclose information regarding money laundering to the FID and the CBB or not co-operating with the FID and the CBB are offences related to money laundering.
Tipping off	It is an offence for anyone to disclose information that might prejudice an investigation by the FID and the CBB. <sup>13</sup> Officers and employees are prohibited from warning or informing (tip off) their customers, the beneficial owner, or other parties of the STR, when information relating to them or their activities is being reported to the relevant authorities. <sup>14</sup>
Responsibility	Where an offence of money laundering is committed by a corporate body, every official of the Bank at the time of the offence is deemed to be guilty of that offence where it is committed deliberately or by gross negligence.

The offence of Money Laundering carries stiff penalties including a maximum of seven years in prison and a fine up to one million Bahraini dinars. The penalty is reduced to a maximum of five years imprisonment and one hundred thousand Bahraini Dinars if the offence is committed as part of a criminal gang or using influence exerted through an institution.<sup>15</sup> The CBB is authorized to impose a fine of up to BD 20,000 without a court order.<sup>16</sup>

The Bank itself has similar obligations. The decree imposes certain requirements on all financial institutions. These include:

- Account opening procedures - Customer due diligence based on a risk based approach.
- Retention of records.

<sup>12</sup> Article 2.2 of the Bahrain Anti Money Laundering Law , 2001

<sup>13</sup> FC 9.1.1

<sup>14</sup> FC-5.2.6

<sup>15</sup> Article 3.1 of the Bahrain Anti Money Laundering Law , 2001

<sup>16</sup> FC 9.1.1, EN 6.2.1



- Recognition and reporting suspicions of money laundering
- Reporting suspicious transactions to regulatory authorities

## 2.2 What does this mean in practice?

Staff are not committing an offence if they do not know or have no reason to know that the funds relate to the proceeds of criminal activity.

Staff are committing an offence if, knowing or suspecting that someone is involved in criminal activity, and if they:

- assist the suspects to obtain control or retain their proceeds, or
- give them any help in investing or transferring those proceeds,
- advise them that you, or another colleague at the Bank, are suspicious of their activities.

**Staff are required to report suspicious transactions to the Money Laundering Reporting Officer (MLRO). If they do not report their suspicion concerning any criminal money, they may need to defend any reprisals and consequences for deliberately assisting the criminal, and that carries a maximum penalty of imprisonment, or a fine, or both.**

The MLRO will receive and assess all reports and file the STR with Bahrain's Financial Intelligence Directorate and the CBB.

The Bank normally has a duty to refrain from disclosing information to third parties about its customer's account behavior. Exceptions to this are instances when it suspects that the customer may be laundering the proceeds of crime, or if the CBB or the judicial courts of Bahrain require officials to submit documentation on a customer/s account.

### 3. The Bank's Policy

It is the policy of the Bank that:

- Bahrain's statutory and regulatory obligations to prevent money laundering are fully complied with.
- Proactive management action will be exercised to minimise the risk of the Bank's services being abused for the purposes of laundering funds associated with criminal activities.
- The Bank will not continue established relationships with customers whose conduct gives rise to suspicion of involvement with illegal activities. Any customer relationship where the customer's conduct gives the Bank reasonable cause to believe or suspect involvement with illegal activities, will be reported by the MLRO to the FID and the CBB.

#### 3.1 UGB's AML Control Procedures for customers

3.1.1 The Bank will implement internal procedures and customer due diligence measures to establish and verify the identity of its customers and their source of funds when:

- Onboarding i.e., establishing business relations (Opening an account) with a new customer.
- A change to the signatory or beneficiary of an existing account or business relationship is made.
- There is a change in the ownership of the entity.
- A significant transaction takes place.
- There is a material change in the way that an account is operated or in the manner in which the business relationship is conducted.
- Customer documentation standards have changed substantially.
- The Bank has doubts about the veracity or adequacy of previously obtained customer due diligence information.
- Carrying out wire transfers irrespective of value and/or amount that are not consistent with the nature of business.
- There is a suspicion of Money Laundering or terrorist financing.<sup>17</sup>

3.1.2 Proper information will be obtained on the purpose and intended nature of the business relationship, prior to opening the account.<sup>18</sup> Should there be any restrictions imposed on the operation of the account due to the customer being a non-resident, this will be

<sup>17</sup> FC 1.1.1; FC 1.1.2, AML 1.1.2

<sup>18</sup> FC 1.1.2A



documented in a side-letter between UGB and the customer. The Bank's responsibilities include ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of the relationship, to ensure that the transactions being conducted are consistent with the customer's risk profile/ business profile.<sup>19</sup> This is done by the MLRO/ Deputy MLRO reviewing the daily journal of transactions to review transactions.

- 3.1.3 The Bank will obtain a written signed statement in hard copy or through digital means from all new customers confirming whether the customer is acting on their own behalf or not. This undertaking is part of the KYC (for individuals/ entities) which is signed by the customer and must be obtained prior to opening an account or conducting any transactions with the customer concerned.<sup>20</sup>
- 3.1.4 Where a customer is acting on behalf of a third party (e.g. Power of Attorney or judicial order), the Bank will also obtain a signed statement from the third party, confirming they have given authority to the customer to act on their behalf. Where the third party is a legal person, the Bank must procure a copy of the original Board resolution (or other applicable document) authorizing the customer to act on the third party's behalf and retain a certified copy.<sup>21</sup>
- 3.1.5 The Bank will establish and verify the identity of the customer and (where applicable) the party/parties on whose behalf the customer is acting, including the Beneficial Owner of the funds.<sup>22</sup> It is mentioned in the KYC forms that if the customer is acting on behalf of others, they should be named, and a separate KYC form has to be filled in for the others i.e., the ultimate beneficial owner.
- 3.1.6 UGB normally does not provide financial services to a minor or other person lacking full legal capacity. Any exception requires the prior approval of the CEO. After this is procured, the normal identification procedures and KYC due diligence will be conducted on the party operating the account. In the case of minors, the Bank will additionally verify the identity of the parent(s) or legal guardian(s). Where a third party on behalf of a person lacking full legal capacity wishes to open business relations, the Bank will establish the identity of that third party (e.g., Law Firm), as well as the person conducting the business (specific lawyer).<sup>23</sup>
- 3.1.7 The Bank is prohibited from establishing or keeping anonymous accounts or accounts in fictitious names. Where the Bank maintains a nominee account, which is controlled by or held for the benefit of another person, the identity of that person must be disclosed to the

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<sup>19</sup> FC 1.1.2B

<sup>20</sup> FC 1.1.5

<sup>21</sup> FC 1.1.6

<sup>22</sup> FC 1.1.7

<sup>23</sup> FC 1.1.8





Bank and verified by it in accordance with the requirements specified by the CBB.<sup>24</sup> The opening of nominee accounts (if any), must have the prior approval of the CEO.

- 3.1.8 UGB will not commence a business relationship or undertake an occasional transaction (above the threshold) with a customer before completion of the relevant CDD measures specified. This includes the risk profiling of the customer. Any restrictions or conditions placed on the operation of the account as a result of the risk assessment, must be communicated to the customer.<sup>25</sup> Verification may be completed after receipt of funds in the case of non-face-to-face business, or the subsequent submission of CDD documents by the customer after initial customer due diligence is completed, providing that no disbursement of funds takes place until the entire CDD is completed.<sup>26</sup>

The process will be as follows:

- Operations is notified about the name of the account that needs to be opened. The unit requesting the opening of account must provide preliminary information pertaining to:
  - Valid Official / Government documents comprising Passport and civil ID in the case of individuals
  - Valid Official / Government documents comprising the Commercial Registration or Certificate of Incorporation, Articles of Association as well as complete ownership structure including the name of the Ultimate Beneficial Owners in the case of entities.
- Operations will notify the MLRO in advance of the required date of the account opening. The above preliminary information will be forwarded to the MLRO on a timely basis to perform due diligence measures.
- The MLRO will screen the customer, check the country of residency and complete the risk profile based on the process documented in Section #8. [Risk based approach \(RBA\)](#). This includes completing the Worldcheck screening on the name of the proposed account holder and the ultimate beneficial owners. The FATF website (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions>) will be checked to identify whether the country of the customer account is classified as a country with strategic deficiencies or sanctions. Any concerns raised during the initial due diligence will be documented by the MLRO as part of her onboarding review and submitted to the CEO for approval. This is part of the systems and measures that are undertaken to determine the risks of the jurisdiction for each non resident customer.<sup>27</sup>
- Once this is cleared, Operations will procure the necessary documents required for completing the KYC as mentioned in Section 4 and 5 of this PPM. These will be stored as a soft copy in the UGB Customer Database.

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<sup>24</sup> FC 1.1.9

<sup>25</sup> FC 1.1.15

<sup>26</sup> FC 1.1.10

<sup>27</sup> FC 1.1.2F



Hard copies of the above will be stored by Operations in the customer files.. Further details are mentioned in Section 6 of this PPM. The MLRO will review the customer database when the file is complete and as part of the Annual MLRO reviews.

- 3.1.9 Where UGB is unable to comply with the requirements specified by the CBB, it will consider whether to freeze any funds received and file a suspicious transaction report or terminate the relationship or not proceed with the transaction. If the Bank decides to proceed with the transaction (to avoid tipping off the customer), it can consider whether it should file a Suspicious Transaction Report<sup>28</sup>. All three scenarios require the prior approval of the CEO.
- 3.1.10 In all cases (individuals and entities), UGB will procure the customer's signature on the Terms & Conditions governing the operation of the account. This will document any services which may be restricted or otherwise limited, as a result of the non-resident status.<sup>29</sup>
- 3.1.11 UGB will not accept non resident customer accounts from high risk jurisdictions that are subject to a call for action by the FATF.

### 3.2 UGB's AML Control Procedures for employees

The CBB also requires adequate screening procedures to ensure high standards when hiring employees.<sup>30</sup> These are expected to include controls to prevent criminals or their associates from being inadvertently hired by banks. As the responsibility of all hiring procedures is that of the Human Resources Department (HRD), it is their responsibility to ensure that the Bank obtains a good conduct certificate from the Ministry of Interior prior to hiring any Bahraini employee.<sup>31</sup> The MLRO will also provide a Refinitiv Worldcheck (screening tool ) to run a background check on the prospective employee, after being notified by HRD.<sup>32</sup>

Good practice also recommends the periodic screening of existing staff to manage the risk of inappropriate behavior in case of changes in their financial circumstances. UGB's MLRO will conduct an annual screening in Worldcheck by following the procedures mentioned below:

1. Obtain the staff list from HR and populate an Excel File containing the following primary and secondary identifiers

---

<sup>28</sup> FC 1.1.11; FC 5.2.6

<sup>29</sup> FC 1.1.15

<sup>30</sup> HC B.2.4A

<sup>31</sup> FC 6.1.6A

<sup>32</sup> FC 6.1.6

### Primary

Name of Employee

Entity Type = Individual

### Secondary identifiers

Case ID (employee number)

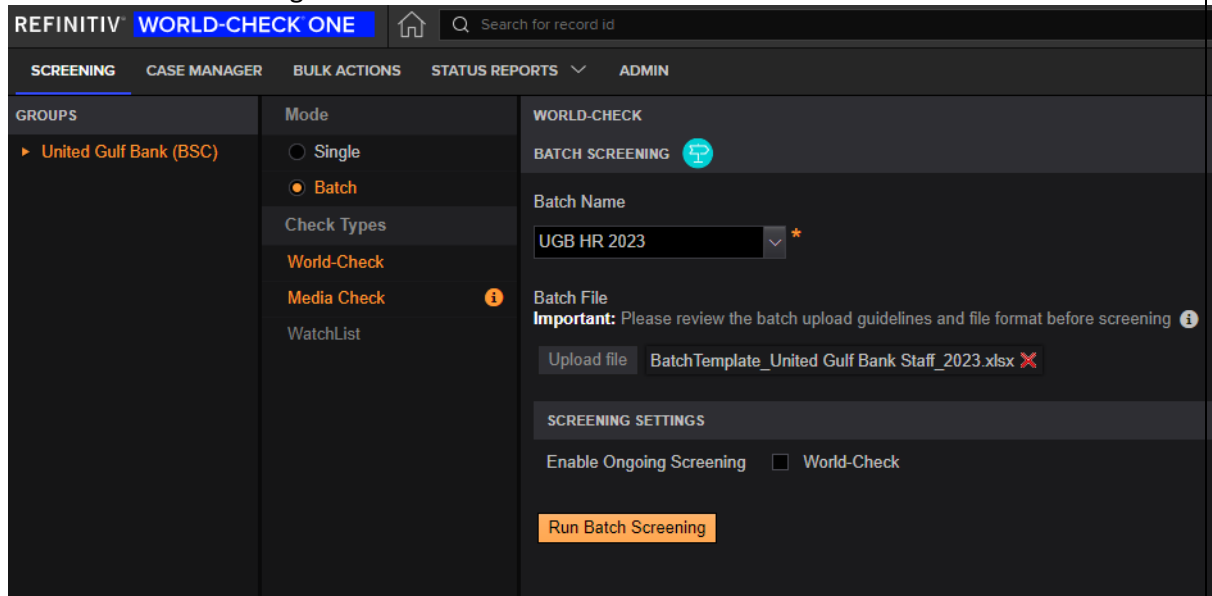
Gender

Date of Birth

Country Location

Citizenship

2. Save the file in \\ugbfs\publish\$\UGB Customer Database\Employees Refinitive Batch Screening.
3. Access the screening module in Worldcheck, choose the Batch option and assign a batch name.
4. Upload the file in Worldcheck
5. Run Batch Screening



6. Access the Batch status report. If there are any matches, Worldcheck will provide an alert – this will show up in the Summary Column under 'Updated.' If there are nil alerts, the total processed cases will be displayed under the 'Not updated' status.



Batch Name	Group	Check Type	Screening Type	Actioned By	Start Date	Completion Date	Filename	Summary
UGB HR 2023	United Gulf Bank (BSC)	Media Check, World-Check	Screen, Media Check screen	Deepa Chandrasekhar	13-Sep-2023 12:54	13-Sep-2023 12:54	BatchTemplate_United Gulf Bank Staff_2023.xlsx	Total # of Cases: Processed: 38 Failed: 0 Created: 0 Updated: 0 Not updated: 38

If there are no matches, there will be no updates that will be displayed. If there is a potential match of the employee's name with the name displayed in Worldcheck, it is the MLRO's responsibility to drilldown the data in Refinitive to determine the reason for the match and resolve it by populating the status, risk level and writing the rationale for resolution.

[< Back to Matches](#)

CURRENT STATUS		<a href="#">Resolution</a> <a href="#">Review</a>	
Resolution Status	Unresolved	STATUS	RISK LEVEL
Risk Level		Positive	High
Resolution Remark		Possible	Medium
Review Comment		False	Low
Last Updated		Unspecified	Unknown
		<div>Select a Reason</div> <div></div> <div>Resolve</div>	

If the match is positive and Worldcheck cites reasons for the match (eg. Lawsuits, misappropriation of funds etc.), the MLRO will escalate the matter to the Head of Human Resources with a copy to the CEO. The extract from Worldcheck should be forwarded to both of them as an audit trail. The Head of Human Resources will then follow the necessary steps of interrogating the employee and determining whether there is any breach of the code of conduct that warrants a verbal or written warning or in the worst case, dismissal from employment.

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## 4. Face to Face Business Requirements

### 4.1 Documents required for AML Purposes

4.1.1. If the customer is a natural Person (e.g. Individual), the Bank will identify the person's identity and obtain and record the following official/ government information (in hard copy or electronic form) <sup>33</sup> before providing any financial services: (KYC Form is attached in [Appendix 6 - Know Your Customer Form \(Individual\)](#)).

- (a) Full legal name and any other names used.
- (b) Full permanent address (i.e., the residential address of the customer; a post office box is insufficient).
- (c) Date and place of birth.
- (d) Nationality.
- (e) Passport number (if the customer is a passport holder).
- (f) Current CPR or Iqama number (for residents of Bahrain or GCC states) or any other government issued national identification proof.
- (g) Telephone/fax number and email address (where applicable).
- (h) Occupation or public position held (where applicable).
- (i) Employer's name and address (if self-employed, the nature of self-employment).
- (j) Type of account, and nature and volume of anticipated business dealings with the Bank.
- (k) Signature of the customer(s).
- (l) Utility bill / Bank Statement/ Tenancy Agreement or Documentation from a public/governmental authority as proof of address
- (m) Source of funds and/ securities.
- (n) Reason for opening the account.
- (o) FATCA / CRS self-certification and relevant forms (W8 BEN / W8 BEN E/ W9)

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<sup>33</sup> FC 1.2.1



The above details must be entered into the appropriate fields in the UGB Customer Summary sheets.

4.1.2. Under the CBB's definition, **all non-resident accounts are subject to enhanced due diligence measures**. UGB will not obtain accounts for any natural non-resident person (irrespective of country of residence) through a digital onboarding process. The Bank will hence verify the information by conducting due diligence on only copies of official/government identification documents that contain the requirements mentioned in (a) and (b) below. This should include a clear photograph of the customer:

- (a) Confirmation of the date of birth and legal name, by taking a copy of a current valid official original identification document (e.g., birth certificate, passport, CPR or Iqama);
- (b) Confirmation of the permanent residential address by taking a copy of a recent utility bill, bank statement or similar statement from a CBB licensee, or some form of official correspondence or official identification card, such as CPR, from a public/governmental authority, and
- (c) Where appropriate, direct contact with the customer by phone, letter, or email to confirm relevant information, such as residential address information.<sup>34</sup>

4.1.3. Any document copied or obtained for the purpose of identification verification should be from an original. For customers based in Bahrain or for employees of UGB, an authorized signatory or officer of the Bank can certify the copy and after sighting the originals, can write 'original sighted', together with the date and his name and signature.<sup>35</sup>

4.1.4. Identity documents which are not verified by an authorized official of the Bank in original form (e.g. for nonresident customers of Bahrain) should be certified by one of the following from a GCC or FATF member state:

- (a) A lawyer
- (b) A notary
- (c) A chartered/certified accountant
- (d) An official of a government ministry
- (e) An official of an embassy or consulate.

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<sup>34</sup> FC 1.2.3

<sup>35</sup> FC 1.2.4



- (f) An official of another licensed financial institution or of an associate company of the licensee<sup>36</sup>

An authorized signatory or officer of the Bank of the Bank can attest documents on behalf of the nonresident customer which have already been certified in the above manner. He can however do so by using the 'True Copy of the Original' stamp (as opposed to Original Sighted).

- 4.1.5. The individual making the certification will give clear contact details (e.g., by attaching a business card or company stamp). The Bank will verify the identity of the Person providing the certification through checking membership of a professional organization (for lawyers or accountants), or through checking against databases/websites, or by direct phone or email contact.<sup>37</sup>
- 4.1.6. If the customer is a legal corporate entity or a legal arrangement such as a trust, the Bank will obtain and record the following information from the KYC form that it obtains from the customer, as well as copies of original identification documents, databases, or websites, in hard copy or electronic form, to verify the customer's legal existence and structure<sup>38</sup>:
- (a) The entity's full name and other trading names used.
  - (b) Registration number (or equivalent)
  - (c) Legal form and proof of existence
  - (d) Registered address and trading address
  - (e) Type of business activity
  - (f) Date and place of incorporation or establishment
  - (g) Telephone, fax number and email address
  - (h) Names of the relevant persons having a senior management position in the legal entity or legal arrangement
  - (i) Regulatory body or listing body (for regulated activities such as financial services and listed companies)

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<sup>36</sup> FC 1.2.5

<sup>37</sup> FC 1.2.6

<sup>38</sup> FC 1.2.7



- (j) Name of external auditor (where applicable)
- (k) Type of account, and nature and volume of anticipated business dealings with the Bank
- (l) Reason for opening the account.
- (m) Source of funds<sup>39</sup>.
- (n) Sanctions Name of the ultimate beneficial owner/s. This is defined by the natural persons who satisfy all or some of the conditions given below:

- Owning or controlling, directly or indirectly, a percentage equal to or exceeding 10% of the capital or voting rights of the Registered Person;
- Where the Registered Person is a legal person owned by another legal person or legal arrangement, then the Ultimate Beneficial Owner is the natural person who is the ultimate owner of the ownership chain or who exercises effective control over it;
- The ability to make or influence decisions in the Registered Person either directly or through other means such as personal communications or through participation in the financing of the project, family relations or through any kind of contract, arrangement, understanding, relationship or through a hierarchical entity (in the ownership chain of legal entities);
- The natural person who contributes to financing the business of the Registered Person or its assets, or that transactions are made in its favor, even if these contributions are hidden.
- Having direct or indirect control over the operations of the Registered Person through a management agreement, power of attorney or similar instrument.
- Ultimate effective control through a series of ownerships or other means of control other than direct control of a Registered Person;<sup>40</sup>

4.1.7. The information provided must be attested as mentioned in # 4.1.4 and will be verified by obtaining certified copies of the following documents, as applicable (depending on the legal form of the entity):

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<sup>39</sup> FC 1.2.7

<sup>40</sup> Article 3, Ministerial Order Number (83) of 2020 Regarding Criteria, Conditions and Rules Governing the Disclosure of Ultimate Beneficial Owner

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- (a) Certificate of incorporation and/or certificate of commercial registration or trust deed
- (b) Partnership agreement
- (c) Board resolution seeking the banking services or capital market services
- (d) Identification documentation of the authorized signatories of the account
- (e) Copy of the latest financial report and accounts, audited where possible (audited copies do not need to be certified)
- (f) List of Persons authorized to do business on behalf of the company and in the case of the opening of an account, a Board resolution (or other applicable document) authorizing the named Persons to operate the account (resolution only necessary for private or unlisted companies); and
- (g) Memorandum and Articles of Association.<sup>41</sup>

An extract from the Ministry of Industry, Commerce and Tourism's website through the SIJILAT Commercial Registration Portal, or its equivalent in GCC countries, will suffice for the purposes of verifying the Commercial Registration.<sup>42</sup>

- (h) The names, country of residence and nationality of Directors or partners.<sup>43</sup>

4.1.8. To the extent where no natural person exerts control over the legal person or arrangement, the identity documents of the relevant natural person who holds the position of the senior managing official should be obtained<sup>44</sup>

4.1.9. The Bank will also obtain and document the following due diligence information:

- (a) Enquire as to the structure of the legal entity or trust sufficient to determine and verify the identity of the ultimate beneficial owner of the corporate, funds or Securities, the ultimate provider of funds or Securities (if different), and the ultimate controller of the funds or Securities (if different)
- (b) Ascertain whether the legal entity has been or is in the process of being wound up, dissolved, struck off or terminated.

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<sup>41</sup> FC 1.2.8

<sup>42</sup> FC 1.2.9A

<sup>43</sup> FC 1.211

<sup>44</sup> FC 1.2.8A



- (c) Obtain the names, country of residence and nationality of Directors or partners (only necessary for private or unlisted companies)
- (d) Get Appendix 11 – Sanctions Questionnaire
- (e)
- (f) This questionnaire will help us manage our regulatory obligations by understanding the nature and extent of your activities in sanction linked countries. The obligations stem from the financial sanctions imposed by a number of domestic and international authorities including the UN, EU, and the OFAC. The responses will be used for regulatory and compliance purposes only.

Name of Entity (as per Commercial Registration)

Name of the Ultimate Parent Company (if applicable)

Please provide the name of the entity that is at the top of your ownership structure.

**1. Do you have any current or planned activities in any of the following countries that are currently in the blacklist and grey list published by the Financial Action Task Force (FATF)? (Please tick all that apply, if none, leave blank)**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

- |  |                                      |   |
|--|--------------------------------------|---|
| <input type="checkbox"/> Democratic People's Republic of Korea | <input type="checkbox"/> Gibraltar   | <input type="checkbox"/> South Africa         |
| <input type="checkbox"/> Iran                                  | <input type="checkbox"/> Haiti       | <input type="checkbox"/> South Sudan          |
| <input type="checkbox"/> Myanmar                               | <input type="checkbox"/> Jamaica     | <input type="checkbox"/> Syria                |
| <input type="checkbox"/> Albania                               | <input type="checkbox"/> Jordan      | <input type="checkbox"/> Tanzania             |
| <input type="checkbox"/> Barbados                              | <input type="checkbox"/> Mali        | <input type="checkbox"/> Türkiye              |
| <input type="checkbox"/> Burkina Faso                          | <input type="checkbox"/> Mozambique  | <input type="checkbox"/> Uganda               |
| <input type="checkbox"/> Cameroon                              | <input type="checkbox"/> Nigeria     | <input type="checkbox"/> United Arab Emirates |
| <input type="checkbox"/> Cayman Islands                        | <input type="checkbox"/> Panama      | <input type="checkbox"/> Vietnam              |
| <input type="checkbox"/> Croatia                               | <input type="checkbox"/> Philippines | <input type="checkbox"/> Yemen                |
| <input type="checkbox"/> Democratic Republic of Congo          | <input type="checkbox"/> Senegal     |   |

If yes, please provide a brief explanation of the same:

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**2. Do you receive any indirect revenue from/facilitate movement of funds/goods/services to any of the above FATF designated jurisdictions?**

Please note that indirect revenue refers to income (i) from sources other than the primary operations of your business or (ii) via a person or entity who/which provides a conduit for money to be transferred from persons/entities connected to the above sanctioned jurisdictions.

- ☐ Yes  
☐ No

If yes, please provide the \$ amount and the % of your total revenue

**3. Do you operate in any of the following countries which are on the current OFAC list of sanctions? (Please tick all that apply, if none, leave blank)**

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- |   |   |                                    |
|---|---|------------------------------------|
| <input type="checkbox"/> Afghanistan              | <input type="checkbox"/> Lebanon          | <input type="checkbox"/> Ukraine   |
| <input type="checkbox"/> Balkans                  | <input type="checkbox"/> Libya            | <input type="checkbox"/> Venezuela |
| <input type="checkbox"/> Belarus                  | <input type="checkbox"/> Mali             | <input type="checkbox"/> Yemen     |
| <input type="checkbox"/> Central African Republic | <input type="checkbox"/> Nicaragua        | <input type="checkbox"/> Zimbabwe  |
| <input type="checkbox"/> Cuba                     | <input type="checkbox"/> Russia           |                                    |
| <input type="checkbox"/> Ethiopia                 | <input type="checkbox"/> Somalia          |                                    |
| <input type="checkbox"/> Hong Kong                | <input type="checkbox"/> South Sudan      |                                    |
| <input type="checkbox"/> Iraq                     | <input type="checkbox"/> Sudan and Darfur |                                    |

If yes, please provide a brief explanation of the same:

**4. Do you require any licenses to undertake activity in any sanctioned jurisdiction, or to import/export goods or technologies or to conduct activities with a target of sanctions?**

- ☐ Yes  
☐ No

IF yes, please provide details \_\_\_\_\_

**5. Do you conduct any activities with any Government of a countries listed in # 1 and # 3 (all categories of sanctions risk)?**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

**6. Do you produce, finance, import, export or deal in any goods in the precious metals, petrochemical, military or defense sectors?**

- ☐ Yes  
☐ No

IF yes, please provide details \_\_\_\_\_

**7. Do you produce, finance, import, export or deal in any goods or technologies that are considered dual-use or proliferation sensitive?**

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

**8. Do you deal with or finance goods/services to freight forwarding firms that are listed as the end user in your transactions?**

- ☐ Yes  
☐ No

IF yes, please provide details \_\_\_\_\_

**9. Have you made or received payments for your goods or services to/ from third parties instead of your supplier/ customer?**

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

**10. Have you received orders for your goods / services from firms or persons from foreign countries other than the country of stated end-user.?**

- ☐ Yes

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- ☐ No
- ☐ IF yes, please provide details \_\_\_\_\_
- ☐ \_\_\_\_\_

Please tick below to confirm the information provided is correct to the best of your knowledge, and you will not use UGB to route payments or for transactions that would breach international sanctions (UN, EU, OFAC etc). Should there be any change in circumstances, it is your responsibility to inform the Bank within 90 days of the date of occurrence.

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Name

Signature

Position

Date

(g)

(h) Procure through new customer documentation or other transparent means, updates on significant changes to corporate ownership and/or legal structure!

(i) Obtain and verify the identity of shareholders holding **10% or more of the issued capital** (where applicable). This information should be entered into the 'Ownership Details' section of the Customer Summary Sheets. Although the requirement to verify the identity of these shareholders does not apply in the case of FATF/GCC listed companies, it is UGB's policy to ensure that due diligence is complete on all its customers to the extent possible.

(j) In the case of trusts or similar arrangements, establish the identity of the settlor(s), trustee(s), and beneficiaries (including making such reasonable enquiries as to ascertain the identity of any other potential beneficiary, in addition to the named beneficiaries of the trust); and

(k) Where a Bank has reasonable grounds for questioning the authenticity of the information supplied by a customer additional due diligence will be conducted to confirm the above information.<sup>45</sup>

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<sup>45</sup> FC 1.3.1

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## 5. Non resident customers

5.1 Under the terms of its license as a wholesale bank, UGB is permitted to deal only with non-residents of Bahrain. Conventional wholesale banks are permitted to transact with residents of Bahrain and/or in Bahrain Dinar, with respect to taking deposits or providing credit, only where the individual transaction is BD 7 million or above (or its foreign currency equivalent).

5.2 It should be noted that the CBB has categorized non-resident customers to be high risk. Each non-resident customer account will be subject to an **annual review** of enhanced due diligence, a risk scoring, and an MLRO review on the pattern and behavior of movement of transactions in the account.<sup>46</sup> The only exception to this rule are

	Requirement for enhanced due diligence
Bahrainis and GCC nationals (wherever they reside) <sup>47</sup> (if they are not Politically Exposed Persons)	No

5.3 UGB will not accept any non-resident customers from high risk jurisdictions who are subject to a call for action by the FATF. These are defined as those which are NCCT (Non-Cooperative Countries and Territories) as well as FATF designated countries with strategic deficiencies.<sup>48</sup>

5.4 The Bank will analyze its customer base in terms of geographical distribution on an annual basis.<sup>49</sup> GCC and OECD residents are considered low risk, countries with FATF deficiencies, civil unrest, terrorism, and war are considered high risk, while the rest are deemed to be medium risk. The results of the analysis and the mitigants will be part of the MLRO's annual assessment report to the Board of Directors.

5.5 The Bank will notify customers of any services which may be restricted or otherwise limited, as a result of their non- resident status.<sup>50</sup>

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<sup>46</sup> FC 1.1.14,

<sup>47</sup> FC 1.1.17, introduced in September 2023;

<sup>48</sup> FC 1.1.12C

<sup>49</sup> FC 1.1.12D

<sup>50</sup> FC 1.1.15

## 6. Enhanced Customer Due Diligence

### 6.1 General Procedure

6.1.1 Enhanced customer due diligence must be performed by UGB on customers who are deemed to have a higher risk profile.<sup>51</sup> These are defined as:

- PEPs (Politically Exposed Persons),
- Customers or entities resident in countries on the FATF's list of Non-Cooperating Countries (NCCT) or countries categorized with strategic deficiencies.
- High net worth individuals and non KIPCO group entities.
- Any individual or entity who has a risk rating of high or extremely high, through the risk scoring process mentioned in Section 8.

6.1.2 Additional queries will be made, or information obtained in respect of the above types of customers. This includes:

- Information on the customer (e.g. Occupation, volume of assets, information available through the public databases, internet etc.) and updating information on the identification data of the customer and the ultimate beneficial owner/s.
- Information on the intended nature of the business relationship
- Information on the source of wealth of the customer
- Information on the reasons for intended or performed transactions (e.g. invoices)
- Approval of senior management to commence or continue the relationship.
- Enhanced monitoring of the business relationship by increasing the number and timing of controls applied and selecting patterns of transactions that require more explanation
- Identifying the source of the first payment in the account and applying RBA
- Evidence of a Person's permanent address using a credit reference agency search or through independent verification by home visit.
- A personal reference (e.g. by an existing customer of the bank)
- Another licensed entity's reference and contact regarding the customer. – the Group Introduction Certificate mentioned in [Appendix 11 - Group Introduction Certificate / Banker's Assurance Certificate](#) has been introduced by the Bank in 2022.
- Documentation outlining the customer's source of wealth.
- Documentation outlining the customer's source of income; and
- Independent verification of employment or public position held.<sup>52</sup>
- Documentation related to Ultimate Beneficial Owner<sup>53</sup>

<sup>51</sup> FC 1.3.1

<sup>52</sup> FC 1.3.2

<sup>53</sup> Ministerial Order Number (83) of 2020 Regarding Criteria, Conditions and Rules Governing the Disclosure of Ultimate



## 6.2 Non-Face to Face Contacts

6.2.1 The Bank follows enhanced due diligence procedures for verifying customer identity where no face-to-face contact takes place.<sup>54</sup> This is to ensure that the customer is the person that they claim to be and to ensure that the address provided is genuinely the customers.<sup>55</sup>

6.2.2 Where no face-to-face contact takes place, the Bank must take additional measures (in order to mitigate the potentially higher risk associated with such business. These include:

- Telephone contact with the applicant on an independently verified home or business number.
- With the customer's consent, contacting an employer to confirm employment via phone through a listed number or in writing; and
- Evidence of the permanent address using a credit reference agency search.
- Certified copies of bank statements for a recent 3-month period which reflect the salary details<sup>56</sup>.
- Independent verification of employment or public position held.
- A personal reference (e.g., by an existing customer of the Bank).
- Another regulated bank from a FATF country or licensed entity's reference regarding the customer using the Appendix 11 – Sanctions Questionnaire
- 
- This questionnaire will help us manage our regulatory obligations by understanding the nature and extent of your activities in sanction linked countries. The obligations stem from the financial sanctions imposed by a number of domestic and international authorities including the UN, EU, and the OFAC. The responses will be used for regulatory and compliance purposes only.

Name of Entity (as per Commercial Registration)

Name of the Ultimate Parent Company (if applicable)

Please provide the name of the entity that is at the top of your ownership structure.

**11. Do you have any current or planned activities in any of the following countries that are currently in the blacklist and grey list published by the Financial Action Task Force (FATF)? (Please tick all that apply, if none, leave blank)**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

<sup>54</sup> FC 1.4.1

<sup>55</sup> FC 1.4.2

<sup>56</sup> FC 1.4.2,1.4.3

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- |  |                                      |   |
|--|--------------------------------------|---|
| <input type="checkbox"/> Democratic People's Republic of Korea | <input type="checkbox"/> Gibraltar   | <input type="checkbox"/> South Africa         |
| <input type="checkbox"/> Iran                                  | <input type="checkbox"/> Haiti       | <input type="checkbox"/> South Sudan          |
| <input type="checkbox"/> Myanmar                               | <input type="checkbox"/> Jamaica     | <input type="checkbox"/> Syria                |
| <input type="checkbox"/> Albania                               | <input type="checkbox"/> Jordan      | <input type="checkbox"/> Tanzania             |
| <input type="checkbox"/> Barbados                              | <input type="checkbox"/> Mali        | <input type="checkbox"/> Türkiye              |
| <input type="checkbox"/> Burkina Faso                          | <input type="checkbox"/> Mozambique  | <input type="checkbox"/> Uganda               |
| <input type="checkbox"/> Cameroon                              | <input type="checkbox"/> Nigeria     | <input type="checkbox"/> United Arab Emirates |
| <input type="checkbox"/> Cayman Islands                        | <input type="checkbox"/> Panama      | <input type="checkbox"/> Vietnam              |
| <input type="checkbox"/> Croatia                               | <input type="checkbox"/> Philippines | <input type="checkbox"/> Yemen                |
| <input type="checkbox"/> Democratic Republic of Congo          | <input type="checkbox"/> Senegal     |   |

If yes, please provide a brief explanation of the same:

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**12. Do you receive any indirect revenue from/facilitate movement of funds/goods/services to any of the above FATF designated jurisdictions?**

Please note that indirect revenue refers to income (i) from sources other than the primary operations of your business or (ii) via a person or entity who/which provides a conduit for money to be transferred from persons/entities connected to the above sanctioned jurisdictions.

- ☐ Yes  
☐ No

If yes, please provide the \$ amount and the % of your total revenue

**13. Do you operate in any of the following countries which are on the current OFAC list of sanctions? (Please tick all that apply, if none, leave blank)**

- |   |   |                                    |
|---|---|------------------------------------|
| <input type="checkbox"/> Afghanistan              | <input type="checkbox"/> Lebanon          | <input type="checkbox"/> Ukraine   |
| <input type="checkbox"/> Balkans                  | <input type="checkbox"/> Libya            | <input type="checkbox"/> Venezuela |
| <input type="checkbox"/> Belarus                  | <input type="checkbox"/> Mali             | <input type="checkbox"/> Yemen     |
| <input type="checkbox"/> Central African Republic | <input type="checkbox"/> Nicaragua        | <input type="checkbox"/> Zimbabwe  |
| <input type="checkbox"/> Cuba                     | <input type="checkbox"/> Russia           |                                    |
| <input type="checkbox"/> Ethiopia                 | <input type="checkbox"/> Somalia          |                                    |
| <input type="checkbox"/> Hong Kong                | <input type="checkbox"/> South Sudan      |                                    |
| <input type="checkbox"/> Iraq                     | <input type="checkbox"/> Sudan and Darfur |                                    |

If yes, please provide a brief explanation of the same:

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**14. Do you require any licenses to undertake activity in any sanctioned jurisdiction, or to import/export goods or technologies or to conduct activities with a target of sanctions?**

- ☐ Yes  
☐ No

If yes, please provide details \_\_\_\_\_

**15. Do you conduct any activities with any Government of a countries listed in # 1 and # 3 (all categories of sanctions risk)?**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

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☐ **16. Do you produce, finance, import, export or deal in any goods in the precious metals, petrochemical, military or defense sectors?**

- ☐ Yes  
☐ No

IF yes, please provide details \_\_\_\_\_

☐ **17. Do you produce, finance, import, export or deal in any goods or technologies that are considered dual-use or proliferation sensitive?**

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

☐ **18. Do you deal with or finance goods/services to freight forwarding firms that are listed as the end user in your transactions?**

- ☐ Yes  
☐ No

IF yes, please provide details \_\_\_\_\_

☐ **19. Have you made or received payments for your goods or services to/ from third parties instead of your supplier/ customer?**

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

☐ **20. Have you received orders for your goods / services from firms or persons from foreign countries other than the country of stated end-user.?**

- ☐ Yes  
☐ No

☐ IF yes, please provide details \_\_\_\_\_

Please tick below to confirm the information provided is correct to the best of your knowledge, and you will not use UGB to route payments or for transactions that would breach international sanctions (UN, EU, OFAC etc). Should there be any change in circumstances, it is your responsibility to inform the Bank within 90 days of the date of occurrence.

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Name

Signature

Position

Date

- .
- Additional searches using independent and open sources to get more information for the customer risk profile.
- Additional searches for negative news that indicate a financial crime risk profile.
- Evaluating the information provided regarding the destination of funds and the reasons for the transaction.
- Procuring more Information on the intended nature of the business relationship
- Increasing the frequency and intensity of transaction monitoring.

6.2.3 Run a check on the Refinitiv (Previously Thomson Reuters) World Check Service, to ensure the status of any adverse media alerts, or to ensure that the client's name does not appear in any of the "blacklists" issued by various regulatory bodies. A printout giving the findings should be attached to the account opening form. The account holder's name should be input on the World Check system and the relevant box should be ticked to ensure that there is constant screening going forward.

6.2.4 The business model of the Bank currently does not include the development and marketing of new products, new business practices, new delivery mechanisms and new or developing technologies for the marketing or support of products. The Bank is however aware that AML risk could be present in investments that it makes in entities. The MLRO will hence conduct a Worldcheck screening on the investee company / loans extended to individuals or corporates and attach this as part of the A rating will also be conducted on the product offered based on the product risk matrix detailed in Section 9.3. This will be documented as an appendix to the Investment Committee / Executive Committee memos.

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6.2.5 As of the date of this manual, no digital onboarding is permitted for any customer.

### 6.3 Politically Exposed Persons (PEP's) and client acceptance policy for PEPs

6.3.1 PEP is an abbreviation for Politically Exposed Person, a term that describes a person who has been entrusted with a prominent public function, or an individual who is closely related to such a person. These include Heads of State or government, senior politicians, Senior Government, Judicial or Military Officials, Senior Executives of state-owned enterprises, or important political party officials. By virtue of their position and the influence that they may hold, PEPs present a higher risk for potential involvement in unaccounted wealth.

<sup>57</sup> FC 1.4.5

The CBB defines PEPs in Bahrain as Ministers, Members of Parliament, and Ministry officials with the rank of Undersecretary or above. Most financial institutions view such clients as potential compliance risks and perform enhanced monitoring of persons who fall within this category. The requirements for all types of PEPs also apply to family or close associates of such PEPs.<sup>58</sup>

It is important to note at the outset that there is no single and universally agreed definition of PEP. UGB relies on World-Check data to determine their categorization. This can be summarized as follows:

Category	Example
Family	Spouse
	Partner considered by national law as equivalent to spouse
	Unmarried Partner / cohabitant
	Child or stepchild
	daughter-in-law/son-in-law
	Sibling or step sibling or half-brother / half-sister
	Parent or stepparent
	Parent-in-law / sister-in-law / brother-in-law
Professional and Close Associate	Grandparent and grandchild
	Close Associate or intermediary
	Business Associate / Joint owner
	Private companies / entities / trusts, charities, foundations, or any other onshore / offshore vehicles controlled, 25%+ owned or co-owned by Primary PEP and/or PEP Relative and or PEP associate

At the time of opening the account, UGB staff must use the World Check screening tool to determine whether a customer is a Politically Exposed Person (PEP) or related to one.<sup>59</sup>

6.3.2 The Chief Executive Officer's approval must be obtained before a PEP / customer incorporated or resident in a jurisdiction deemed as high risk is accepted as a customer or before his account is closed.<sup>60</sup>

6.3.3 Where an existing customer is a PEP, or subsequently becomes a PEP, enhanced monitoring and customer due diligence measures will include:

(a) Analysis of complex financial structures, including trusts, foundations, or international business corporations.

<sup>58</sup> FC 1.5.3B

<sup>59</sup> FC 1.5.1

<sup>60</sup> FC 1.5.2

- (b) A written record in the customer file to establish that reasonable measures have been taken to establish both the source of wealth and the source of funds.
- (c) Development of a profile of anticipated customer activity, to be used in on-going monitoring.
- (d) On-going account monitoring of the PEPs and his/her family or close associates' account by the MLRO.<sup>61</sup> As the names of all PEPs (and other customers) are entered into the Refinitiv World Check database, the MLRO gets email alerts on any media or sanctions related news on the customer. It is his/her responsibility to login to the database and 'clear' the alert by assigning it the Positive/Negative confirmation related to the identity of the customer, and rating the alert in a low/medium/ high risk category. The extracts from Refinitiv World Check on the PEP names also cites the links to family and close associates of the PEPs.
- (e) As PEPs fall in the category of high risk, the customer's CDD documentation must be reviewed annually and updated regularly throughout the life of the relationship.<sup>62</sup>

#### 6.4 Enhanced Due Diligence: Charities, Clubs and Other Societies

- 6.4.1 It is UGB's policy to not open accounts for charitable funds and religious, sporting, social, co-operative, and professional societies. If at all such an account is opened, the Chief Executive Officer's prior approval must be obtained.<sup>63</sup>
- 6.4.2 If an account is opened by UGB for a charity, its activities will be subject to enhanced transaction monitoring by the Bank. The MLRO will develop a profile of anticipated account activity (in terms of payee countries and recipient organizations in particular).<sup>64</sup>

#### 6.5 Enhanced Due Diligence: Pooled Funds

- 6.5.1 Where UGB receives pooled funds managed by professional intermediaries (such as investment and pension fund managers, stockbrokers and lawyers or authorized money transferors e.g., KAMCO), it will ascertain that the intermediary has applied its usual CDD measures to the identity of the professional intermediary. In addition, UGB will verify the identity of the beneficial owners of the funds where required as mentioned below.<sup>65</sup>
- 6.5.2 Where funds pooled in an account are not co-mingled (i.e., where there are sub-accounts attributable to each beneficiary), all beneficial owners will be identified by the Bank and their identity verified in accordance with the requirements in Section 5.5.1.<sup>66</sup>

<sup>61</sup> FC 1.5.3, 1.5.4

<sup>62</sup> FC 1.1.2C

<sup>63</sup> FC 1.6.1

<sup>64</sup> FC 1.6.3

<sup>65</sup> FC 1.7.1

<sup>66</sup> FC 1.7.2

- 6.5.3 For accounts held by intermediaries where such funds are co-mingled, the Bank will make a reasonable effort (in the context of the nature and amount of the funds received) to look beyond the intermediary and determine the identity of the beneficial owners or underlying clients, particularly where funds are banked and then transferred onward to other financial institutions (e.g. in the case of accounts held for the payment of securities).<sup>67</sup>

Where, however, the intermediary (example KAMCO) is subject to equivalent regulatory and Money Laundering regulation and procedures (and, in particular, is subject to the same due diligence standards in respect of its client base), it is noted that the CBB will not insist upon all beneficial owners being identified, provided UGB has undertaken reasonable measures to determine that the intermediary has engaged in a sound customer due diligence process, consistent with the requirements in section.<sup>68</sup>

- 6.5.4 For accounts held by intermediaries from foreign jurisdictions, the intermediary will be subject to requirements to combat Money Laundering and terrorist financing consistent with the FATF Recommendations and the intermediary will be supervised for compliance with those requirements. The Bank will obtain documentary evidence to support the case for not carrying out customer due diligence measures beyond identifying the intermediary. (e.g., KAMCO). The Bank will satisfy itself that the intermediary has identified the underlying beneficiaries and has the systems and controls to allocate the assets in the pooled accounts to the relevant beneficiaries.

- 6.5.5 Where the intermediary is not empowered to provide the required information on beneficial owners (e.g. lawyers bound by professional confidentiality rules) or where the intermediary is not subject to the same due diligence standards referred to above, the Bank will not permit the intermediary to open an account or allow the account to continue to operate, unless specific permission has been obtained in writing from the CBB.<sup>69</sup>

## 6.6 Enhanced Due Diligence: Correspondent Banking Relationships

UGB does not maintain or open correspondent accounts for any third party.<sup>70</sup> UGB however undertakes due diligence on Treasury counterparties with whom the Bank has an active money market and foreign exchange relationship and maintains soft copies of their identity documents.

## 6.7 Introduced Business from Professional Intermediaries

- 6.7.1 As normal practice, UGB does not accept maintaining customers introduced to it by professional intermediaries. If at all such customers are introduced, the Bank still has the

<sup>67</sup> FC 1.7.3

<sup>68</sup> FC 1.7.3

<sup>69</sup> FC 1.7.5

<sup>70</sup> FC 1.8.1

responsibility of ensuring that the account opening forms, underlying client identification documents and the KYC is maintained for each account that it opens.<sup>71</sup>

6.7.2 The Bank will only accept introduced business if all the following conditions are satisfied:

- (a) The customer due diligence measures applied by the introducer are consistent with those required by the FATF Recommendations.
- (b) A formal agreement is in place defining the respective roles of the Bank and the introducer in relation to customer due diligence measures. The agreement will specify that the customer due diligence measures of the introducer will comply with the FATF Recommendations.
- (c) The introducer is able to provide all relevant data pertaining to the identity of the customer and beneficial owner of the funds and, where applicable, the party/parties on whose behalf the customer is acting; also, the introducer has confirmed that the Bank will be allowed to verify the customer due diligence measures undertaken by the introducer at any stage; and
- (d) Written confirmation is provided by the introducer confirming that all customer due diligence measures required by the FATF 40+9 Recommendations have been followed and the customer's identity established and verified. In addition, the confirmation will state that any identification documents or other customer due diligence material can be accessed by the Bank and that these documents will be kept for at least five years after the business relationship has ended.<sup>72</sup>

6.7.3 The Bank will perform periodic reviews ensuring that any introducer on which it relies follows the FATF Recommendations. Where the introducer is resident in another jurisdiction, the Bank will also perform periodic reviews to verify whether the jurisdiction is following the FATF Recommendations.<sup>73</sup>

6.7.4 Should the Bank not be satisfied that the introducer follows the requirements of the FATF Recommendations, the Bank will not accept further introductions. It will also discontinue the business relationship with the introducer.<sup>74</sup>

## 6.8 Enhanced Due Diligence: Shell Banks

6.8.1 It is UGB's Policy to NOT establish business relations with banks which have no physical presence or 'mind and management' in the jurisdiction in which they are licensed ('shell banks') and which are unaffiliated with a regulated financial group. The Bank will not

<sup>71</sup> FC 1.9.1

<sup>72</sup> FC 1.9.2

<sup>73</sup> FC 1.9.3

<sup>74</sup> FC 1.9.4



knowingly establish relations with other Bank or financial institutions that have relations with shell banks. There are no exceptions to this.<sup>75</sup>

- 6.8.2 UGB will immediately file a Suspicious Transaction Report to the Compliance Directorate<sup>76</sup> of the CBB if they are approached by a shell bank or an institution, they suspect of being a shell bank.

**6.9 Enhanced Due Diligence: Cross Border Cash transactions.**

UGB does not accept any cash transactions. There are no exceptions to this.<sup>77</sup>

**6.10 Prevention of transfer to digital wallets, crowdfunding, and crypto exchanges**

In recent years alternative payment technologies have generated widespread public and investor interest in digital wallets and cryptocurrency. These technologies could potentially create a conduit for money laundering, financing terrorism and evading international sanctions. UGB will not accept any requests from its customers to transfer or receive money to/from digital wallets, crowdfunding sites cryptocurrency exchange houses, digital forensics and incident response (DFIR) companies or digital currency exchanges.

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<sup>75</sup> FC 1.10.1

<sup>76</sup> FC 1.10.2

<sup>77</sup> FC 1.10A.1-A.3





## 7. Storage and Security of Customer Data

The rules of the CBB require banks to identify and verify individual customers and beneficial ownership of legal entities, understand the nature and purpose of the relationship with the customer opening the account, conduct screening on an ongoing basis to ensure that there is no breach of sanctions and document risk assessment based on the dimensions of nature of customer, geographical residence, type of products/services used and channel of communication. This is based on personal, sensitive data collected from the customers and other documents related to account opening. Hard copies of such information are stored in the individual customer files which are kept securely by the Operations Department. The soft copy of the information is scanned and stored in the UGB Customer Database path in the Publish folder.

The UGB Customer database has information on active and closed clients – these are further bifurcated in terms of individuals, corporate customers and financial institutions. Each folder contains information on:

- Annual MLRO reviews
- Authorised signatories
- Audited/ reviewed Financials (in the case of entities)
- Correspondence with the client
- Expired documentation, FATCA and CRS information
- Incorporation documents (CR, Articles & Memorandum of Association, Certificate of Incumbency, Certificate of Good Standing)
- KYC forms
- Passport and Identification documents
- Worldcheck screenings

Other account opening related terms and conditions, fax and indemnity, proof of address, beneficial ownership structure, and other supporting documentation that is required from a regulatory perspective.

A separate register is maintained by the MLRO that provides a synopsis of the status of documentation and the date of the last customer review.

The Personal Data Protection Law of the Kingdom of Bahrain, requires the bank to ‘apply technical and organizational measures capable of protecting data against unintentional or unauthorized destruction, accidental loss, unauthorized alteration, disclosure or access, or any other form of processing. These measures must be capable of providing an appropriate level of security. In order to ensure security and data privacy, access to the folder and the system is restricted to the MLRO, Deputy MLRO, and staff in the Compliance, Internal Audit and Operations Departments.

## 8. Simplified Customer Due Diligence

8.1 UGB may opt to apply simplified customer due diligence measures if:

- (a) The customer is the Central Bank of Bahrain (CBB), the Bahrain Bourse, or a licensee of the CBB.
- (b) The customer is a Ministry of a GCC or FATF member state government, a company in which a GCC government is a majority shareholder (e.g. ALBA), or a company established by decree in the GCC (Burgan Bank)<sup>78</sup>
- (c) The customer is a company listed on a GCC or FATF member state stock exchange with equivalent disclosure standards to those of the Bahrain Bourse.
- (d) The customer is a financial institution whose entire operations are subject to AML/CFT requirements consistent with the FATF Recommendations/Special Recommendations and it is supervised by a financial services supervisor in a FATF or GCC member state for compliance with those requirements.
- (e) The customer is a financial institution which is a subsidiary of a financial institution located in a FATFA or GCC.
- (f) The customer is a borrower in a syndicated transaction where the agent bank is a financial institutions whose entire operations are subject to AML/CFT requirements, and it is supervised by a financial services supervisor in a FATF or GCC member state for compliance.

8.2 For customers falling under categories (a) and (f) of the above, the customer's name and contact information should be recorded with all other pertinent information. However, if the transaction leads to any cause for suspicion then as a matter of prudence the Bank will verify identification documentation with respect to customers under this category.<sup>79</sup>

8.3 If and when UGB applies for simplified due diligence measures, it will retain documentary evidence supporting its categorization of the customers. Pertinent documentary evidence may include printouts from a regulator's website, confirmations of the licensed status of the institutions and internal papers attesting to a review of AML/CFT measures applied in a jurisdiction.<sup>80</sup>

8.4 Authenticated SWIFT messages may be used as a basis for confirmation of the identity of a financial institution where it is dealing as principal. For customers who are subsidiaries,

<sup>78</sup> FC 1.11.1

<sup>79</sup> FC 1.11.2

<sup>80</sup> FC 1.11.4, FC 1.11.5



- UGB will also obtain and retain a written statement from the parent institution of the subsidiary concerned, confirming that the subsidiary is subject to the same AML/CFT measures as its parent.<sup>81</sup>
- 8.5 Simplified customer due diligence measures will not be applied where UGB knows, suspects, or has reason to suspect, that the applicant is engaged in Money Laundering or terrorism financing or that the transaction is carried out on behalf of another Person engaged in Money Laundering or terrorism financing.<sup>82</sup>
- 8.6 The Bank will not apply simplified customer due diligence measures in situations where it has identified high AML / TF/ PF risks.<sup>83</sup>
- 8.7 The Bank will take reasonable care to establish and maintain appropriate systems and controls for compliance with the requirements of the CBB with respect to anti money laundering, and to limit their vulnerability to financial crime. It will be Bank's MLRO responsibility to document all decisions to do simplified due diligence in any case and to have the decision annually reviewed by the Board and will be available upon request to the CBB.<sup>84</sup>

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<sup>81</sup> FC 1.11.6

<sup>82</sup> FC 1.11.7

<sup>83</sup> FC 1.11.7A

<sup>84</sup> FC 2.1.1

## 9. Risk based approach (RBA)

The CBB requires banks to implement a **risk based approach** in establishing its AML/CFT/CPF program and conduct ML/ TF and PF risk assessments prior to, and throughout the course of its relationship with the customer.<sup>85</sup> It has to establish policies, procedures, tools, and systems commensurate with the size, nature and complexity of its business operations to support its RBA.<sup>86</sup> This involves undertaking measures to identify, assess, monitor, manage and mitigate the AML/ TF / PF risks to which the Bank is exposed.<sup>87</sup> The risk assessment has to be properly documented, updated and communicated to the Board of Directors and Senior Management, so that they are aware of the vulnerabilities.<sup>88</sup>

The Board of Directors approves the following risk matrix that is used to develop a risk score for UGB's customers, at the time of onboarding and on an ongoing basis. The score takes into consideration quantitative and qualitative information obtained from relevant internal and external sources. The risk score will be documented by the MLRO at the time of her analysis as specified in Section 13.1 [Annual Compliance Review](#)

13.1.1 UGB's MLRO will review the effectiveness of its AML/CFT procedures, systems, and controls at least once each calendar year. He/she is responsible for operations in Bahrain. The MLRO's / external auditors of the other subsidiaries must produce their respective report. The scope of the review will include:

- (a) A report, containing the number of internal reports, a breakdown of all the results of those internal reports and their outcomes for each segment of the Bank's business, and an analysis of whether controls or training need to be enhanced.
- (b) A report, indicating the number of external reports made in and, where a Bank has made an internal report but not made an external report, noting why no external report was made.
- (c) A sample test of compliance with this Module's customer due diligence requirements; and
- (d) A report as to the quality of the Bank's anti-money laundering procedures, systems and controls and compliance with the rules of a licensed exchange and clearing and depository corporation, AML Law, and this Module. This can be in the form of a compliance assessment of Module FC, in the Risk Nucleus Compliance system.

13.1.2 The reports listed under section 13.1.1 (a) and (b) will be made by UGB's MLRO. The sample testing required under rule section 13.1.1 (c) and the report required under section 13.1.1 (d) will be undertaken either by the Bank/ subsidiaries' external auditors or a consultancy firm approved by the CBB.

<sup>85</sup> FC-C1.1

<sup>86</sup> FC-C1.2

<sup>87</sup> FC-C2.1

<sup>88</sup> FC-C.2.3

13.1.3 The MLRO's annual AML assessment for UGB and UGH will be submitted to the respective Boards for their review and approval. If deemed essential, remedial measures must be commissioned by the Board/s and copied to the Bank's senior management.

13.1.4 The Bank and the subsidiaries will instruct their external auditor to produce the report referred to in section 13.1.1 (c) and (d) and submit the same to the CBB by the 30th of June of the following year. The findings of this review will be received and acted upon by the Bank.

### 13.2 Annual Review of Customers.

The five dimensions used to develop the risk score for customer profiling are based on:<sup>89</sup>

- Customer/investor risk
- Country/ Geographic risk
- Product / service transaction risk
- Distribution Channel risk
- Counter Proliferation Financing (CPF) / Financing of weapons of mass destruction risk

The classification and the risk score assigned by each of the categories specified by the CBB, is expanded below. A score of 1 is Low Risk, 2 is Medium Risk and 3 is High Risk

#### 9.1 Customer / investor risk<sup>90</sup>

	Category	Score
1	Individual / Entity is a non-resident	3
2	Individuals / Entities with a net worth of < 1 million	1
3	Individuals / Entities with a net worth of > 1 Million	3
4	Entity is a regulated financial institution.	1
5	Individuals/ Entities are categorized as politically exposed persons (PEPs)	3
6	Individuals/Entities have been sanctioned by the UN, EU, OFAC or any other regulatory body.	3
7	STRs have been filed by UGB on the activity of the individual/entity.	3
8	Individuals/Entities have a negative history in World check / public sources.	3
9	Individuals / entities establish a relationship with UGB under unusual circumstances (e.g. significant unexplained geographic distance between the financial institution and the customer).	3

<sup>89</sup> FC C.2.3

<sup>90</sup> FC C.2.6

10	Individuals/Entities have arrangements to be personal asset-holding vehicles or operate the account on behalf of a third party.	3
11	Individuals/Entities have nominee shareholders or shares in bearer form.	3
12	Entities have a non-transparent ownership structure.	3
13	The ownership structure of the entity appears unusual or excessively complex given the nature of the entity's business.	3
14	Individual / entity is engaged in, or derives wealth or revenues from, a high-risk cash-intensive business	3
15	Individual / Entity's primary source of income originates from high-risk jurisdictions	3

## 9.2 Country / Geography risk<sup>91</sup>

Country/geographic area risk in conjunction with other risk factors, provides useful information as to potential ML/TF/PF risks.

In order to assess the geography risk, the MLRO will review reports from the website 'Know Your Country.com'. This paid service collects data from many international and government agencies (FATF, OFAC, EU etc.) and analyses the findings to provide a rating tool that is predominantly focused on money laundering and sanctions issues. The weightages used by 'Know Your Country'.com are currently as follows:

SN	Indicator / Sub Indicator	Weighting %
1	Money laundering/terrorist financing risks	52.5
	1.1. FATF Uncooperative / AML Deficient	20
	1.2. FATF Compliance with 40+9 Recommendations	15
	1.3. US State ML Assessment	7.5
	1.4. US Secretary of State terrorism	10
2	International sanctions	15
3	Corruption risks	7.5
4	Global Initiative Criminality Index	10
5	Global Initiative Resilience Index	5
6	EU Blacklist	5
7	Offshore Centre	5
	Total	100%

The Board of Directors recognize that the *Know Your Country* overall scores are a guidance to the Bank's risk weights. A score of > 70 is deemed to be low risk, 65 – 70 is medium risk

<sup>91</sup> FC C.2.5

and < 65 is High Risk. They have however given the authority to MLRO to use a more conservative rating based on her subjective judgement (eg. country is a tax haven). The approved risk scores are summarized as follows:

Level of Risk	Know Your country score		UGB risk rating
Low Risk	>70	GCC and OECD countries	1
High Risk	<65	Non GCC and OECD countries characterized with any one of the following characteristics <ul style="list-style-type: none"> <li>• civil unrest, war and terrorism</li> <li>• weak governance</li> <li>• part of the FATF / EU list of jurisdictions with strategic deficiencies</li> <li>• US State Department as a Country/Jurisdiction of Primary Concern</li> <li>• Tax haven</li> </ul>	3
Medium Risk	65-70	Countries classified as other than low or high	2

Based on the above matrix, the Board of Directors have approved the following scores that are commensurate with the level of risk:

#	Category	Score
1	Customer is resident / incorporated in OECD country	1
2	Customer is resident / incorporated in GCC country	1
3	Customer is resident / incorporated in FATF designated NCCT country or FATF/EU designated country with strategic deficiencies/ non-cooperative jurisdictions for tax purposes	3
4	Customer is resident / incorporated in countries subject to war / civil unrest/ significant corruption/ organized crime/criminal activity.	3
5	Customer is resident / incorporated in countries subject to sanctions	3
6	Customer is resident / incorporated in countries identified as having weak governance, law enforcement and regulatory regimes	3
7	Customer is resident / incorporated in countries with banking secrecy	3

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	laws that prohibit release of beneficial ownership information	
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The Board of Directors has noted that the certain UGB customers are incorporated in the Cayman Islands and British Virgin Islands - countries which do not provide details on beneficial ownership. As the customers are SPVs which belong to UGB, the Bank has a complete record of its ownership, controllers, and ultimate beneficial owner/s. This risk is hence accepted.

### 9.3 Product/ Service / Transactions risk<sup>92</sup>

The CBB expects banks to use a risk-based approach to determine the extent to which the offering of its product, service, or transaction, presents potential vulnerabilities to place, layer or integrate criminal proceeds in the financial system. As per best practice, the following are deemed to be high risk products.

- Private banking.
- Anonymous transactions (which may include cash).
- Non-face-to-face business relationships or transactions.
- Products or services that may inherently favor anonymity or obscure information about underlying customer transactions.
- The geographical reach of the product or service offered, such as those emanating from higher risk jurisdictions.
- Products with unusual complexity or structure and with no obvious economic purpose.
- Products or services that permit the unrestricted or anonymous transfer of value (by payment or change of asset ownership) to an unrelated third party, particularly those residing in a higher risk jurisdiction; and
- Use of new technologies or payment methods not used in the normal course of business by the Bank.

The Board of Directors has noted and accepted the following risk scores for products and services/that the Bank offers

	Category - Product	Score
1	Assets under custody	2
2	Brokerage	2
3	Deposits and money market placements	2
4	Investments	2
5	Loans	1
6	Trade Finance	3

### 9.4 Distribution / Channel risk

The Board of Directors has noted and accepted the following risk scores for distribution / channels <sup>93</sup>:

<sup>92</sup> FC C.2.6 and Ff 2.2.7

<sup>93</sup> FC C.2.6 and FC 2.2.7



1	Customer provides Face to face instructions	1
2	Customer provides SWIFT based instructions	1
3	Customer Transactions are authenticated through Test Code	1
4	Customer provides Unauthenticated instructions or non-SWIFT instructions that are provided only on mail, e-mail, phone, fax	3
5	Customer's Non-face-to-face instructions are received from Gatekeepers. These could include intermediaries suspected of criminal activities, located in a country with a weak AML/CFT regime, history of non-compliance with laws or regulations, observed to have weak AML/CFT controls.	3

### 9.5 Counter Proliferation Financing (CPF) / Financing of weapons of mass destruction

PF refers to the act of funding or providing financial services which are used, either wholly or partially, for the manufacture, acquisition, possession, development or otherwise connected in any way to nuclear, chemical, or biological weapons and their related materials (including Weapon of Mass Destruction (WMD)) and dual-use goods used for non-legitimate purposes. CFP can be multi-faceted and attributed to donations, charities, investments in corporates that manufacture dual use goods, it is predominantly channelled through Trade Finance (TF). TF activities in particular require greater scrutiny, due to the due to the risk of multiple parties, modes of shipment and underlying goods, being inadvertently used for financial fraud or illegal trade.

It is hence the Bank's obligation to assess whether the goods/shipments done under its TF activities could be used to finance proliferation or weapons of mass destruction. Based on the FATF list of scenarios that could indicate PF / WMD, the e following risk scores will be used for deriving the risk profile for all customers who have TF activities routed through the Bank or who have activities in sanctioned countries which they have disclosed in the Sanctions questionnaire.

1	Customer's transactions involve person or entity in a foreign country of proliferation concern. (North Korea, Iran and Myanmar)	3
2	Customer's transactions involve shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g., semiconductor manufacturing equipment being shipped to a country that has no electronics industry).	3
3	Customer's transactions involve persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.	3

4	Customer's transactions involve shipment of goods inconsistent with normal geographic trade patterns.	3
5	Customer's transactions involve dual-used goods, proliferation sensitive or military goods.	3
6	Wire instructions or payment are made from or due to parties not identified on the original letter of credit or other documentation.	3
7	Description of goods on trade or financial documentation is non-specific, innocuous or misleading.	3
8	Information on the end-use or final destination of the trade finance transaction is unclear.	3
9	A freight forwarding firm is listed as the product's final destination	3
10	Order for goods is placed by firms or persons from foreign countries other than the country of stated end-user.	3

A score of 0 will be assigned to this dimension for all customers who do not enter into trade finance transactions with the Bank or do not operate / transact with counterparties in sanctioned countries.

#### 9.6 Customer Risk Score - Risk weighting of the dimensions

The indicators for each dimension discussed above in Sections 8.1 to 8.5 have been chosen based on criteria that includes their relevance, methodology, jurisdiction, coverage, public availability, and the availability of recent data. As with any composite index, each dimension receives a risk weight that is used to derive an overall risk score for the customer. The weightage differs across dimensions, as certain components are more relevant and applicable than others in assessing ML/TF/PF risk.

UGB's Board of Directors agrees that the dimensions of Customer profile and Country/Geography have a higher risk weightage compared to product, distribution and CPF risk. This is because the bank offers limited products, limited channels of distribution (no internet, digital or mobile banking, and has limited trade finance activities. They hence approve the following risk weights that should be used by the MLRO in deriving the customer's overall risk score.

Weighted Risk Score Calculation	Weightage
Customer Risk Profile	60%

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Geographic Risk Profile	20%
Product Risk Profile	10%
Channel of distribution Risk Profile	5%
Proliferation Financing Risk Profile	5%
Total	100%

The sum of the five individual dimensions is taken to determine an overall risk weighted score. The bands that determine the classification of Low/Medium/High/ Significantly High will be

Score Range	Likelihood	Impact	Rating
1.0-3.0	Unlikely	Minor Impact	Low
3.01-6.0	Moderately likely	Moderate impact	Medium
6.01-7.5	Likely	Major Impact	High
>7.5	Very Likely	Significant Impact	Significantly high

#### Example:

UGB opened an account for a high net worth, non-resident customer in 2008. The customer is owned by a PEP and is incorporated in a country that is witnessing war and civil unrest. The entity has placed money with the Bank in a term deposit for 5 years. . UGB receives outward remittance requests by email from the corporate, to send funds through SWIFT to regulated entities. The entity has no trade finance facilities with the Bank.

The weighted average risk score will be as follows.

Weighted Risk Score Calculation	Weightage	Score	Score
Customer Risk Profile (High net worth, non resident, PEP)	60%	9	5.4
Geographic Risk Profile (country characterized by war and civil unrest)	20%	3	0.6
Product Risk Profile (deposit)	10%	2	0.2
Channel of distribution Risk Profile	5%	3	0.15
Proliferation Financing Risk Profile	5%	0	0
Core Score	100%	17	
<b>Aggregate Weighted Risk Score Calculation</b>			<b>6.35</b>

Risk Score of the customer = 6.35 = High Risk

It should be noted that all transactions with PEPs or with financial institutions in FATF designated NCCT countries or financial institutions incorporated / domiciled in nations subject to OFAC sanctions or in countries undergoing conditions of war or civil unrest, or known for money laundering will automatically be categorized as high risk, regardless of the result of their assessment.

A customer rating exceeding 6 must have the approval of the CEO to open an account / entity and must be disclosed to the Board of Directors in the annual MLRO assessment. The MLRO's assessment must also be documented in the underlying customer file.

## 9.7 Customer Risk Score – UGH Counterparties

It should be noted that under the terms of its license, the Company is not permitted to practice investment activities on behalf of others. UGH hence has **no customer related operations or inward / outward remittances on their behalf that involves SWIFT**. The scope of AML review for UGH hence consists of due diligence that is done on all the financial lenders to the company, as they are financial counterparties<sup>94</sup>.

**Simplified due diligence and a simplified risk matrix is adopted for UGH, as its financial counterparties are :**

- A financial institution whose entire operations are subject to AML/CFT requirements consistent with the FATF Recommendations/Special Recommendations and is supervised by a financial services supervisor in a FATF or GCC member state for compliance with those requirements or
- The customer is a financial institution which is a subsidiary of a financial institution located in a FATF jurisdiction or the GCC.

### Risk Matrix for UGH

Dimension	Level of Risk Rating (Low/Medium/High)		
	1	2	3
Customer	Regulated financial institution	Regulated Non-bank financial companies <sup>95</sup>	<ul style="list-style-type: none"> <li>• Money exchangers</li> <li>• Insurance Companies</li> </ul>

<sup>94</sup> Financial counterparties fall under the CBB's definition of customer

<sup>95</sup> The World Bank defines a non-bank financial company (NBFC) as 'a financial institution that does not have a full banking license and cannot accept deposits from the public. However, NBFCs do facilitate alternative financial services, such as investment (both collective and individual), risk pooling, financial consulting, brokering, money transmission, and check cashing.

			<ul style="list-style-type: none"> <li>• All Non-Financial Companies</li> </ul>
Country	Financial institutions incorporated in OECD country/GCC country/ Listed on a recognized stock exchange	Financial Institutions Incorporated in Non-OECD / Non GCC country/ or which are unlisted	<ul style="list-style-type: none"> <li>• FIs in FATF designated black list</li> <li>• FIs in nations subject to OFAC sanctions</li> <li>• FIs in nations with war / civil unrest / track record of corruption</li> </ul>
Products / Services	Loans	<ul style="list-style-type: none"> <li>• Assets under custody</li> <li>• Brokerage</li> <li>• Deposits</li> <li>• Investments</li> </ul>	<ul style="list-style-type: none"> <li>• Trade Finance</li> </ul>
Channel	Face to face instruction / SWIFT based instructions	Non-face-to-face instructions (including mail, e-mail, phone, text, video, fax, internet)	<ul style="list-style-type: none"> <li>• Non-face-to-face via Intermediaries deemed to be Gatekeepers <sup>96</sup></li> </ul>
Proliferation Financing	Government institutions and FIs in OECD and GCC countries.	<ul style="list-style-type: none"> <li>• FIs are incorporated in jurisdictions designated by FATF in countries with strategic deficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• FIs are incorporated in jurisdictions designated by FATF in their black list.</li> </ul>

<sup>96</sup> There is no single definition of gatekeepers, but the FATF briefly defines gatekeepers as 'designated non-financial businesses and professions', including lawyers, notaries, real estate agents, trust, casino, accountants, and other independent legal professionals who perform the role of a trusted third party.



The sum of the five individual dimensions is taken to determine an overall score. The bands that determine the classification of Low/Medium/High have been proposed as follows:

<b>Risk rating of customer</b>	<b>Range</b>
Low	0-5
Medium	6-9
High	>9

## 10. On-going Customer Due Diligence and Transaction Monitoring

### 10.1 Emphasis on-going customer due diligence

10.1.1 The originators and beneficiaries of all incoming and outgoing remittances are screened in the Refinitiv Worldcheck system by the Operations Department, prior to processing. In the event that there are no matches, they will be processed in the normal course of business. Cases involving any potential matches or circumstances which appear suspicious, must be referred to the MLRO / DMLRO for resolution. This includes transactions which:

- Do not appear to have a clear purpose or which make no obvious economic sense
- Significant or large transactions that are not consistent with the normal or expected behavior of a customer<sup>97</sup>

A copy of the screening results is appended to the remittance sheets.

10.1.2 The daily journal which records all inward / outward remittances is reviewed by the MLRO/DMLRO to identify significant or abnormal transactions or patterns of activity.<sup>98</sup> Copies of the underlying SWIFT messages and the screenings are attached to the journal.

10.1.2 Over and above the scrutiny of the daily journal, all transactions above BD 6,000 are captured in a monthly transaction report for manual monitoring and review by the MLRO.<sup>99</sup>

10.1.3 The Bank's process includes vetting significant or abnormal transactions and verifying the source of funds for those transactions Furthermore, the Bank will examine the background and purpose to those transactions and document their findings. The Bank will file a Suspicious Transaction Report (STR) if it is unable to verify the source of funds to its satisfaction.<sup>100</sup>

10.1.4 The investigations will be carried out by the MLRO (or relevant delegated official). The documents relating to these findings will be maintained for five years from the date when the transaction was completed.<sup>101</sup>

10.1.5 The Bank will monitor instances where there is a significant, unexpected or unexplained change in customer activity.<sup>102</sup>

10.1.6 When an existing customer closes one account and opens another, the Bank will review its customer identity information and update its records accordingly. The reason for the closure and the fresh opening will also be documented. Where the information available

<sup>97</sup> FC 2.2.2

<sup>98</sup> FC 2.2.1

<sup>99</sup> FC 2.2.3

<sup>100</sup> FC 2.2.5

<sup>101</sup> FC 2.2.6

<sup>102</sup> FC 2.2.7



falls short of its CDD/KYC requirements, or is missing or out-of-date new information will be obtained and re-verified with the customer. <sup>103</sup>

10.1.7 Reasonable steps will be taken to ensure that the Bank receives and maintains up-to-date copies of the identification documents. All customers will be required to provide up-to-date identification documents in their standard terms and conditions of business, as well as the relevant tax forms for FATCA purposes. <sup>104</sup>

10.1.8 The Bank will review and update their customer due diligence information at least every three years. If, upon performing such a review, copies of identification documents are more than 12 months out-of-date, the Bank will take steps to obtain updated copies as soon as possible. <sup>105</sup>

## 10.2 Fraud

10.2.1 The CBB requires all its licensees to must ensure that they allocate appropriate resources and have in place systems and controls to deter, detect, and record instances of fraud or attempted fraud. <sup>106</sup> Any potential or actual incidents of fraud should be highlighted to the Chief Audit Executive.

10.2.2 The CCO/ MLRO should report any actual or attempted fraud incident (however small) to the Wholesale Banking Directorate of the CBB and/or any other appropriate authorities (including the CBB)

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<sup>103</sup> FC 2.2.8

<sup>104</sup> FC 2.2.9

<sup>105</sup> FC 2.2.11

<sup>106</sup> AML 12.1.1





## 11. Electronic Transfers

### 11.1 Outward Transfers & Originating Bank

11.1.1 The Bank will include all required originator information and required beneficiary information details with the accompanying electronic transfers of funds, which is done through SWIFT. This includes:

- the name of the originator.
- the originator's account number or IBAN where such an account is used to process the transaction
- the originator's address, or customer identification number
- the name of the beneficiary
- the purpose codes.
- the beneficiary account number where such an account is used to process the transaction.
- the purpose of the payment<sup>107</sup>

11.1.2 All records of the above information on originator and beneficiary will be maintained by Operations.<sup>108</sup>

11.1.3 No outward remittance will be processed by UGB in its capacity of originating bank if the above information in 10.1.1 is not available.

11.1.4 It is mandatory for Operations to screen the beneficiary in Worldcheck, to ensure that funds are not being remitted to a sanctioned party. If the beneficiary is designated as a PEP, this should be raised to the MLRO and sufficient documentation supporting the remittance should be attached to the outward SWIFT. This includes invoices / loan documents / other communication which supports the purpose of the payment

### 11.2 Inward Transfers

11.2.1 The Bank will review all inward transfers to ensure that there is adequate originator information. This includes:

- the name of the originator.
- the address of the originator
- the originator's account number or IBAN, or customer identification number
- the name of the beneficiary
- the beneficiary account number where such an account is used to process the transaction.

11.2.2 In the event that the above information is lacking, the Operations staff should contact the originating institution for the missing information and ask them to supply this within two business days.

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<sup>107</sup> FC 3.1.1; FC 3.1.11

<sup>108</sup> FC 3.1.12



11.2.3 If the missing information is not received, Operations should notify the MLRO of the incident, who in turn will review the information and try and contact the originating bank. If no answer is forthcoming, the MLRO will determine the possibility of filing an STR.<sup>109</sup>

### 11.3 Cross Border Transfers

11.3.1 Most of UGB's transactions fall in this category. While processing such transactions, the Bank will ensure that the information accompanying the wire transfers, includes.

- the name of the originator.
- the originator's address / customer identification number
- the originator's account number or IBAN where such an account is used to process the transaction, or a unique identifier.
- the name of the beneficiary
- the beneficiary account number where such an account is used to process the transaction.<sup>110</sup>

### 11.4 Domestic Transfers

11.4.1 While processing such transactions, the Bank will ensure that the information accompanying the wire transfers, includes

- the name of the originator.
- the originator's account number or IBAN where such an account is used to process the transaction, or a unique identifier.
- the originator's address, or customer identification number
- the name of the beneficiary
- the beneficiary account number where such an account is used to process the transaction.<sup>111</sup>

### 11.5 Intermediary Bank

11.5.1 In cases where UGB acts as an intermediary capacity within a chain of wire transfers, Operations has to ensure that all originator and beneficiary information accompanying a wire transfer, is retained in its records.<sup>112</sup>

11.5.2 Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer, a record will be kept, for at least five years, by UGB of all the information received from the originating bank or another intermediary bank.<sup>113</sup>

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<sup>109</sup> FC 3.1.4

<sup>110</sup> FC 3.1.5, FC 3.1.6

<sup>111</sup> FC 3.1.8

<sup>112</sup> FC 3.1.14,

<sup>113</sup> FC 3.1.15



11.5.3 Operations will take reasonable measures to identify cross border wire transfers that lack required originator or required beneficiary information and make an effort to procure the needed information. If this is not available, the MLRO should be informed, so that a decision can be taken as to whether to execute, reject or suspend a wire transfer lacking the underlying information.<sup>114</sup>

## **11.6 Beneficiary Bank**

11.6.1 In cases where UGB acts as a beneficiary bank, Operations has to ensure that all originator and beneficiary information accompanying a wire transfer, is retained in its records.<sup>115</sup>

11.6.2 Operations will take reasonable measures to identify the identity of the beneficiary for all inward transfers. Efforts will be made to procure the required originator or required beneficiary information, in wire transfers where this is lacking. If this is not available, the MLRO should be informed, so that a decision can be taken as to whether to execute, reject or suspend a wire transfer lacking the underlying information.<sup>116</sup>

## **11.7 Money or Value Transfer Service (MVTs) Provider**

11.7.1 Under no circumstances will UGB act as a MVTs Provider, by accepting cash from customers and making a payment of a corresponding sum in cash (e.g. Western Union).<sup>117</sup>

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<sup>114</sup> FC 3.1.18, FC 3.1.19

<sup>115</sup> FC 3.1.20

<sup>116</sup> FC 3.1.16, FC 3.1.17

<sup>117</sup> FC 3.2.1



## 12. Appointment of the MLRO

### 12.1 MLRO

12.1.1 UGB will appoint an MLRO that has a Reporting Line to the Chairman of the Board of Directors, for matters relating to AML. This is a 'controlled position.' The CBB's approval is hence required prior to appointing any person as the MLRO. Any change in the MLRO requires notification to the CBB.<sup>118</sup>

12.1.2 The position of the MLRO will not be combined with functions that create potential conflicts of interest, such as an internal auditor or business line head. It also cannot be outsourced.<sup>119</sup> It can be combined with that of the Compliance Officer as UGB's volume and geographical spread of the business is limited.<sup>120</sup> In any case, when combining the MLRO of the DMLRO position with any other position within the Bank, this will be specified in the Application for Approved Person Status – Form 3.<sup>121</sup>

12.1.3 The Bank will also appoint a Deputy MLRO. This is a controlled function and also subject to the CBB's prior approval. The deputy MLRO will support the MLRO to discharge designated responsibilities and deputize in his absence.<sup>122</sup>

12.1.4 In order to enable the MLRO can carry out his responsibilities effectively, the Bank will ensure that the MLRO:

- (a) Is a member of senior management of the Bank.
- (b) Has a sufficient level of seniority within the Bank and has the authority to act without interference from business line management and has direct access to the Board and senior management (where necessary).
- (c) Has sufficient resources, including sufficient time and support staff, and has designated a replacement Deputy MLRO to carry out the function should the MLRO be unable to perform his duties.
- (d) Has unrestricted access to all transactional information relating to any financial services provided by the Bank to that customer, or any transactions conducted by the Bank on behalf of a customer.
- (e) Is provided with timely information needed to identify, analyze, and effectively monitor customer accounts.
- (f) Has access to all customer due diligence information obtained by the Bank; and

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<sup>118</sup> FC 4.1.1

<sup>119</sup> FC 4.1.2

<sup>120</sup> FC 4.1.3

<sup>121</sup> FC 4.1.3A

<sup>122</sup> FC 4.1.4

(g) Is resident in Bahrain.<sup>123</sup>

12.1.5 In addition, UGB will ensure that the MLRO is able to:

- (a) Monitor the day-to-day operation of its policies and procedures relevant to this Policy.
- (b) Respond promptly to any reasonable request for information made by the Anti Money Laundering Unit, or the CBB.<sup>124</sup>

12.1.6 If the position of the MLRO falls vacant, the Bank will appoint a permanent replacement (after obtaining CBB approval), within 120 calendar days of the vacancy occurring. Pending the appointment of a permanent replacement, the Bank will make immediate interim arrangements (including the appointment of an acting MLRO) to ensure continuity in the MLRO function's performance. These interim arrangements will be approved by the CBB. Any action taken by the acting MLRO will be regarded as having the same authority as if it had been done by the MLRO.<sup>125</sup>

## 12.2 Responsibilities of the MLRO

These include:

- 12.2.1 Establishing and maintaining the Bank's AML/CFT policies and procedures and validating that these are up to date.
- 12.2.2 Ensuring that the Bank complies with the AML Law, any other applicable AML/CFT legislation.
- 12.2.3 Ensuring day-to-day compliance with the Bank's own internal AML/CFT policies and procedures. This includes a review of the daily transactions to ensure that screening is done on all beneficiaries. The MLRO also does her own screening in Worldcheck, Mediacheck and /or open sources, in the case of any transactions which require further due diligence or investigation.
- 12.2.4 Acting as the Bank's main point of contact in respect of handling internal Suspicious Transaction Reports from the Bank's staff and as the main contact for the Financial Intelligence Unit, the CBB and other concerned bodies regarding AML/CFT;
- 12.2.5 Making external Suspicious Transaction Reports to the Financial Intelligence Unit and Compliance Directorate.

<sup>123</sup> FC 4.1.6

<sup>124</sup> FC 4.1.8

<sup>125</sup> FC 4.1.9



- 12.2.6 Taking reasonable steps to establish and maintain adequate arrangements for staff awareness and training on AML/CFT matters (whether internal or external).
- 12.2.7 On-going monitoring of high-risk customer accounts; and maintaining all necessary CDD, transactions, STR and staff training records for the required periods <sup>126</sup>
- 12.2.8 Conducting a risk assessment of the overall AML program by using key performance indicators as mentioned in Section 10.3
- 12.2.9 Producing annual reports on the effectiveness of the Bank's AML/CFT controls, for consideration by senior management and the Board of Directors.

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126 FC 4.2.1

### 13. Compliance Monitoring

#### 13.1 Annual Compliance Review

13.1.1 UGB's MLRO will review the effectiveness of its AML/CFT procedures, systems, and controls at least once each calendar year. He/she is responsible for operations in Bahrain. The MLRO's / external auditors of the other subsidiaries must produce their respective report. The scope of the review will include:

- (e) A report, containing the number of internal reports, a breakdown of all the results of those internal reports and their outcomes for each segment of the Bank's business, and an analysis of whether controls or training need to be enhanced.
- (f) A report, indicating the number of external reports made in and, where a Bank has made an internal report but not made an external report, noting why no external report was made.
- (g) A sample test of compliance with this Module's customer due diligence requirements; and
- (h) A report as to the quality of the Bank's anti-money laundering procedures, systems and controls and compliance with the rules of a licensed exchange and clearing and depository corporation, AML Law, and this Module.<sup>127</sup> This can be in the form of a compliance assessment of Module FC, in the Risk Nucleus Compliance system.

13.1.2 The reports listed under section 13.1.1 (a) and (b) will be made by UGB's MLRO. The sample testing required under rule section 13.1.1 (c) and the report required under section 13.1.1 (d) will be undertaken either by the Bank/ subsidiaries' external auditors or a consultancy firm approved by the CBB.<sup>128</sup>

13.1.3 The MLRO's annual AML assessment for UGB and UGH will be submitted to the respective Boards for their review and approval. If deemed essential, remedial measures must be commissioned by the Board/s and copied to the Bank's senior management.<sup>129</sup>

13.1.4 The Bank and the subsidiaries will instruct their external auditor to produce the report referred to in section 13.1.1 (c) and (d) and submit the same to the CBB by the 30th of June of the following year. The findings of this review will be received and acted upon by the Bank.<sup>130</sup>

<sup>127</sup> FC 4.3.1B

<sup>128</sup> FC 4.3.2A

<sup>129</sup> FC 4.3.3

<sup>130</sup> FC 4.3.5



### 13.2 Annual Review of Customers

The CBB requires Banks to review and update the customers' risk profile based on their level of ML/TF/PF risk upon onboarding and regularly throughout the life of the relationship.<sup>131</sup> This is in line with the risk management and mitigation measures which are commensurate with the nature and size of UGB's business.<sup>132</sup> Apart from the risk scoring undertaken to identify and assess their AML risk for customers are based on the four dimensions of customer profile, countries or geographic areas, products, services, transactions, and delivery channels, the MLRO will also review the bank statements for the previous year. This is to ensure that transactions undertaken throughout the course of the relationship is consistent with the Bank's knowledge of the customer, its business risk and risk profile.<sup>133</sup> Findings should be documented by the MLRO in her annual reviews and reviewed by the external auditor in order to be able to demonstrate that assessments are up to date.

The CBB requires all banks to maintain and regularly review and update the documented risk assessment.<sup>134</sup> The **annual review** of each individual and corporate customer, risk scoring and the enhanced due diligence for customers rated as high risk and significantly high risk must be completed by the MLRO by August of each year. Based on the information stored in the customer database and the secure folder containing customer data, the MLRO scrutinizes the validity and completeness of the existing personal information and documents required for opening the account, as well as the pattern of behavior. This is compared with the anticipated movement of funds as declared in the KYC. The review documents the number and nature of any significant transactions, changes in the way that the bank account is operated or in the manner in which the business relationship is conducted, patterns and behavior and the risk profile at the time of onboarding vis a vis the current risk profile based on the dimensions of nature of customer, country, products/services and channel of communication. A template of the customer review form is included in [Appendix 4](#).

The sources of data for the reviews will be the KYC provided by the customer and

- the FATCA and CRS forms which certify the country of residency.
- the Account Statements provided by the Operations Department which detail the movement of funds.
- Public financials statements and databases,
- Internal and external investment and credit reviews.
- World Check System

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<sup>131</sup> FC 1.1.2C

<sup>132</sup> FC 4.3.1

<sup>133</sup> FC 2.2.10

<sup>134</sup> FC C.1.3

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The CBB guidelines require specify obtaining the approval of senior management to commence or continue the business relationship.<sup>135</sup> The MLRO's memo documenting the categorization and risk score of UGB's customers, must be signed by the CEO on an annual basis.

### 13.3 Annual Compliance Review of KPIs for Departments and Staff

The CBB recently introduced new rules whereby all Banks have to incorporate Key Performance Indicators (KPIs) to ensure compliance with AML/CFT requirements by all staff.<sup>136</sup> The performance against the KPIs must be adequately reflected in their annual performance evaluation and in their remuneration.

UGB has designed the KPIs on two categories:

- generic that are specific to all staff – these will be included as part of the annual performance evaluation forms.
- department specific. – these will be part of the department specific key performance indicators, which are taken into consideration as part of the remuneration evaluation process.

The KPIs that fall under both categories are:

Generic
<ul style="list-style-type: none"> <li>• Attendance at the annual AML refresher</li> <li>• Awareness of raising internal STRs to the MLRO/Department MLRO</li> <li>• Signing the Code of Conduct affirmation that includes the responsibility of raising STRs and having AML awareness</li> </ul>

#### Department Specific KPIs

These KPIs will be filled out by the Department Head at the time of submitting the other KPIs of the department to HR, as part of the remuneration process.

#### Accounts & Finance

	Low	Medium	High
Number of cheques processed without adequate documentation.	0 – 5	6 -10	>10
Number of instances of not procuring VAT registrations from vendors prior to processing payments	0 – 5	6 -10	>10

<sup>135</sup> FC 1.3.2 (e)

<sup>136</sup>FC 2.1.3

Number of instances of not identifying a potentially suspicious transaction / escalating the same to the MLRO	0 – 3	4 -10	>10
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### Asset Management & Investment Banking

	Low	Medium	High
Number of instances of not identifying a potentially suspicious transaction or AML concerns while conducting a due diligence review.	0 – 3	4 -10	>10

### Compliance (covers the MLRO function)

	Low	Medium	High
Number of instances of not investigating an internal STR	0	1 - 3	>3
Number of instances of not reporting an STR to the regulators	0	1 - 3	>3
Delay in updating the annual AML PPM (Number of months after one year has elapsed from the date of last BOD approval)	0 -3 months	4 – 6 months	>6 months
Delay in conducting the annual risk assessment of customers. (After 30 June of each year)	0 -3 months	4 – 6 months	>6 months
Delay in submitting the annual assessment of AML to the Board of Directors (After 30 June of each year)	0 -3 months	4 – 6 months	>6 months
Number of AML issues outstanding from internal audit and/or the external auditors' findings	0 – 3	4 -10	>10

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### Credit & Risk Management

	Low	Medium	High
Number of instances of suspicious transactions identified from the risk grading assigned in 'Risk Approval Forms.'	0 – 1	2 - 3	>4
Number of instances of suspicious transactions identified from the investment reviews.	0 – 1	2 - 3	>4
Delay in conducting the bank and counterparty risk reviews. (Number of months after one year has elapsed from the date of last BOD approval)	0 – 2 months	3 months	>3 months

### Human Resources & Administration

	Low	Medium	High
Number of instances of oversight in conducting the background checks of new employees	0 - 3	4 - 5	>5
Number of instances of oversight in arranging AML training for new staff within the stipulated 3-month period.	0 - 3	4 - 5	>5

### Internal Audit & Quality Assurance

	Low	Medium	High
Active participation in the annual AML External reviews.	0 - 5	6 - 10	>10
Active follow-up of all AML findings / issues pending implementation.	0 - 5	6 - 10	>10
Number of instances of not independently investigating a STR once brought to the attention of IA.	0 - 3	4 - 5	>5

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### Operations

	Low	Medium	High
Number of instances of not informing the MLRO/Deputy MLRO on suspicious inward or outward payments, including 'wire-stripping' i.e., where the source and destination of incoming and outgoing funds have been masked.	0 - 5	6 - 10	>10
Number of outstanding accounts with missing documentation	0 - 5	6 - 10	>10
Number of outstanding accounts with outdated documentation	0 - 5	6 - 10	>10
Number of instances of not screening customer names and beneficiaries on Worldcheck for all inward and outward wire transfers. (Interbank transfers are excluded)	0 - 5	6 - 10	>10

### Treasury

	Low	Medium	High
Delay in providing information for the bank and counterparty risk reviews. (Number of months after one year has elapsed from the date of last BOD approval)	0 – 3	4 -10	>10
Delay in notifying the MLRO/Deputy MLRO of any new interbank counterparty relationships from the date of commencement (number of months)	0 – 1	2 - 3	>3
Delay in providing the MLRO/Deputy MLRO with the list of active Treasury counterparties (after 30 June <sup>137</sup> of each year).	0 – 1	2 - 3	>3

<sup>137</sup> 30 June is considered to be the reference date, as it is the deadline for submission to the CBB of the external auditors' independent external assurance report on adherence to AML rules.

### Information Technology

	Low	Medium	High
Number of instances of delay in generating the monthly AML transaction reports	0 – 3	4 - 5	>5
Number of instances of not informing the MLRO/Deputy MLRO on suspicious transactions identified from IT logs.	0 – 3	4 - 5	>5

### 13.4 Quarterly Compliance Review

The CCO's quarterly report to the BAC will contain a section on AML that covers the following matters:

- AML Staff training (new and existing)
- AML Policy updates
- Suspicious transactions raised internally during the quarter
- Suspicious transactions reported / closed / in progress made to the CBB
- Key AML issues within the quarter
- Any positive matches found in Worldcheck related to names in the sanctioned lists.

## 14. Internal reporting

### 14.1 Suspicious Transactions

14.1.1 A suspicious transaction will often be:

- Any transaction where the amount, duration or other specific feature is inconsistent with the customer's professional or business activities, standard of living or normal movements on the account.
- A transaction that is not logical from an economic, financial, or Banking point of view.
- There is a suspicion of a potential fraudulent transaction or fraudulent remittance instructions.

14.1.2 Examples of what might constitute a suspicious transaction, by activity, are listed below. These are by no means exhaustive and only provide certain basic ways in which money can be laundered.

- Cash transactions.
- pass-through or "in and out" transactions.

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- transactions with entities which are not believed to have comprehensive KYC and anti-money laundering policies, and which are incorporated in or have their primary place of business in countries which have inadequate anti-money laws.
- customers whose wealth emanates from activities susceptible to money laundering.
- any unusual financial activity of the customer in the context of his own usual activities.
- any unusual transaction during some usual financial activity.
- any unusually linked transactions.
- any unusual employment of an intermediary during some usual transaction or financial activity.
- any unusual method of settlement.
- any unusual or disadvantageous early redemption of an investment product; and
- any unwillingness by the customer to provide the information requested.

#### **14.2 Internal Reporting of Suspicious Transactions for Staff and Management**

It is the duty of every member of management and staff to report any suspicious transactions or suspicions to the MLRO. Failure to do so, could result in disciplinary action.<sup>138</sup>

14.2.1 All Internal Reports must reach the MLRO and must not be blocked. It is reiterated that there should be complete notification to the MLRO with cooperation from all Department Heads.<sup>139</sup>

14.2.2 The reason for the suspicion should be explained fully. Such suspicions must not be discussed with anyone outside the Bank. Care must be taken in discussing a suspicion, even with other colleagues. If it is considered appropriate, then discussion must only be held with the MLRO.

14.2.3 It is vital that no mention of such suspicion be made to the customer, the beneficial owner or other subjects of the STR. Any discussion of this nature would risk a tipping off offence being committed, if the customer became aware that a report had been submitted.<sup>140</sup>

14.2.4 All staff must note that once the reporting process has commenced, it must be followed through and completed, even if the original suspicion might appear to have been resolved.

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<sup>138</sup> FC 5.1.1

<sup>139</sup> FC 5.1.2

<sup>140</sup> FC 5.2.6



Where appropriate, the MLRO will add any comments that provide additional information relevant to the report.

14.2.5 The MLRO will examine all reports and make additional enquiries as deemed appropriate. He / She has full access to all information including KYC information that is in the possession of any department of the Bank.<sup>141</sup> If the MLRO considers the suspicion to be justified, he/she will prepare a report for the FID and the Central Bank using the attached Suspicious Transaction Report. The

Appendix 14 - MLRO Suspicion Evaluation Record will remain on file within the Bank and is not passed to the FID and the Central Bank.<sup>142</sup>

14.2.6 This procedure must be followed and repeated every time there is an unusual transaction, even if the Bank has already notified the FID and the CBB of previous unusual transactions relating to that customer/account. This reporting requirement applies regardless of whether the transaction involves tax matters.<sup>143</sup>

14.2.7 If the MLRO opines that there is a fraudulent/ potential fraudulent transaction or incorrect remittance instruction, he/she will immediately escalate the incident to Internal Audit for investigation. In case the incident is affirmed by Internal Audit, the Compliance Department will notify the Wholesale Banking Department of the CBB in accordance with their requirement to notify them on all frauds.<sup>144</sup>

### 14.3 Procedures undertaken by the MLRO.

The MLRO will, on receipt of the report, undertake sufficient enquiries to determine whether, in his/her judgement the abnormal transaction is suspicious. If deemed so, a "suspicion transaction report" will be prepared as indicated in Appendix 8. This must be submitted through the Online STR system available through IIS (Institutional Information System) as well as hard copies.

The MLRO may wish to review:

- The account opening records and KYC information.
- Historical transaction patterns.

The MLRO may wish to discuss the report with:

- The member of staff.
- The Head of the Department
- The Head of Internal Audit.

The MLRO will document his/her enquiries and keep records of the reports submitted to the FID and the Central Bank.

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<sup>141</sup> FC 5.2.2

<sup>142</sup> FC 5.2.1

<sup>143</sup> FC 5.2.4

<sup>144</sup> BR-5.1.13



If a decision is made not to report to the FID, a record of the report will be retained along with an explanation as to why the incident was not reported.

#### **14.4 UN Security Council Resolutions**

UGB will comply with United Nations Security Council resolutions relating to the prevention and suppression of terrorism and terrorist financing. It will freeze, without delay, the funds or other assets of, and to ensure that no funds or other assets are made available, directly or indirectly, to or for the benefit of, any person or entity either (i) designated by, or under the authority of, the United Nations Security Council under or any names that are communicated by the Compliance Directorate or the Financial Stability Directorate of the CBB.<sup>145</sup>

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<sup>145</sup> FC 8.2.1AA





## 15. External reporting

### 15.1 Procedure for External Reporting

15.1.1 The Bank will take reasonable steps to ensure that all reports discussed above in Sections 12 and 13 are considered by the MLRO (or his duly authorized delegate). Having considered the report and any other relevant information, if the MLRO (or his duly authorized delegate), still suspects that a Person has been engaged in Money Laundering or terrorism financing, or the activity concerned is otherwise still regarded as suspicious, he/she will report the fact promptly to the Relevant Authorities. Where no report is made, the MLRO will document the reasons why.<sup>146</sup>

15.1.2 To take reasonable steps the Bank will:

- (a) Require the MLRO to consider reports in the light of all relevant information accessible to or obtainable by the MLRO.
- (b) Permit the MLRO to have access to any information, including Know Your Customer information, in the Bank's possession which could be relevant; and
- (c) Ensure that where the MLRO, or his duly authorized delegate, suspects that a Person has been engaged in Money Laundering or terrorist financing, a report is made by the MLRO which is not subject to the consent or approval of any other Person.<sup>147</sup>

15.1.3 The MLRO's report will go to the Financial Intelligence Directorate at the Ministry of the Interior, with a copy sent to the CBB's Compliance Directorate. Reports will be made using the Suspicious Transaction Report (STR) form accessible on the IIS System <https://cbbclick.gov.bh>.<sup>148</sup>

15.1.4 All suspicious transactions or attempted transactions will be reported promptly to relevant authorities. This reporting requirement applies regardless of whether the transaction involves tax matters.<sup>149</sup>

15.1.5 All relevant details of STRs submitted to the relevant authorities will be maintained by the MLRO for at least years.<sup>150</sup>

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<sup>146</sup> FC 5.2.1

<sup>147</sup> FC 5.2. 2

<sup>148</sup> FC 5.2. 3

<sup>149</sup> FC 5.2. 3

<sup>150</sup> FC 5.2.4; FC 5.2.5



## 16. Reporting to the SRO (Self Regulating Organisation)

**This section is applicable only to UGH but** is mentioned in this AML PPM in line with the service level agreement signed between the Company and the Bank. If the money laundering offence is related to capital markets i.e. buying or selling of securities, the MLRO shall notify the Bahrain Bourse's Member Affairs Department, alongside the notification sent to the FID and the CBB. It is the responsibility of the Bourse to stop the execution of the suspicious transaction and any security deposited with the Bourse or any other bank.

Email: [members@bahrainbourse.com.bh](mailto:members@bahrainbourse.com.bh);  
Cmsd.compliance@cbb.gov.bh

## 17. Contacting the Relevant Authorities

Reports made by the MLRO or the Deputy MLRO have to be reported to the Ministry of the Interior and copied to the Compliance Directorate at the Central Bank of Bahrain:<sup>151</sup>  
Effective 2022, all STRs have to be logged through the IIS portal <https://cbbclick.gov.bh/> and choosing the option for filing STR. The addresses for contact of the regulatory authorities are given below.

### Financial Intelligence Directorate

General Directorate of Anti-Corruption and Economic and Electronic Security  
Ministry of Interior  
P.O. Box 26698  
Manama, Kingdom of Bahrain  
Telephone: 17 749397  
Fax: 17 715502  
E-mail: [bahrainfid@moipolice.bh](mailto:bahrainfid@moipolice.bh)

### Director of Compliance Directorate

Central Bank of Bahrain  
P.O. Box 27  
Manama, Kingdom of Bahrain  
Telephone: 17 547107  
Fax: 17 535673  
E-mail: [Compliance@cbb.gov.bh](mailto:Compliance@cbb.gov.bh)<sup>152</sup>

<sup>151</sup> FC 5.3.1

<sup>152</sup> FC 5.3.2

## 18. Training

### 18.1 Procedures for Training

18.1.1 At least annually, the Bank will take reasonable steps to provide refresher training and information to ensure that staff who handle customer transactions, or are managerially responsible for such transactions, are made aware of:

- (a) Their responsibilities under the AML Law, this Module, and any other relevant AML/CFT laws and regulations;
- (b) The identity and responsibilities of the MLRO and his deputy;
- (c) The potential consequences, both individual and corporate, of any breach of the AML Law, this Module and any other relevant AML/CFT laws or regulations;
- (d) The Bank's current AML/CFT policies and procedures.
- (e) Money Laundering and terrorist financing typologies and trends.
- (f) The type of customer activity or transaction that may justify an internal report in accordance with section13 ;
- (g) The Bank's procedures for making an internal report and
- (h) Customer due diligence measures with respect to establishing business relations with customers.<sup>153</sup>

There is a requirement that new employees must be given AML/CFT training within three months of joining the bank.<sup>154</sup> HR notifies the MLRO of all new employees so that they can be trained on a one-on-one basis within the stipulated three-month period. Such staff are also expected to attend the annual refresher in accordance with the requirement that AML/CFT training should be provided to staff at least once a year.<sup>155</sup>

18.1.2 Attendance by staff in the Asset Management & Investment Banking Department, CRM and the Operations Department, is mandatory, as they are responsible for / heavily involved in the opening of accounts / handling of customer transactions. All material used will remain available for reference by staff during their period of employment and can be accessed through the Bank's Intranet under the "training" tab.<sup>156</sup>

18.1.3 The MLRO will ensure that content for the AML/CFT training for relevant staff remains up-to-date and is appropriate given the Bank's activities and customer base.<sup>157</sup>

18.1.4 The Bank will conduct AML/CFT training to relevant and new staff at least once a year.

<sup>153</sup> FC 6.1.1

<sup>154</sup> FC 6.1.3

<sup>155</sup> FC 6.1.5

<sup>156</sup> FC 6.1.2

<sup>157</sup> FC 6.1.4



## 19. Record Keeping Requirements

### 19.1 CDD and Transaction Records

The Bank will comply with the record-keeping requirements contained in the AML Law and in the CBB Law. It will hence retain adequate records (including accounting and identification records), for the following minimum periods:

- (a) For customers, in relation to evidence of identity and business relationship records (such as application forms and business correspondence), for at least five years after the customer relationship has ceased; and
- (b) For transactions, in relation to documents enabling a reconstitution of the transaction concerned, for at least five years after the transaction was completed.<sup>158</sup>
- (c) In accordance with the Capital Markets Supervision Directorate's requirements, proper records that are sufficient to show and explain UGB's transactions and commitments in respect of its client assets related to brokerage, will be retained for a period of a minimum of 10 years after they were made.<sup>159</sup>

### 19.2 Compliance Records

UGB's MLRO will retain copies of the reports produced for the annual compliance review for at least five years. The Bank will also maintain for five years reports made to, or by, the MLRO by internal staff, along with records that show how these reports were dealt with and what action, if any, was taken as a consequence of those reports.<sup>160</sup>

### 19.3 Training Records

- (a) The Bank will maintain for at least five years records showing the dates when AML/CFT training was given, the nature of the training, and the names of the staff that received the training.<sup>161</sup>
- (b) All records required to be kept under this section will be made available for prompt and swift access by the Relevant Authorities or other authorized Persons.<sup>162</sup>

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<sup>158</sup> FC 7.1.1

<sup>159</sup> MIR 4.7.21

<sup>160</sup> FC 7.1.2

<sup>161</sup> FC 7.1.3

<sup>162</sup> FC 7.1.4

## 20. Special Measures for Non-Cooperative Countries or Territories

- 20.1 The CBB requires UGB to give special attention to any dealings that it might have with corporates or persons domiciled in countries or territories which are:
- Identified by the FATF as being non cooperative countries or territories (NCCT)
  - Notified to banks incorporated in Bahrain, by the CBB.<sup>163</sup>
- 20.2 The following is the list of NCCT and high risk countries, as identified by the FATF at the date of publication of this manual.

### **Jurisdictions subject to a high risk and deemed non-cooperative with a call for action.**<sup>164</sup>

Iran  
Democratic People's Republic of Korea (DPRK)  
Myanmar

**Jurisdictions under Increased Monitoring** Albania | Barbados | Burkina Faso | Cameroon | Cayman Islands | Croatia | Democratic Republic of the Congo | Gibraltar | Haiti | Jamaica | Jordan | Mali | Mozambique | Nigeria | Panama | Philippines | Senegal | South Africa | South Sudan | Syria | Tanzania | Türkiye | Uganda | United Arab Emirates | Vietnam | Yemen

Source: <http://www.fatf-gafi.org/countries/#high-risk>

- 20.3 In accordance with SWIFT's request and to limit any vulnerability of financial crime, no transactions should be undertaken where either the remitter or the beneficiary is domiciled in any of the above jurisdictions, or countries that are notified to Banks by the CBB.<sup>165</sup> Any exceptions (e.g. permitted transactions related to the UN) should be cleared by UGB's Compliance Department prior to processing the transactions. Similarly, if any inward remittances are received for individuals/ entities incorporated in this list, the MLRO/Deputy MLRO should be notified of the transaction/s within two days of receiving the remittance. Enhanced due diligence measures documenting the business relationship, the nature of the transaction and the purpose of the transaction, should be done by the MLRO/Deputy MLRO. The exception to this are the inward and outward remittances conducted on behalf of UGB owned SPVs that are domiciled in the Cayman Islands.
- 20.4 Money market or foreign exchange transactions conducted with banks for whom UGB has interbank limits, are excluded from the above category.
- 20.5 Operations will use the Refinitiv World Check screening tool and run a name-check against the beneficiary / remitter. A copy of the results from the will be printed and attached as

<sup>163</sup> FC 8.1.1

<sup>164</sup> As per FATF List of October 2018

<sup>165</sup> FC 8.1.1



an audit trail for clearance. All potential matches should be resolved by the MLRO/DMLRO.

- 20.6 Whenever transactions with parties domiciled in the NCCT list have no apparent economic or visible lawful purpose, their background and purpose must be examined and the findings documented. If suspicions remain about the transaction, these will be reported by the MLRO to the FID and the CBB.<sup>166</sup>

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<sup>166</sup> FC 8.1.3

## 21. Other Requirements

### 21.1 Substantial Shareholdings Reporting - UGH

- 21.1.1 Any Person whose ownership alone or his ownership together with that of his minor children, or any other accounts under his disposal, or the ownership of any of his associate or affiliate companies amounts to 5% or more of any listed Security of a joint stock company on the Bahrain Bourse, will notify the licensed exchange forthwith, which shall in turn notify the CBB. The CBB may choose to make public, the name of the Person who owns such stake<sup>167</sup>
- 21.1.2 All persons whose ownership alone or whose ownership together with that of their minor children, or the accounts standing under their disposal amounts to 5% or more of any listed security in Bahrain, must conclude all transactions on such security on the Bahrain Bourse only.<sup>168</sup>
- 21.1.3. All persons must obtain CBB prior written approval to execute any order that will bring their ownership alone or their ownership together with their minor children, or the accounts standing under their disposal to 10% or more in any listed security. Any further increase of 1% or more shall also be subject to CBB prior written approval.<sup>169</sup>
- 21.1.4 It shall be prohibited to execute any purchase order issued by any client whose ownership alone or his ownership together with that of his minor children, or the accounts standing under his disposal amounts to 5% or more of any listed Security, and who wishes to carry out any transaction whether for his own account or any account standing under his disposal in a number of Securities representing 1% or more of such issue, unless such transaction is concluded on the Bahrain Bourse, and the CBB's prior written consent is obtained.<sup>170</sup> Any breach of this rule will result in the cancellation of the transaction.<sup>171</sup>
- 21.1.5 It shall be prohibited to execute any order issued by a client whose ownership amounts to 5% or more in any listed Security, and who wishes to own a stake of 10% or more of the company's shares, save upon ensuring that he has obtained written approval from the CBB to this effect.

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<sup>167</sup> AML-7.1.1

<sup>168</sup> AML-7.1.2

<sup>169</sup> AML-7.1.2

<sup>170</sup> AML-7.1.3

<sup>171</sup> AML-7.1.4



**21.2 Requirements for Deposit**

A Security shall not be accepted in the Central Depository System unless its authenticity is approved by the concerned shares registrar and the client shall provide the Central Depository System with any amendment or change which may occur in such particulars.<sup>172</sup>

**21.3 Acceptance of Cash by SRO Members**

No cash transactions are permitted for customers.

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172 AML-7.4.1



## 22. Terrorist Financing

### 22.1 UNSCR

22.1.1 The Bank will comply in full of the provisions of the UN Security Council Anti-Terrorism Resolution No. 1373 of 2001 ("UNSCR 1373").<sup>173</sup> This involves freezing without delay:

- funds and other financial assets or economic resources of persons who commit, or attempt to commit, terrorist acts or participate.
- in or facilitate the commission of terrorist acts; of entities owned or controlled.
- directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds derived or
- generated from property owned or controlled directly or indirectly by such persons
- and associated persons and entities.

22.1.2 If UGB wishes, intends or has been requested to do anything that might contravene, in its reasonable opinion, the provisions of UNSCR 1373, it will seek in writing the prior written opinion of the CBB on the matter.

22.1.3 The Bank will report to the CBB details of:

- (a) Funds or other financial assets or economic resources held with them which may be fall under the scope of UNSCR 1373; and
- (b) All claims, whether actual or contingent, which the Bank has on Persons and entities. All reports or notifications under this section will be made to the CBB's Compliance Directorate.<sup>174</sup>

A copy of the entire UNSCR 1373 resolution is included in Part B of Volume 1 of the CBB rulebook

[http://cbb.complinet.com/cbb/display/display.html?rbid=1820&element\\_id=4139](http://cbb.complinet.com/cbb/display/display.html?rbid=1820&element_id=4139)

### 22.2 Designated Persons & Entities

22.2.1 The CBB from time-to-time issues to the Bank lists of designated Persons and entities believed to be linked to terrorism. UGB's MLRO is required to verify that the Bank has no dealings with these designated Persons and entities, and affirm the same to the CBB. Reporting will be done, using the forms provided by the CBB.<sup>175</sup> The CBB has to be notified of any funds or financial assets or economic resources, that contravene UNSCR 1373.

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<sup>173</sup> FC-8.2.1

<sup>174</sup> FC-8.2.6

<sup>175</sup> FC-8.3.2, FC-8.2.4, FC-8.2.6

22.2.2 Like other financial institutions incorporated in Bahrain, UGB is prohibited from dealing with any persons or entities designated by the CBB as potentially linked to terrorist activity.<sup>176</sup>

### 22.3 Predicate Crimes

A predicate crime is defined as an offense which is a component of a larger crime. Crimes that are specific to anti-money laundering programs have been referred to as Predicate Offenses UGB considers the proceeds of the following crimes to be predicate offences related to money laundering. If the Bank has suspicions or is aware that the monies in the account were sourced from one of the following predicate offenses, the Bank has the right refuse opening the account. If money is received from any of the following sources for an existing account, the Bank will immediately file a suspicious transaction.

Offense	FATF
Arms Trafficking	✓
Concealment of Assets	✓
Corruption & Bribery	✓
Counterfeiting Currency	✓
Counterfeiting Products	✓
Drug Trafficking	✓
Environmental Crime	✓
Extortion	✓
Forgery	✓
Fraud	✓
Human Trafficking / Migrant Smuggling	✓
Insider Trading & Market Manipulation	✓
Kidnapping, Illegal Restraint, and Hostage-taking	✓
Organized Crime / Racketeering	✓
Piracy	✓
Robbery or Theft	✓
Sexual Exploitation	✓

<sup>176</sup> FC-8.3.1



Smuggling	✓
Tax Crimes	✓
Terrorism / Terrorist Financing	✓
Trafficking in Stolen Goods	✓
Violent Crime (Murder & Grievous Bodily Injury)	✓

## 23. Regulatory Penalties

Without prejudice to any other penalty imposed by the CBB Law, the AML Law No. 4 or the Penal Code of the Kingdom of Bahrain, failure by a Bank to comply with this Module or any direction given hereunder shall result in the levying by the CBB, without need of a court order and at the CBB's discretion, of a fine of up to BD20,000.

Delays after 30<sup>th</sup> June for each financial year, for submitting the external auditor's assurance report on the AML CFT Controls within UGB and its subsidiaries, can result in a penalty of BD 200 per day, based on the following rule:

### EN-6.2A.3

Financial penalties related to late filing or other date sensitive requirements are calculated as per the following per diem basis:

- Where the conventional bank licensee's total consolidated assets are greater than BD 250 million but less than or equal to BD 5 billion, the financial penalty is BD 200 per day.
- The CBB will endeavor to assist the Bank to interpret and apply the requirements of this Module through email: [compliance@cbb.gov.bh](mailto:compliance@cbb.gov.bh)

## **24. Guidance Provided by International Bodies**

### **24.1 Other Website References Relevant to AML/CFT**

- (a) The Middle East North Africa Financial Action Task Force: [www.menafatf.org](http://www.menafatf.org).
- (b) The Egmont Group: [www.egmontgroup.org](http://www.egmontgroup.org).
- (c) The United Nations: [www.un.org/terrorism](http://www.un.org/terrorism).
- (d) The UN Counter-Terrorism Committee: [www.un.org/Docs/sc/committees/1373/](http://www.un.org/Docs/sc/committees/1373/).
- (e) The UN list of designated individuals:  
[www.un.org/Docs/sc/committees/1267/1267ListEng.htm](http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm);
- (f) The Wolfsberg Group: [www.wolfsberg-principles.com](http://www.wolfsberg-principles.com);
- (h) The Association of Certified Anti-Money Laundering Specialists: [www.acams.org](http://www.acams.org).
- (i) <https://baselgovernance.org/basel-aml-index>

### **24.2 FATF recommendations are found on [www.fatf-gafi.org](http://www.fatf-gafi.org).**

**Version Control**

<b>Version #</b>	<b>Date Issued</b>	<b>Originator/ By</b>	<b>Modified</b>	<b>Reason for Issue / Re-Issue</b>
1	April 2011	MLRO/OPS		Updated to reflect current new CBB AML regulations.
2	August 2013	Compliance / MLRO		Updated to reflect current new CBB AML regulations.
3	March 2015	Compliance / MLRO		Updated to reflect current new CBB AML regulations.
4	April 2016	Compliance / MLRO		Updated to reflect the requirement to get FATCA self-certifications and forms; current list of NCCT countries and record keeping tenor as specified by the Capital Markets Supervision Directorate
5	February 2017	Compliance/MLRO		Updated List of NCCT countries
6.	January 2018	Compliance/MLRO		Updated new rules relating to AML requirement of subsidiaries; references to the UGB Customer Data system; list of NCCT countries and inclusion of new forms for KYC and FATCA/CRS
7.	February 2019	Compliance/MLRO		Updated List of NCCT countries
8.	June 2020	Compliance/MLRO		Documenting the risk matrix on four dimensions of customer profile, geography, products and services and channels to determine the risk profile of the customer.  Developing a detailed set of AMLS related KPIs per department in order to incorporate in the yearly assessments.  Updated List of NCCT countries
9	February 2021	Compliance / MLRO		Documenting the requirements of identifying the Ultimate Beneficial Owner  Restriction on money transfers to cryptocurrency exchanges and digital wallets.

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			<p>Documenting the Bank's definition of predicate crimes to satisfy Wolfsberg requirements</p> <p>Reference to Bahrain's Personal Data Protection Law No. 30 of 2018 and the need to protect personal, sensitive information.</p> <p>Documenting the process of Annual MLRO reviews.</p>
10	March 2022	Compliance / MLRO	<p>Introduction of the term Proliferation Financing as part of AML and CFT</p> <p>Adoption of the risk based approach and the methodology for deriving the risk score for the purposes of customer profiling</p> <p>Updated List of countries designated as high risk.</p> <p>Emphasis on documentation of the UBO, the ownership structure and other official/government issued identification at the time of onboarding. This includes the Group Introduction Certificate / banker's assurance certificate.</p> <p>Introduction of the Annual AML Questionnaire from UGB's financial subsidiaries</p> <p>Revamped Appendix 12 - Money Laundering STR Internal Report Form</p> <p>Revamped Appendix 13 - MLRO Suspicion Evaluation Record</p> <p>Revamped Appendix 14 - External Suspicious Transaction Report Form</p>
11	February 2023	28 February 2023	<p>Inclusion of a separate section on non-residents</p> <p>Introduction of Appendix 11 – Group</p>

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			<p>Introduction Letter.</p> <p>Change in the process of reporting STRs externally to the Ministry of Interior's IIS system.</p>
12	November 2023		<p>Update incorporates areas of improvement / closure of gaps highlighted in the AML Enterprise Wide Risk Assessment exercise conducted by Keypoint WLL. The main changes are :</p> <ul style="list-style-type: none"> <li>• Adding a section on the annual screening of UGB's employees</li> <li>• Use of reports from Know Your Country.com to assist in determining Geography / Country Risk</li> <li>• Changes in the product risk dimension</li> <li>• Inclusion of a fifth dimension for risk scoring that is related to the PF/WMD risk for customers using trade finance products</li> <li>• Implementing a weighted average risk methodology across dimensions.</li> <li>• Updated bands for risk weights</li> <li>• Reinstating UGH's simplified risk scoring for financial counterparties.</li> <li>• Inclusion of quarterly AML monitoring in the BAC reports</li> <li>• New procedures governing AML review of new products / ventures.</li> <li>• Updating the countries on the FATF black and grey lists.</li> <li>• Introduction of a Sanctions Questionnaire for corporates</li> </ul>

## Appendix 1 - Examples of suspicious transactions

### 1. Transactions using Customers' Accounts:

- 1.1 Customers who maintain a number of trustee or customers' accounts are not required by the type of business they conduct, particularly if there were transactions which contain names of unknown persons.
- 1.2 Customers who have numerous accounts and pay in amounts of cash to each of these accounts, whereby the total of credits is a large amount except, for institutions which maintain these accounts for Banking relationships with Banks which extend to them facilities from time to time.
- 1.3 Any individual or company whose account shows no normal personal Banking or business-related activities, but is used to receive or disburse large sums which have no obvious purpose or for a purpose not related to the account holder and/or his business (e.g., a substantial turn-over in the account).
- 1.4 Any individual or company whose account shows virtually no normal personal Banking or business-related activities, but is used to receive or disburse large sums which have no obvious purpose or for a purpose not related to the account holder and/or his business (e.g., substantial turn-over in the account).
- 1.5 Customers who have accounts with several financial institutions within the same locality and who transfer the balances of those accounts to one account, then transfer the consolidated amount to a person abroad.
- 1.6 Paying-in large third-party cheques endorsed in favor of the account holder when they do not seem to be relevant to the account holder and his nature of business.
- 1.7 Large cash withdrawals from a previously dormant/inactive account, or from an account which has just received unexpectedly large sums of money from abroad.
- 1.8 A large number of individuals deposit monies into the same account without an adequate explanation.
- 1.9 Unusually large deposits in the accounts of a jewelry shop whose accounts have never witnessed such deposits particularly, if a large part of these deposits is in cash.

**2. Suspicious Investment-related Transactions:**

- 2.1 Purchasing of securities to be held by the financial institution in safe custody, where this does not appear appropriate given the customer's apparent standing.
- 2.2 Individual or commercial institutions bring in large sums of money to invest in foreign currencies or securities, where the size of transactions is not consistent with the income of the concerned individual or commercial institutions.
- 2.3 Buying or selling of securities with no justifiable purpose or in circumstances which appear unusual.

**3. Suspicious International Banking and Financial Transactions:**

- 3.1 Customers introduced by a branch outside the country, an affiliate, or another Bank, based in one of the countries known for the production or consumption of drugs or other serious criminal activities.
- 3.2 Building up of large balances not consistent with the known turnover of the customer's business, and the subsequent transfer to account(s) held abroad.
- 3.3 Frequent requests for travelers' cheques, foreign currency drafts or other negotiable instruments, for no obvious reasons.
- 3.4 Frequent paying-in of travelers' cheques or foreign currency drafts large amounts for no obvious reasons, particularly if originating from abroad.

**4. Suspicious use of Letters of Credit:**

- 4.1 Where the Bank's customer who opens these letters is the beneficiary and the owner of the shipping company.
- 4.2 Where amounts on letters of credit submitted by the customer to the Bank and to the Customs/Port/Airport authorities do not match the original.
- 4.3 Where the size of the facilities is not in line with the securities on hand, nature of business and net-worth of the customers.
- 4.4 Where such trade is not consistent with the customer's usual business.

**5. Suspicious Loan Transactions:**

- 5.1 Customers who repay classified/problem loans before the expected time and for larger amounts than anticipated.

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- 5.2 Customers who request loans against assets held by the financial institutions or third party, where the origin of those assets is not known, or the assets are inconsistent with the customer's standing.
- 5.3 Non-resident individuals who request loans secured by Bank guarantees issued by foreign Banks where the purpose of the transaction is questionable.
- 5.4. Loan transactions against pledge of deposits with financial institutions outside the country, especially if these were in countries known for the production, processing, or consumption of drugs or other serious criminal activities.

**6. Suspicious Transactions using Electronic Banking Services:**

- 6.1 When an account receives numerous small fund transfers electronically, and then the account holder carries out large transfers in the same way to another country.
- 6.2. Where a customer makes regular and large payments using different means including electronic payments that cannot be clearly identified as bonafide transactions, or receive regular and large payments from countries known for serious criminal activities.
- 6.3. Where transfers from abroad, which are received in the name of a customer of the Bank or any financial institution electronically, are then transferred abroad in the same way without passing through an account (i.e., they are not deposited then withdrawn from the account). Such transactions should be registered in the account and should appear in the account statement.

**7. Suspicious Cash Transactions**

- 7.1 Unusually large cash deposits made by an individual or a company whose normal business activity would mainly be conducted by Cheques or other instruments.
- 7.2 Substantial increase in cash deposits by any customer or Financial Institution without an apparent cause, especially if such deposits are subsequently transferred within a short period out of the account to a destination not normally associated with the customers.
- 7.3 Customers who deposit cash in numerous stages so that the amount of each deposit is below BD 6,000, but the total of which is equal to or exceeds that amount.
- 7.4 Company accounts whose transactions, both deposits and withdrawals, are conducted in cash rather than in negotiable instruments (e.g., Cheques, letters of credit, drafts etc.) without an apparent reason.
- 7.5 Customers who constantly pay-in or deposit cash to cover requests for bankers' drafts, money transfers or other negotiable instruments without an apparent reason.



- 7.6 Customers who seek to change large quantities of lower denomination banknotes for those of higher denomination banknotes with no obvious reasons.
- 7.7 Customers who transfer large sums of money outside the country with instructions for payment in cash, and large sums transferred from outside the country in favor of non-resident customers with instructions for payment in cash.
- 7.8 Unusually large cash deposits using “ATMS” or “cash deposit machine” to avoid direct contact with the employees of the relevant licensee, if such deposits are not consistent with the business/normal income of the concerned customers.

**Appendix 2 – Annual AML Questionnaire from UGB’s financial subsidiaries**

Date:

**Name of the subsidiary****Country of incorporation****Countries where the subsidiary operates.**

#	Item	Comments
1	When was the last AML Policy approved by the Board of Directors?	
2	When was the MLRO’s Annual AML report containing the assessment of AML controls and customer due diligence submitted to the Board of Directors?	
3	When was the last HR policy approved which includes adequate screening procedures and controls taken while hiring employees?	
4	When was the last AML training conducted for your institution?	
	How many staff attended the above AML training? (Number and %)	
	When were members of the Board of Directors last trained in AML ?	
5	When was the last audit of the AML function conducted by your internal audit department?	
	How many audit points are still open as of the date of this response?	
	What is the proposed date for the closure of the above points?	
6	When was the last audit of the AML function conducted by your external	

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	auditor / regulator?	
	How many audit points are still open as of the date of this response?	
	What is the proposed date for the closure of the above points?	
7	What policies and procedures do you have for sharing information internally and externally with your financial regulator for the purposes of CDD and money laundering and terrorist financing risk management.	
	When was this last approved?	
8	What policy do you have to ensure that there are adequate safeguards on the confidentiality and use of information exchanged?	
	When was this last approved by the Board of Directors?	
9	Do you have any subsidiaries which are financial institutions to which AML/CFT standards apply?	
	If the answer to the above is yes, please explain what controls you have in place to ensure that the subsidiaries adhere to the AML/CFT standards?	

Name of the MLRO

Signature

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**Appendix 3 – Template of MLRO Review - Entity**

Name of Customer	
Account #	
Date of Opening of Account	
Country of tax residency	
Risk Category (at the time of onboarding)	

Dimension		Rating
Customer		
Country		
Products/ Services		
Channel of Communication		
<b>Current Risk Rating (as per AML risk matrix)</b>		

Source of Funds as per KYC

## Status of Documentation

Account Opening Form	
Articles of Association	
Beneficial Ownership Chart	
Board Resolution	
Commercial Registration	
FATCA / CRS Form	
Fax and email Indemnity	
KYC	
Passport Copies	
Signature Card	
W8 BEN / W8 BEN E/ W9	
Worldcheck Review Date	

## Account Behavior During the Year

Anticipated Value of Transactions (from the KYC form)	
Actual Value of Transactions	
Number and nature of any significant transactions	
Changes in the way that the bank account is operated or in the manner in which the business relationship is conducted	
Patterns and behavior	
Risk Profile at the time of onboarding	
Current Risk Profile	

Additional Observations if any by the MLRO

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**Appendix 4 – Template of MLRO Review – Individual**

Name of Customer	
Account #	
Date of Opening of Account	
Country of Tax Residency	
Risk Category at the time of on-boarding	

Dimension	Description	Rating
Customer		
Country		
Products/ Services		
Channel of Communication		
Risk Category		

**Source of Funds as per KYC****Status of Documentation**

Account Opening Form	
Articles of Association	
Beneficial Ownership Chart	
Board Resolution	
Commercial Registration	
FATCA / CRS Form	
Fax and email Indemnity	
KYC	
Passport Copies	
Signature Card	
W8 BEN / W8 BEN E/ W9	
Worldcheck Review Date	

**Account Behavior During the Year**

Anticipated Value of Transactions (from the KYC form)	
Actual Value of Transactions	
Number and nature of any significant transactions	
Changes in the way that the bank account is operated or in the manner in which the business relationship is conducted	
Patterns and behavior	
Risk Profile at the time of onboarding	
Current Risk Profile	

**Additional Observations if any by the MLRO –**

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**Appendix 5 Template of Risk Scoring – Individuals & Entities**

Client Name

Customer Account Number

Date of Review

1-Aug-23

**AML Risk Assessment Matrix**

#	Customer AML Risk Factor	Yes	No	Risk Score
<b>A</b>	<b>Customer Profile</b>			
1	Individual / Entity is a non-resident	x		3
2	Individuals / Entities has a net worth of < 1 million			0
3	Individuals / Entities has a net worth of > 1 Million	x		3
4	Individuals/ Entities are categorized as politically exposed persons (PEPs)	x		3
5	Individuals/Entities have been sanctioned by the UN, EU, OFAC or any other regulatory body.			0
6	STRs have been filed by UGB on the activity of the individual/entity.			0
7	Individuals/Entities have a negative history in World check / public sources.			0
8	Individuals / entities establish a relationship with UGB under unusual circumstances (e.g. significant unexplained geographic distance between the financial institution and the customer).			0

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9	Individuals/Entities have arrangements to be personal asset-holding vehicles or operate the account on behalf of a third party.			0
10	Individuals/Entities have nominee shareholders or shares in bearer form.			0
11	Entities have a non-transparent ownership structure.			0
12	The ownership structure of the entity appears unusual or excessively complex given the nature of the entity's business.			0
13	Individual / entity is engaged in, or derives wealth or revenues from, a high-risk cash-intensive businesses or high risk jurisdictions			0
14	UBO information is unavailable			0
	<b>Total</b>			9
	<b>Customer Risk Score</b>		<b>60%</b>	<b>5.4</b>
<b>B</b>	<b>Country /Geography</b>			
1	Customer is resident / incorporated in OECD country			0
2	Customer is resident / incorporated in GCC country	x		1
3	Customer is resident / incorporated in FATF designated NCCT country or FATF/EU designated country with strategic deficiencies/ non-cooperative jurisdictions for tax purposes			0

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4	Customer is resident / incorporated in countries subject to war / civil unrest/ significant corruption/ organized crime/criminal activity.			0
5	Customer is resident / incorporated in countries subject to sanctions			0
6	Customer is resident / incorporated in countries identified as having weak governance, law enforcement and regulatory regimes			0
7	Customer is resident / incorporated in countries with banking secrecy laws that prohibit release of beneficial ownership information			0
	<b>Total</b>			1
	<b>Geography Risk Score</b>		<b>20%</b>	<b>0.2</b>
<b>C</b>	<b>Products/Services/Transaction Risk</b>			
1	Assets under custody			0
2	Brokerage			0
3	Deposits	x		2
4	Investments	x		2
5	Loans			0
6	Trade Finance			0
	<b>Total</b>		<b>10</b>	<b>4</b>
	<b>Product Risk Score</b>		<b>10%</b>	<b>0.4</b>

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D Channel of Distribution				
1	Customer provides Face to face instructions			0
2	Customer provides SWIFT based or Authenticated Test Code instructions			0
3	Pattern of wire transfer activity shows unusual patterns or has no apparent purpose.			0
4	Customer provides Unauthenticated instructions or non SWIFT instructions that are provided only on mail, e-mail, phone, fax	x		3
5	Customer's Non-face-to-face instructions are received from Gatekeepers. These could include intermediaries suspected of criminal activities, located in a country with a weak AML/CFT regime, history of non compliance with laws or regulations, or weak governance.			0
	<b>Total</b>			3
<b>Channel of Distribution Risk Score</b>			5%	<b>0.15</b>
E Terrorism and Proliferation Financing Risk Score				
1	Customer's transactions involve person or entity in a foreign country of proliferation concern. (North Korea, Iran and Myanmar)			0
2	Customer's transactions involve shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g., semiconductor manufacturing equipment being shipped to a country that has no electronics industry).			0

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3	Customer's transactions involve persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.			0
4	Customer's transactions involve shipment of goods inconsistent with normal geographic trade patterns			0
5	Customer's transactions involve dual-used goods, proliferation sensitive or military goods.			0
6	Wire instructions or payment are made from or due to parties not identified on the original letter of credit or other documentation.			0
7	Description of goods on trade or financial documentation is non-specific, innocuous or misleading.			0
8	Information on the end-use or final destination of the trade finance transaction is unclear.			0
9	A freight forwarding firm is listed as the product's final destination.			0
10	Order for goods is placed by firms or persons from foreign countries other than the country of stated end-user.			0
	<b>Total</b>			0
<b>Proliferation Financing Risk Score</b>			5%	
<b>Weighted Risk Score Calculation</b>		<b>Weightage</b>	<b>Score</b>	<b>Score</b>
	Customer Risk Profile	60%	9	5.4
	Geographic Risk Profile	20%	1	0.2
	Product Risk Profile	10%	4	0.4
	Channel of distribution Risk Profile	5%	3	0.15
	Proliferation Financing Risk Profile	5%	0	0
	Core Score	100%	17	
<b>Weighted Risk Score Calculation</b>				<b>6.15</b>

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Due Diligence Level	Low Risk (1 - 3)	Medium Risk (3.01 - 6)	High Risk (6.01 - 7.5)	Significantly High Risk (>7.6)
	Normal Due Diligence		Enhanced Due Diligence	
			x	

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## Appendix 6 - Know Your Customer Form (Individual)

### Know Your Client (KYC) Application Form (For Individuals Only)



Please fill this form in English and in Block Letters ( All Information as application in Section A, B and C below is mandatory)

This Information is sought under the Central Bank of Bahrain's Rules on Anti Money Laundering.

Account

No.:



#### A. Identity Details

##### 1. Name of Application

Title

☐ Sh.☐ Mr.☐ Mrs

Others

(Legal Name as appearing in supporting identification document)

Name

Joint a/c Name (if applicable)

If joint a/c, please mention the relationship relationship i.e. husband/wife/other

##### 2. Date of Birth

##### 3. Town/City of Birth

##### 4. Country of Birth

##### 5. Nationality

☐

Bahraini

Others

##### 6. Gender

☐

Male

☐

Female

##### 7. Status of Residency

☐

Resident of Bahrain

☐

Non Resident

##### 8. Passport No.

##### 9. CPR / Iqama No.

Expiry Date

Expiry Date



#### B. Address Details

##### 1. Permanent Address / Residential address

##### Mailing Address (if different)

##### 2. Contact Details

Tel (Office)

Tel . ( Res)

Mobile

Fax

E- Mail Id.

##### 3. Proof of address to be provided by applicant. Please submit ANY Two of the following valid document & tick (✓) against the document attached.

a. ☐ Passport (valid)

c. ☐ Utility Bill (should be less than 3 months old)

b. ☐ CPR (or equivalent identity card)

d. ☐ Driver's license (bearing the photograph and signature of the applicant)

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## Know Your Client (KYC) Application Form (For Individuals Only)



**C. Other Details**

1. Purpose of Account ☐ Saving ☐ Current ☐ Loan ☐ Custody ☐ Other \_\_\_\_\_

2. Account Type ☐ Own account ☐ For others

Name of person(s) for whom client is acting of behalf \_\_\_\_\_

3. Occupation \_\_\_\_\_  
(if self-employed, what is the nature of self employment) \_\_\_\_\_  
Please provide authorization letter or Power of Attorney \_\_\_\_\_

4. Employer's Name and Address (if self-employed, the nature of the self-employment)

Employer \_\_\_\_\_  
Address \_\_\_\_\_  
Tel (office) \_\_\_\_\_  
Fax \_\_\_\_\_  
Email Id. \_\_\_\_\_

5. Source / Nature of Funds ☐ Salary ☐ Inheritance  
☐ Personal Savings ☐ Others \_\_\_\_\_  
☐ Investments

6. Anticipated Volume of Business

Per Annum ☐ < \$ 50,000 ☐ \$ 100,000 - \$ 250,000 ☐ \$ 500,000 - \$ 1,000,000  
☐ \$ 50,000 - \$ 100,000 ☐ \$ 250,000 - \$ 500,000 ☐ > \$ 1,000,000

7. Categorization of Investor ☐ Retail ☐ Accredited \*

8. Are you a Politically Exposed Person (A member of the Ruling Family or in a government position in the grade of undersecretary or above, Member of Parliament)?  
☐ Yes ☐ No

**DECLARATION**

I hereby declare that the particulars give here are true, correct and complete to the best of my knowledge and belief, and the documents submitted along with this application are genuine. I am not making this application for the purpose of contravention of any Act, Rules, Regulations or any statute or legislation or any Notifications, Direction issued by any governmental or statutory authority from time to time.

Place : \_\_\_\_\_ Date: \_\_\_\_\_

**SIGNATURE OF APPLICANT**

\_\_\_\_\_

**For the Bank Use only**

**DECLARATION**

To the best of my knowledge, Client funds have been generated through legitimate business activities. I am not aware of any reason why this client should be prohibited and recommend acceptance of this account.

Name of Account Opening Officer \_\_\_\_\_ Signature \_\_\_\_\_

☐ (Originals Verified) Self Certified Document copies received

☐ (Attested) True copies of documents received

\* Accredited investors are Individuals/Entities who meet the following criteria:  
(a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more  
(b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000

**Appendix 7 - Know Your Client Form (Corporate)****Know Your Client (KYC)  
Application Form (For Corporate Only)**

Please fill this form in English and in Block Letters ( All Information as application in Section A, B and C below is mandatory)

This Information is sought under the Central Bank of Bahrain's Rules on Anti Money Laundering.

Account  
No.:

Account No.

**A. Identity Details****1. Name of Entity** (As per certificate of Incorporation/ Registration)**2. Date of Incorporation****3. Place of Incorporation****4. Country of Incorporation****5. Registration No.****Expiry date of Registration****6. Legal Status** - Please tick (ü)☐

Listed Public Company

☐

Private Company

☐

Regulated Financial Institution

☐

Government Entity

☐

Non Profit Organization

☐

Sole Proprietorship

If legal status is listed company, specify the exchange /Bourse of listing

**7. Entity Account**

Acting on behalf of

☐

Own

☐

Individual/Entity

☐

Others

(if others, name them and fill a separate KYC Form)

Name

**B. Address Details****1. Permanent/Registered Address****Trading Address (where applicable)****2. Contact Details**

Tel (Office)

Tel . ( Res)

Mobile

Fax

E- Mail Id.

**3. Documentary to be provided by applicant.** Please tick (ü) against the documents attached.

a. ☐

Certificate of Incorporation and/or certificate of Commercial Registration

b. ☐

Memorandum of Association

c. ☐

Account Opening Form

d. ☐

Articles of Association

e. ☐

Latest Financial Statements

f. ☐

Power of Attorney related to the a/c (if applicable)

g. ☐

Authorized Signatories

h. ☐

Board Resolution approving the opening of the account

i. ☐

Partnership agreement (if applicable)

j. ☐

KYC documents for all beneficial owners with 10% and above shareholding of corporate

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### Know Your Client (KYC) Application Form (For Corporate Only)



Ø

**c. Other Details**

1. Primary Line of Business	<input type="text"/>		
2. Number of Years in Business	<input type="text"/> Years		
3. Key Parents, subsidiaries or affiliates	<input type="text"/>		
4. Source of Funds used to make investments	<input type="text"/>		
5. Name of Directors/Beneficial owners (Satisfactory KYC forms to be completed for 2 Directors)	<input type="text"/>		
6. Type of Shares	<input type="checkbox"/> Nominee Shares	<input type="checkbox"/> Bearer Shares	
7. Purpose of Account	<input type="checkbox"/> Saving	<input type="checkbox"/> Current	<input type="checkbox"/> Loan <input type="checkbox"/> Custody <input type="checkbox"/> Other <input type="text"/>
8. How was client introduced to the Bank	<input type="text"/>		
9. Anticipated Volume of Business	<input type="checkbox"/> < \$ 50,000	<input type="checkbox"/> \$ 100,000 - \$ 250,000	<input type="checkbox"/> \$ 500,000 - \$ 1,000,000
Per Annum	<input type="checkbox"/> \$ 50,000 - \$ 100,000	<input type="checkbox"/> \$ 250,000 - \$ 500,000	<input type="checkbox"/> > \$ 1,000,000
10. Categorization of Investor	<input type="checkbox"/> Retail	<input type="checkbox"/> Accredited *	
11. Are all Signatories Directors/Officers/ employees of the Corporate?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
12. Regulatory Body	<input type="text"/>		
13. External Auditor	<input type="text"/>		
14. External Auditor's address and phone number	<input type="text"/>		

Ø

**DECLARATION**

I hereby declare that the particulars give here are true, correct and complete to the best of my knowledge and belief, and the documents submitted along with this application are genuine. I am not making this application for the purpose of contravention of any Act, Rules, Regulations or any statute or legislation or any Notifications, Direction issued by any governmental or statutory authority from time to time.

**SIGNATURE OF APPLICANT**Place : Date: **For the Bank Use only****DECLARATION**

To the best of my knowledge, Client funds have been generated through legitimate business activities. I am not aware of any reason why this client should be prohibited and recommend acceptance of this account.

Name of Account Opening Officer Signature ☐ (Originals Verified) Self Certified Document copies received☐ (Attested) True copies of documents received

\* Accredited investors are individuals/entities who meet the following criteria:

(a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more

(b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000

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## Appendix 8- Know Your Customer Form (Trust)

### Know Your Client (KYC) Application Form (Trust)

Account

No.:



Please fill this form in English and in Block Letters ( All Information as application in Section A and B below is mandatory)

This Information is sought under the Central Bank of Bahrain's Rules on Anti Money Laundering.

#### A. Identity Details

##### 1. Name of Trustee

(If trustee is one or more individuals, complete this form together with a KYC Individual Form , If trustee is a corporate , complete this form together with the KYC Corporate Form)

##### 2. Trustee Type

☐

Individual

☐

Corporate/Entity

☐

Others

##### 3. Categorization of Investor

☐

Retail

☐

Accredited \*

##### 4. Type of Trust

☐

Discretionary

☐

Unit

☐

Family

☐

Pension

☐

Charitable

☐

Mutual Fund

##### 5. Name of Settlor

##### 6. Names of Ultimate Beneficiaries/Unit Holders

#### B. Address Details Registered

##### 1. Permanent / Registration Address

##### Trading Address

##### 2. Contact Details

Tel (Office)

Tel . ( Res)

Mobile

Fax

E- Mail Id.

##### 3. Documents to be provided by applicant. Please tick (✓) against the documents attached.

a.

☐

Account Opening Form

a.

☐

Power of Attorney granted to any employee to transmit business on its behalf

b.

☐

Trust deed

d.

☐

Registration certificate and /or letter of authority in country where the Trust is set up

e.

☐

List of authorised signatories

f.

☐

KYC documents for the trustees, signatories and all beneficial owner with 10% and above ownership of the Trust

If the above documents could not be obtained, explanation detailing alternative verifications procedures is appended.

Note : Relationship Manager may certify the original identification documents stating, "This is a certified true copy of Original form of identification which I have signed)

#### DECLARATION

I hereby declare that the particulars given here are true, correct and complete to the best of my knowledge and belief, and the documents submitted along with this application are genuine and I am not making this application for the purpose of contravention of any Act, Rules , Regulations or any statute or legislation or any Notifications, Direction issued by any governmental or statutory authority from time to time.

Place :

Date:

#### SIGNATURE OF APPLICANT

#### For the Bank Use only

##### DECLARATION

To the best of my knowledge, Client funds have been generated through legitimate business activities. I am not aware of any reason why this client should be prohibited and recommend acceptance of this account.

Name of Account Opening Officer

Signature

☐ (Originals Verified) Self Certified Document copies received☐ (Attested) True copies of documents received

\* Accredited investors are Individuals/Entities who meet the following criteria:

(a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more

(b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000

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**Appendix 9 – Investor Trading Account Opening Form****Application to Open Account & Deposit Agreement**

Account No.:	
Opening Date:	
Currency:	

**Instructions**

Please complete all blanks with the information requested and strike capitalized terms which are not applicable. Please type or print.

In these conditions the word "Client" shall mean the undersigned overleaf. The word "Bank" shall mean United Gulf Bank B.S.C. (Closed), Manama, Kingdom of Bahrain or any successor bank(s) thereto; these conditions shall also include amendments made thereto from time to time; the singular shall include the plural and vice versa. "Account" means the account to be opened in accordance with the instructions overleaf.

- ☐ I/We, the undersigned, request that you open an account on your books on the following terms and conditions
- ☐ I / We give explicit consent to United Gulf Bank B.S.C. (c) to collect, process and use personal information to provide investment and corporate banking services.
- ☐ I/We hereby acknowledge that I/we have read and fully understood the Privacy Policy and consent to the processing of my/our personal data.

**Account Type**

Personal	<input type="checkbox"/> Individual <input type="checkbox"/> Joint
Business	<input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Joint proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporate (Unlisted) <input type="checkbox"/> Corporate (Listed) <input type="checkbox"/> Trust <input type="checkbox"/> Other (Specify) _____
Reason for Opening Account	_____ _____ _____

**Account Details**

Name	_____
Email	_____
Telephone	_____ Fax _____
<input type="checkbox"/> I/We agree to notify you promptly in writing of any change in address, telephone or fax number.	
Commercial Registration (if any)	_____
Passport (if any)	_____ Nationality _____
Civil ID	_____ Issuing Country _____

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## Application to Open Account &amp; Deposit Agreement

Account No.:  
Opening Date:  
Currency:

## References - Personal Account

Job Title \_\_\_\_\_ Occupation \_\_\_\_\_  
Employer \_\_\_\_\_ Years with this Employer \_\_\_\_\_  
Business Address \_\_\_\_\_ Apt/Suite \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Country \_\_\_\_\_  
Bank Name \_\_\_\_\_ Apt/Suite \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Country \_\_\_\_\_

## References - For Business Account

Bank Name \_\_\_\_\_ Apt/Suite \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Country \_\_\_\_\_

1. I/We confirm that this account is being opened for our own use and is not being opened at the request of anyone else and that we are not acting on behalf of anyone else.
2. I/We confirm that am/are accredited investor and have knowledge and experience in the financial markets.
3. I/We confirm that certain investments which we make may be subject to market risk due to change in interest rates or change in the market value of the investments. I/We confirm that we understand the underlying risks and are willing to accept it.

## Authorized Signatures

## Authority

Authorized signatories shall be as set forth in signature cards provided to you from time to time by Me/Us, and I/We agree that the signatures appearing on such cards may be recognized by you in connection with all transactions contemplated hereby, including without limitation the payment of items.

## Fax Instructions

In the course of dealing between UGB and Me/Us, you are requested and authorised to rely upon and act in accordance with any email or facsimile transmission ("Communication") received by you, which purports to be given or sent by Me/Us without enquiry on your part as to the source of the transmission or the authenticity of the communication provided that any signature appearing in the communication appears on reasonable examination to correspond with the signature[s] which I/we have given you.

☐ I/We hereby release UGB from any liability and hold UGB harmless from and against all actions, suits, proceedings, costs, claims, demands, charges, expenses, losses and liabilities however arising in consequences of; or in any way related to:

1. UGB acting in good faith in accordance with My/Our facsimiles email instructions notwithstanding that such instructions, as above, may have been initiated or transmitted in error or fraudulently altered, misunderstood or distorted in the lines of communication or transmission; and
2. UGB having refrained from acting in accordance with My/Our facsimile or email instructions by reason of failure of actual transmission thereof to UGB or receipt by UGB for whatever reason, whether connected with any mis-transmission, break in transmission, mutilated, garbled or unauthorized transmission; or

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## Application to Open Account &amp; Deposit Agreement

Account No.:	
Opening Date:	
Currency:	

3. My/Our failure to forward all original written instructions or documentation sought by UGB within such period as UGB may specify.

4. These instructions will remain in full force and effect unless and until you receive notice of termination from Me/Us in writing (not by facsimile) save that such termination will not release Me/Us from any liability hereunder in respect of any act performed by you in accordance with the terms of this letter prior to your receipt of such notice.

5. Frequency of account statements ☐ Monthly ☐ Quarterly ☐ Semi-annually ☐ Yearly

(Note : In the absence of instructions above, statements will be mailed monthly to the address shown in the registered Address)

6. Personal Data Protection United Gulf Bank B.S.C. (c) (UGB, the Bank) obtains your personal data directly from you via different communication means such as emails, phone calls or face-to-face meetings, during the account opening process and during the time your account is open with us. This includes Know your customer (KYC details), payment history, and the nature of your transactions. We will only process your personal data comprising identify details, identity validations, contact details and financial information based on at least one of the following lawfulness basis as per the law:

Purpose	Lawfulness basis
Customer Due Diligence	Legal obligations
Process payment transactions	Legal obligations
Provide you with details, confirmations and notifications about your account / our services	Legal / Legitimate interests
Inform you about changes to our services or regulations	Legal/ Legitimate interests

We may share your personal information for the above-mentioned lawfulness basis with third parties when required by the law, regulatory requirements, or other legal reasons, where it is necessary to administer the relationship with you or where we have another legitimate interest in doing so.

7. General terms and conditions. These terms and conditions apply to this account and should be read in conjunction with the Bank's T&Cs for account(s) opening. I/We authorize you, until you receive written notice to the contrary, to:

- Receive for collection and crediting to My/Our account all checks, drafts, notes and other instruments for the payment of money, and each such instrument shall be deemed to have been unqualifiedly endorsed by Me/Us. I/We agree that you shall have no responsibility for the payment of instruments presented for collection, that the proceeds of such instruments shall be available for withdrawal only upon their receipt by you, and that you may debit My/Our account in the amount of any instrument credited and subsequently unpaid upon collection.
- Pay and debit to My/Our account all drafts, bills of exchange, notes and other instruments for the payment of money, whether such account shall show a credit balance or be or become overdrawn by reason of such debiting. I/We agree that stop payment orders will be given to you in writing and only in the event of loss or theft of a payment instrument or bankruptcy of the holder.
- Grant overdraft, loan or other credit facilities or accommodation on any terms; and deliver any of My/Our securities, deeds or other property held by you, whether by way of security or for safe custody or otherwise.
- Set off against any debit balance due to you in principal, interest and other charges arising under this agreement and/or against any other of My/Our liabilities to you any and all of My/Our securities, deeds or other property held by you from time to time and the balance of any account of Mine/Ours with you from time to time, and I/We agree not without your consent to subject any such property or account to any security interest or other lien designed to secure any indebtedness other than indebtedness owing to you. Without limiting the generality of the foregoing, I/We agree that you may convert currencies held for My/Our account and/or sell instruments representing currency purchased for My/Our account and/or liquidate deposits made or accepted for My/Our account and may set off the proceeds of any such conversion, sale or liquidation against any such debit balance or other liability. I/We authorize you to accept as duly signed by Me/Us, as further security for any overdraft, loan or other credit facilities or accommodation

**Application to Open Account & Deposit Agreement**

Account No.:	
Opening Date:	
Currency:	

granted to Me/Us by you, any document you may require to create or evidence any charge, mortgage, pledge or right of set-off against any account or in respect of any securities, deeds or other property held by you.

- e) The Bank shall have the right without reference to the Client to debit the Client's account with all expenses, fees, interest, commissions, taxes and stamp duties paid or incurred on his/her behalf, or arising out of any dealing between the Bank and the Client.
- f) Serve any notice, statement or legal process on Me/Us at the address given in paragraph 4 above. I/We agree that the courts of such place and of the Kingdom of Bahrain shall have non-exclusive jurisdiction in the event of any dispute arising out of the banking relationship hereby created between Me/Us, and to accept service of process in any manner permitted by such courts.
- g) At any time modify any of the terms and conditions set forth herein by written notice to me/Us.
8. Special terms and conditions (check if appropriate).

**Letters of credit**

- ☐ I/We authorize you, until you receive written notice to the contrary, to accept My/Our instructions to issue and receive payment of letters of credit and from time to time to increase their amount, extend their date of expiration or amend their terms, to pay from My/Our account all fees and commissions charged by you or by others in connection with such transactions and to execute, deliver, receive and hold all necessary documents in connection therewith.

**Currency transactions**

- ☐ I/We authorize you, until you receive written notice to the contrary, to accept My/Our instructions to purchase and sell for My/Our account currency or instruments representing currency and to make or accept time deposits, all at such rates of exchange and interest and with such correspondents and upon such terms and conditions as you shall in your discretion deem appropriate, to pay from My/Our account all fees and commissions charged by you or by others in connection with such transactions, and to execute, deliver, receive and hold all necessary documents in connection therewith.

**Portfolio investments**

- ☐ I/We authorize you, until you receive written notice to the contrary, to accept My/Our instructions to purchase and sell for My/Our account stocks, bonds, securities and interests in property of any description, to pay from My/Our account all fees or commissions charged by you or by others in connection with such transactions, and to execute, deliver, receive and hold all necessary documents in connection therewith.

In consideration of your opening the account, the undersigned warrant(s) the accuracy of the information set forth above or given to you in connection with this application and agree(s) to the terms and conditions stated above.

**Signatures**

Primary Applicant Name		
Primary Applicant Signature		Date
Co-Applicant Name		
Co-Applicant Signature		Date





## Application to Open Account &amp; Deposit Agreement

Account No.:	
Opening Date:	
Currency:	

For Bank Use Only	
<b>Reviewed by Operations</b>	<b>Reviewed by Compliance</b>
Name	Name
Date	Date
Signature _____	Signature _____
<b>Approved by</b>	
Name	Signature _____
Date	
Position	

Date of Last Review: February 2023

Date of Current Review: February 2024



## SIGNATURE CARD

Title of Account \_\_\_\_\_

Name (Type or Print)	Title (if any)	Specimen Signature

Number of Signatures Required \_\_\_\_\_

Date \_\_\_\_\_

Signature of accountholder or authorized representative \_\_\_\_\_

Title (if any) \_\_\_\_\_

☐ I certify that above are set forth the authorized signatories for this account and their specimen signatures.



## Appendix 10 – Application to Open Account & Deposit Agreement



# Terms & Conditions



UNITED GULF BANK B.S.C. (CLOSED)

Da

Version 2020

Version 2020



Upon signature by the Applicant/s of the Account Opening Application, the following terms and conditions shall apply to every account opened with United Gulf Bank B.S.C. (Closed) "UGB" subject to modification from time to time and as may be applicable for specific transactions.

I/We the undersigned confirm that I/We have received a copy of UGB's Accounts Terms and Conditions.

**Definitions:**

**Bank:** United Gulf Bank B.S.C. (Closed) "UGB" - A Bank registered in the Kingdom of Bahrain and licensed by the Central Bank of Bahrain as a Conventional Wholesale Bank.

**Customer:** The owner of the Account.

**Account:** The account to be opened in accordance with the Customer's instruction and will be assigned an Account Number.

**Working Day:** The day on which the Bank is open for operation and provides its services.

**General Terms and Conditions:**

**1. Customer Information and Documentation:**

- 1.1 The Customer hereby undertakes to provide the Bank with all information, relevant documents and explanation when opening an account and/or whenever requested to do so.
- 1.2 The Customer shall provide updated documents when any of these documents provided becomes invalid or expired, is renewed, updated or as and when requested by the Bank.
- 1.3 The Customer should immediately notify the Bank upon any change in any Customer information provided to the Bank earlier.

**2. Communication:**

- 2.1 Address as given by the Customer shall be deemed to be the proper address for any communication, notice, statement or letter between the Bank and the Customer.
- 2.2 Any change of address of the Customer should be immediately notified to the Bank in writing and any failure to do so will be at the own risk and responsibility of the Customer.

2.3 Any demand or communication made by the Bank under these conditions shall be in writing and made at the address given by the Customer and, if posted shall be deemed to have been served on by the Customer the date of posting.

2.4 In consideration of the Bank agreeing to accept and act in accordance with instructions given by the Customer or on the Customer's behalf by electronic method or facsimile, the Customer undertakes and agrees to the following:

- 2.4.1 With regard to instructions issued by electronic method or by facsimile, the Customer accepts all risks of misunderstandings, technical errors and the risk of instructions being given fraudulently or by any unauthorized parties and agrees that the Bank shall not be responsible for any loss that may result from such instructions.

**3. Deposit and Withdrawal:**

- 3.1 The account number should be specified in the deposit and withdrawal instructions and in case the account number is not shown, the Bank shall not assume any responsibility in this respect.
- 3.2 The Customer should receive an email confirmation about receipt of funds when depositing any amount and should verify the validity of the information in the received confirmation email.
- 3.3 The Customer's signature on the withdrawal instructions should be same and similar to the approved signature(s) specimen in the Bank records.
- 3.4 Deposits and withdrawals may be made (at The Bank's discretion) at any of the Bank's correspondents or elsewhere subject to the presentation of identity satisfactory to the Bank, shall be accepted in the same currency of account and shall be exchanged as needed based on the daily exchange rate applied by the Bank after deducting Bank charges if any.

- 3.5 Deposits and withdrawals by way of transfers are subject to the Bank's schedule of charges.
- 3.6 Cheques drawn on other banks and other instruments accepted for deposit are credited to the Account subject to clearance and final receipt of payment.
- 3.7 Inward transfers shall be deposited to the Account after physical collection of the same. The Bank shall send a notice of collection to the Customer.
- 3.8 The Bank has the right to reject or accept the deposit of any amount in the Account and has the right to report any suspected transactions to the appropriate authorities.
- 3.9 The Bank is entitled to deduct any amount from the Accounts of the Customer in order to settle any outstanding dues against the Customer for the benefit of the Bank.
- 3.10 Any correction in the Customer's Account that is made by the Bank employee is considered effective and valid. The Customer shall not have the right to claim for the amount incorrectly deposited in his/her Account and he/she irrevocably authorizes the Bank to make the correction in the Account whenever needed.
- 3.11 The Customer acknowledges the right of the Bank to claim for the amount that has been wrongfully paid to him/her or credited to his/her Account and shall be obliged to pay back the amount in the method and date decided by the Bank.
- 3.12 Each heir or other persons authorized to receive the balance available in any Account shall prove their legal eligibility and submit the heirship certificate issued by the concerned authorities in accordance with the applicable regulations and laws in the Kingdom of Bahrain.

#### 4. Dormant Account:

- 4.1 An Account will become dormant if there are no Customer initiated transactions for 365 calendar days. In such a case, some services will be restricted until further notice.
- 4.2 If a Customer wishes to regularize his/her dormant account, he/she will need to submit a written instruction to do so and provide the

required identification documents subject to a fee determined by the Bank and may be amended from time to time.

- 4.3 If a dormant account has a credit balance, the Bank will not close the Account but will levy applicable charges periodically.
- 4.4 If a dormant account has a debit balance or goes into debit balance due to levying of Bank charges, the Bank may decide to close the Account without notifying the Customer.
- 4.5 No statement of account will be issued for dormant accounts.

#### 5. Joint Account & liability:

- 5.1 In case of joint accounts, the Account balance shall at all-times considered equally owned by the account owners and the Bank shall rely on the operating mandate as per the instructions given by the account owners and reserve the right to reject any instructions to the contrary.
- 5.2 Joint account owners agree to joint and several liability for any overdraft or other liabilities arising in connection with the Account even where less than all Account owners are authorized to sign on the Account, this means any overdraft which is created becomes the responsibility of all.
- 5.3 In the event of the death or loss of legal capacity of one of the owners of a joint account, the surviving owners(s) maintaining the legal capacity shall undertake to notify the Bank of their desire within 10 days from the date of the death or loss of capacity. The Bank shall stop any drawing from the Account until the appointment of a legal successor of the deceased or incapacitated person and after taking the account owners written approval of the continuity of the Account.

#### 6. Fixed Deposit Account:

- 6.1 A Fixed Deposit Account is a deposit account opened by the Bank, at the request of the Customer, for a specified period of time at a fixed rate of interest payable at the time of maturity.





- 6.2 A fixed deposit may be withdrawn prior to the maturity date subject to a fee charge as applicable in the Bank schedule of charges which may change from time to time.
- 6.3 The fixed deposit shall be automatically renewed for the period of the original deposit at a rate prevailing on that date if instructions are not received from the Customer on or before maturity.
- 6.4 Interest on fixed deposit accounts shall be paid by the Bank at the contracted rate and credited to the Account on maturity as agreed between the Customer and the Bank.
- 6.5 If the deposit is not to remain for an additional period, no interest shall be paid on the deposit balance for any period beyond the expiration of the original deposit period. Where the Client does not maintain any other deposit account with the Bank and fails to collect the funds on maturity, the amount will be transferred to a "Matured FD Suspense Account" until collected, and no interest shall be paid on such account.

#### 7. Remittance:

- 7.1 I confirm/declare that the source of the money for this transaction(s) is legitimate and not from any illegal sources (such as money laundering).
- 7.2 If the amount has been returned for any reason whatsoever, I agree that the Bank will credit the returned amount in my account irrespective of differences in exchange rates.
- 7.3 It is understood that I/We release and indemnify you and your correspondents from and against the consequences of any irregularity delay, mistake, telegraphic error omission or misinterpretation that may arise and from and against any loss which may be incurred through your correspondents failing properly to identify the persons named in the instructions overleaf or retaining the funds should you or your correspondents deem such retention expedient pending confirmation of the identity of any person or of the above instructions by a letter or otherwise.

- 7.4 I/We understand that should all or any of these transfers be unpaid and refunded to the United Gulf Bank B.S.C. (Closed), I/We can only reclaim the value thereof at the buying rate of the day when the refund takes place. The refund cannot be affected until the United Gulf Bank B.S.C. (Closed) has received definite advice from its correspondents that the funds are unpaid and that the original instructions have been cancelled.
- 7.5 Transfers will be executed by the United Gulf Bank B.S.C. (Closed) on the following business day of the customer request at the Bank's selling rate of that day.

#### 8. Standing Order:

- 8.1 I/We shall retain sufficient funds in my/our account to enable the Bank to meet the standing instructions order on the due date.
- 8.2 I/We understand that if there are insufficient funds in my/our account the Bank is not obliged to advise me/us, it may nevertheless exercise its discretion to remit the standing order in which case I/We shall cover the overdraft immediately, or in the alternative the Bank may or may not choose to execute the standing order at a later date.
- 8.3 I/We understand that should this payment not be made on the dates indicated above due to insufficient funds in my/our account a grace period of 5 days will be allowed and if funds are still not available the remittance will not be affected for that month.
- 8.4 I/We confirm that if there are insufficient funds in my/our account on three consecutive occasions, the Bank may cancel this instruction without any advice to me/us.
- 8.5 I/We understand that the Bank may terminate this order as to future payments at any time after being advised by the beneficiary/beneficiaries that no further payment is required.
- 8.6 I/We understand that this order will remain effective notwithstanding the death or bankruptcy/liquidation until notice of such death or bankruptcy/liquidation or the revocation of this order is received by the Bank.

- 8.7 I/We understand that a charge will be levied (as per the Bank's Schedule of Fees and Services Charges) for the initial setting up of the standing instruction, a commission, as applicable, will be levied each periodic payment effected by the Bank.
- 8.8 I/We understand that any amendments and cancellations should reach the Bank at least one week before the next successive payment is due.
- 8.9 I/We understand that a charge may be levied, at the Bank's discretion, on each instruction payment rejected due to lack of funds.
- 8.10 I/We understand that neither the Bank, nor its Correspondents, or Agents are responsible for any loss, delay, error or omission arising out of any mode of communications used for effecting these transfers.
- 8.11 I/We understand if the scheduled date of remittances falls on a bank holiday the remittance may be affected on the first preceding or following working day as convenient to the Bank. For all business relations with the Bank, Saturdays, Fridays and Official Holidays as declared by the Central Bank of Bahrain as legal Holidays

#### **9. Brokerage Settlement (Trading) Account**

- 9.1 This Account is used for settling securities, investments and currencies deals (for the Customer's Account and at their own risk) through the Bank and or through third parties in accordance with instructions given by the Customer from time to time.
- 9.2 In principle, Brokerage Settlement Account can not be overdrawn, however in the event the Account should become overdrawn, the Customer undertakes to provide on the first demand at the Bank's choice the debit balance including delay interest and charges.
- 9.3 No interest will be payable to the Account on available credit balances.
- 9.4 This Account is subject to the terms and conditions disclosed in the Safe Custody and Securities Trading Agreement to be signed by the Customer.

#### **10. Nominee Service**

- 10.1 If requested, trading in securities on behalf of the Customer, listed on the Bahrain Bourse or elsewhere (when applicable) will be in the name of the Bank.
- 10.2 Customer's securities acquired will be registered in the Bank's name as nominee, however all rights and liabilities shall be for the account of the Customer.
- 10.3 Customer's Securities will be in the Bank's safe custody.
- 10.4 This Service is subject to the terms and conditions disclosed in the Safe Custody and Securities Trading Agreement(s) to be signed by the Customer.

#### **11. Safe Custody Service**

- 11.1 When a Customer requests Nominee Service, the Customer is automatically requesting a Safe Custody Service.
- 11.2 For non-nominee Customer, this Service must be requested.
- 11.3 This Service is subject to the terms and conditions disclosed in the Safe Custody and Securities Trading Agreement(s) to be signed by the Customer.

#### **12. Statement of Account:**

- 12.1 Statement of the Account shall be provided to the Customer's address (physically or by electronic mail) periodically as agreed between the Customer and the Bank.
- 12.2 If the Customer raises no objections to such statements within 15 days of the statement date, the statement shall be deemed to be correct.
- 12.3 The Bank shall not be liable for any losses to the Customer due to postal delays, errors, theft or of any other claim which may arise due to delay/non receipt of the statement.
- 12.4 If the Customer requests that future statement of account to be viewed via e-statement instead of



ordinary mail, the Customer hereby agrees to the following:

- 12.4.1 Once the service is provided to the Customer, the Bank will cease to provide the Customer with printed and mailed statements.
- 12.4.2 The Bank has the right to apply service charges for mailed statements after notifying the Customer with the same.

### 13. Interest:

- 13.1 The rate of interest on balances of interest-bearing accounts, mode of its calculation and crediting of interest to Accounts will be determined by the Bank and may be amended from time to time.
- 13.2 Any amendment in interest rates shall be notified to the Customer by the method determined by the Bank.
- 13.3 No interest is payable if the balance falls below the minimum requirement.

### 14. Fees and Charges:

- 14.1 The Customer agrees, accepts and authorizes the Bank to debit his/her Account of all fees, charges and expenses arising from operating/maintaining his/her Account with the Bank.
- 14.2 The Bank shall levy applicable service charges as mentioned in the schedule of fees and charges, which may be changed by the Bank from time to time. The schedule of fees and charges will be made available by the Bank through its channels.
- 14.3 The Bank may, at its sole discretion, cancel all fees and charges on some accounts.
- 14.4 The Bank should inform the Customer of any changes in fees and charges in the manner the Bank sees appropriate.

### 15. Email/Facsimile Instructions

The Customer shall sign a separate document to govern such instructions.

### 16. Telephonic Instructions

16.1 I/We authorize the Bank to follow/act on my oral instructions at the Bank's sole discretion (if I/We avail this service), whatever the circumstances. The Bank may, without being obliged to do so, request from the person giving the oral instructions specific information in order to establish the person's identity with greater certainty. I/We, however, agree to indemnify the Bank against any proceedings, loss, dangers, costs (including legal costs) or demands if an unauthorized person should abuse my/our name and the Account and its number.

16.2 In all the above cases, I/We accept in advance any transactions executed on the basis of instructions given by telephone, and I/We acknowledge as justified all payments charged to my/our Account.

16.3 The Bank may in its absolute discretion demand that written confirmation of any oral instruction be received by it, within such period as the Bank may specify, and I/We shall abide by it.

16.4 I/We permit the Bank, without it being obliged to do so, record all my oral/telephone conversations with the Bank in order to establish proof of my/our oral instructions. However, if the Bank chooses not to record my/our oral instructions, this will not constitute any grounds for me to deny my/our oral instructions as recognized by the Bank.

### 17. Reservation of Special Regulation

Certain kinds of transactions are besides these general terms and conditions are subject to special agreements and regulations issued by the Bank. In particular, Power of Attorney(s), Banking Credit Facilities, Foreign Exchange Trading, Margin Trading, Portfolio Management, Safe Custody and Securities Trading. Moreover, documentary transactions are subject to the uniform customs and practice issued by the International Chamber of Commerce.

### 18. Force Majeure

In no event shall the Bank be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes,



pandemics or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Bank shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

#### 19. Severability

Any Clause of these Terms & Conditions which is wholly or partially void or unenforceable is severed to the extent that it is void or unenforceable. The validity or enforceability of the remainder of these Terms & Conditions is not affected.

#### 20. Other Terms:

- 20.1 The Bank reserves the right to close or refuse to open an Account without giving reasons to the Customer.
- 20.2 The Customer agrees to indemnify the Bank and hold it harmless from and against all claims, damages and liabilities howsoever arising which the Bank might incur as a result of opening this Account for him/her or allowing him/her to operate it.
- 20.3 This Accounts Terms and Conditions, the opening and operation of any account and/or the relation thereby created are governed by the laws of the Kingdom of Bahrain. The parties agree to subject themselves to the exclusive jurisdiction of the courts of Bahrain.
- 20.4 Value Added Tax: All fees, charges and expenses payable pursuant to this Agreement shall be paid together with the value added tax or any other similar tax properly provided for under applicable laws and regulations. Any value added tax payable with respect to any services provided by the Bank hereunder shall be paid, on delivery of the respective value added tax invoice, together with any sum agreed to be paid hereunder.
- 20.5 Deposit Protection: Deposits held with the Bank in the Kingdom of Bahrain are covered by the Regulation Protecting Deposits and Unrestricted

Investment Accounts issued by the Central Bank of Bahrain in accordance with Resolution No (34) of 2010.

- 20.6 Customer information outsourcing: The customer understands and agrees that the Bank will have the right to designate one or more third party/outsourced agencies that may transfer Confidential Information to these entities for the purposes of providing the bank's product and services and/or related support and other operations necessary to deliver all or certain portions of the Services; provided that the Bank in turn, binds such third party to confidentiality, privacy, security and non-disclosure terms. This data is treated confidentially and is not disclosed to third parties who are not involved in the servicing process. The Bank will ensure to protect customers' interests as the terms stated herein.
- 20.7 I/We authorize the Bank to act on signed instructions (or documents drawn or accepted in accordance with the signing instructions) as per the Account Opening Application until written notice to the contrary.
- 20.8 I/We understand that any funds received by the Bank on my/our behalf are to be credited to the relevant Account(s) unless the Bank receives written instructions from me/us to the contrary.
- 20.9 I/We understand that the Bank acts only as my collecting agent and assumes no responsibility for the realization of any items deposited with the Bank for collection. Proceeds of cheques or other instruments deposited are not available for withdrawal until collected by the Bank. The Bank reserves the right to debit any Account that may have been exceptionally credited with an item subsequently unpaid on collection. The Bank may refuse to accept for collection cheques drawn in favor of third parties or if the payee's name is not identical to my/our name on the Bank's record. I/We understand that the Bank is not obliged to accept for credit to my Account(s) any cheque or draft in favor of a third party crossed or denoted "A/C Payee" (or any words of similar effect). Any cancellation of any crossing or denoting as above shall be null and void.



- 20.10 The Bank shall not be required to pay out of any Account in cash, nor issue a cheque book for the Customer use, however, withdrawals from any Account can be made by the Customer through a written instructions addressed to the Bank to transfer to a bank in favor of the beneficiary, nevertheless customers can also use the Account to settle their dealings through the Bank in the Bahrain Bourse or any other venue.
- 20.11 I/We will be liable for any overdraft or other facilities arising in connection with any Account and I/We hereby authorize the Bank to debit any such Account with all or any interest, commission and other banking charges, costs and expenses (including any legal costs) incurred in connection. I/We will also pay to the Bank any such amounts, in the manner and at such times as may be required by the Bank in its absolute discretion.
- 20.12 The Bank shall always be entitled without notice to me/us to, levy or impose all customary banking and other charges and expenses in respect of any Account or in respect of any other banking facilities provided to me/us by the Bank and, to debit the relevant Account(s) in accordance with the Bank's normal banking procedures. Such charges are not refundable upon termination of any or all Account(s).
- 20.13 I/We authorize the Bank to accept for safekeeping collection or, for any other purpose, any securities or other property deposited with the Bank received from me/us and to release or deliver or give up any of these against my written instructions.
- 20.14 The Bank will not be held responsible for a liability to a Foreign Currency Account holder for any diminution due to taxes or imposts of depreciation in the value of the currency of the Account.
- 20.15 At any time, the Bank, at its discretion, may close the Foreign Currency Account and terminate its liability hereunder by mailing to the Customer last given address, a draft with the amount of the credit balance in the Currency of the Account without recourse to the Bank as drawer.
- 20.16 Conversion from one currency to another shall be at the rate of exchange as determined by the Bank (at its absolute discretion) from time to time.
- 21. Modification of Terms:**
- 21.1 The Bank reserves the right to make any modifications, additions or deletions to the terms and conditions of accounts at any time without the need for the consent of the Customer.
- 21.2 The Bank shall notify the Customer of the amendments, additions or deletions in the manner the Bank sees appropriate.

**Contact Information:** To contact us, please call using the applicable number in the following table. To help us continually improve our services and in the interest of security, we may monitor and/or record your telephone calls with us:

Contact Person/Department	Contact Details
Operations Department	+973 17 520 148 / 17 520 115

I/We confirm that I/We have received a copy of UGB Terms and Conditions which I/We have read, understood and accepted.

Name : \_\_\_\_\_

Authorized Signature : \_\_\_\_\_

Date : \_\_\_\_\_



## Appendix 11 – Sanctions Questionnaire

This questionnaire will help us manage our regulatory obligations by understanding the nature and extent of your activities in sanction linked countries. The obligations stem from the financial sanctions imposed by a number of domestic and international authorities including the UN, EU, and the OFAC. The responses will be used for regulatory and compliance purposes only.

Name of Entity (as per Commercial Registration)

Name of the Ultimate Parent Company (if applicable)

Please provide the name of the entity that is at the top of your ownership structure.

**21. Do you have any current or planned activities in any of the following countries that are currently in the blacklist and grey list published by the Financial Action Task Force (FATF)? (Please tick all that apply, if none, leave blank)**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

- |  |                                      |   |
|--|--------------------------------------|---|
| <input type="checkbox"/> Democratic People's Republic of Korea | <input type="checkbox"/> Gibraltar   | <input type="checkbox"/> South Africa         |
| <input type="checkbox"/> Iran                                  | <input type="checkbox"/> Haiti       | <input type="checkbox"/> South Sudan          |
| <input type="checkbox"/> Myanmar                               | <input type="checkbox"/> Jamaica     | <input type="checkbox"/> Syria                |
| <input type="checkbox"/> Albania                               | <input type="checkbox"/> Jordan      | <input type="checkbox"/> Tanzania             |
| <input type="checkbox"/> Barbados                              | <input type="checkbox"/> Mali        | <input type="checkbox"/> Türkiye              |
| <input type="checkbox"/> Burkina Faso                          | <input type="checkbox"/> Mozambique  | <input type="checkbox"/> Uganda               |
| <input type="checkbox"/> Cameroon                              | <input type="checkbox"/> Nigeria     | <input type="checkbox"/> United Arab Emirates |
| <input type="checkbox"/> Cayman Islands                        | <input type="checkbox"/> Panama      | <input type="checkbox"/> Vietnam              |
| <input type="checkbox"/> Croatia                               | <input type="checkbox"/> Philippines | <input type="checkbox"/> Yemen                |
| <input type="checkbox"/> Democratic Republic of Congo          | <input type="checkbox"/> Senegal     |   |

If yes, please provide a brief explanation of the same:

**22. Do you receive any indirect revenue from/facilitate movement of funds/goods/services to any of the above FATF designated jurisdictions?**

Please note that indirect revenue refers to income (i) from sources other than the primary operations of your business or (ii) via a person or entity who/which provides a conduit for money to be transferred from persons/entities connected to the above sanctioned jurisdictions.

- ☐ Yes  
☐ No

If yes, please provide the \$ amount and the % of your total revenue

**23. Do you operate in any of the following countries which are on the current OFAC list of sanctions? (Please tick all that apply, if none, leave blank)**

- |   |                                    |   |
|---|------------------------------------|---|
| <input type="checkbox"/> Afghanistan              | <input type="checkbox"/> Hong Kong | <input type="checkbox"/> Russia           |
| <input type="checkbox"/> Balkans                  | <input type="checkbox"/> Iraq      | <input type="checkbox"/> Somalia          |
| <input type="checkbox"/> Belarus                  | <input type="checkbox"/> Lebanon   | <input type="checkbox"/> South Sudan      |
| <input type="checkbox"/> Central African Republic | <input type="checkbox"/> Libya     | <input type="checkbox"/> Sudan and Darfur |
| <input type="checkbox"/> Cuba                     | <input type="checkbox"/> Mali      | <input type="checkbox"/> Ukraine          |
| <input type="checkbox"/> Ethiopia                 | <input type="checkbox"/> Nicaragua | <input type="checkbox"/> Venezuela        |

Date of Last Review: February 2023

Date of Current Review: February 2024



- ☐ Yemen
- ☐ Zimbabwe

If yes, please provide a brief explanation of the same:

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**24. Do you require any licenses to undertake activity in any sanctioned jurisdiction, or to import/export goods or technologies or to conduct activities with a target of sanctions?**

- ☐ Yes
- ☐ No

IF yes, please provide details \_\_\_\_\_

**25. Do you conduct any activities with any Government of a countries listed in # 1 and # 3 (all categories of sanctions risk)?**

Please note that activities include but are not limited to operations, presence, distributors, goods/services provided, contracts, third party relationships, suppliers, connections, significant assets held, origin of goods handled/processed/shipped, receiving instructions from, interactions with/exposure to state owned or controlled entities or commercial exposure.

- ☐ Yes
- ☐ No
- ☐ IF yes, please provide details \_\_\_\_\_

**26. Do you produce, finance, import, export or deal in any goods in the precious metals, petrochemical, military or defense sectors?**

- ☐ Yes
- ☐ No

IF yes, please provide details \_\_\_\_\_

**27. Do you produce, finance, import, export or deal in any goods or technologies that are considered dual-use or proliferation sensitive?**

- ☐ Yes
- ☐ No
- ☐ IF yes, please provide details \_\_\_\_\_

**28. Do you deal with or finance goods/services to freight forwarding firms that are listed as the end user in your transactions?**

- ☐ Yes
- ☐ No

IF yes, please provide details \_\_\_\_\_

**29. Have you made or received payments for your goods or services to/ from third parties instead of your supplier/ customer?**

- ☐ Yes
- ☐ No

IF yes, please provide details \_\_\_\_\_

**30. Have you received orders for your goods / services from firms or persons from foreign countries other than the country of stated end-user.?**

- ☐ Yes
- ☐ No

IF yes, please provide details \_\_\_\_\_

Please tick below to confirm the information provided is correct to the best of your knowledge, and you will not use UGB to route payments or for transactions that would breach international sanctions (UN, EU, OFAC etc). Should there be any change in circumstances, it is your responsibility to inform the Bank within 90 days of the date of occurrence.

Date of Last Review: February 2023

Date of Current Review: February 2024



Name

Signature

Position

Date

**Appendix 12 - Group Introduction Certificate / Banker's Assurance Certificate**

Head of Operations Department  
United Gulf Bank B.S.C. (Closed)  
UGB Tower, Diplomatic Area  
P.O.Box 5964  
Manama, Kingdom of Bahrain

Date:

**BANKER'S CERTIFICATE**

<b>Customer Name:</b>	
<b>Full Address (Residential / Registered Address)*</b>	
<b>Contact Number:</b>	
<b>Email:</b>	

I hereby certify the following in respect of this customer.

1. The customer has been known to me for \_\_\_\_ years as an account holder at \_\_\_\_ *Bank*, \_\_\_\_  
\_\_\_\_ *Country Name*.
2. I confirm that I have verified the customer's identity in accordance with the standard regulatory requirements of Kuwait / *(add other jurisdiction if applicable)*. I enclose copies of the verification of government issued identity documents and confirm that I have sighted the originals.
3. As of date and to the best of my knowledge, I confirm that the account behavior of the above-named customer has been satisfactory / not satisfactory over the course of the Bank's relationship.

Signed:

Name:

Position:

Bank

Branch / Dept:

Date

**Appendix 13 - Money Laundering STR Internal Report Form****Staff Details**

Reported by	<i>Name of Staff</i>
Position	
Department	
Date of reporting	

**Customer Details**

Name of account holder	
Account Number	
Date of opening the account	
Type of Account	
Address	
Contact name	
Contact number	
Date of reporting	

**Transaction Details pertaining to the suspicion.**

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**Reason for the suspicion**

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**Additional Comments**

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**Note: It is an offense to advise / tip off the customer / client on your suspicion or report MLRO Use:**

Date Received		Time Received	Refer to MLRO	Reference #	
FID / CBB Advised?	YES / NO	Date Advised	YES/NO	Reference #	



**Appendix 14 - MLRO Suspicion Evaluation Record**

Reference: \_\_\_\_\_

معلومات التعرف على الزبون :

Client Information

العنوان في موطن الزبون Client Address in Home Country	العنوان في البحرين Client Address	الاسم الكامل للزبون Client Full Name
المهنة Job	الجنسية Nationality	تاريخ الميلاد Date of Birth
رقم بطاقة الهوية CPR / ID Number*	رقم الجواز و تاريخ ومكان الإصدار Passport No., Date & Place of Issue	اسم جهة العمل Employer Name

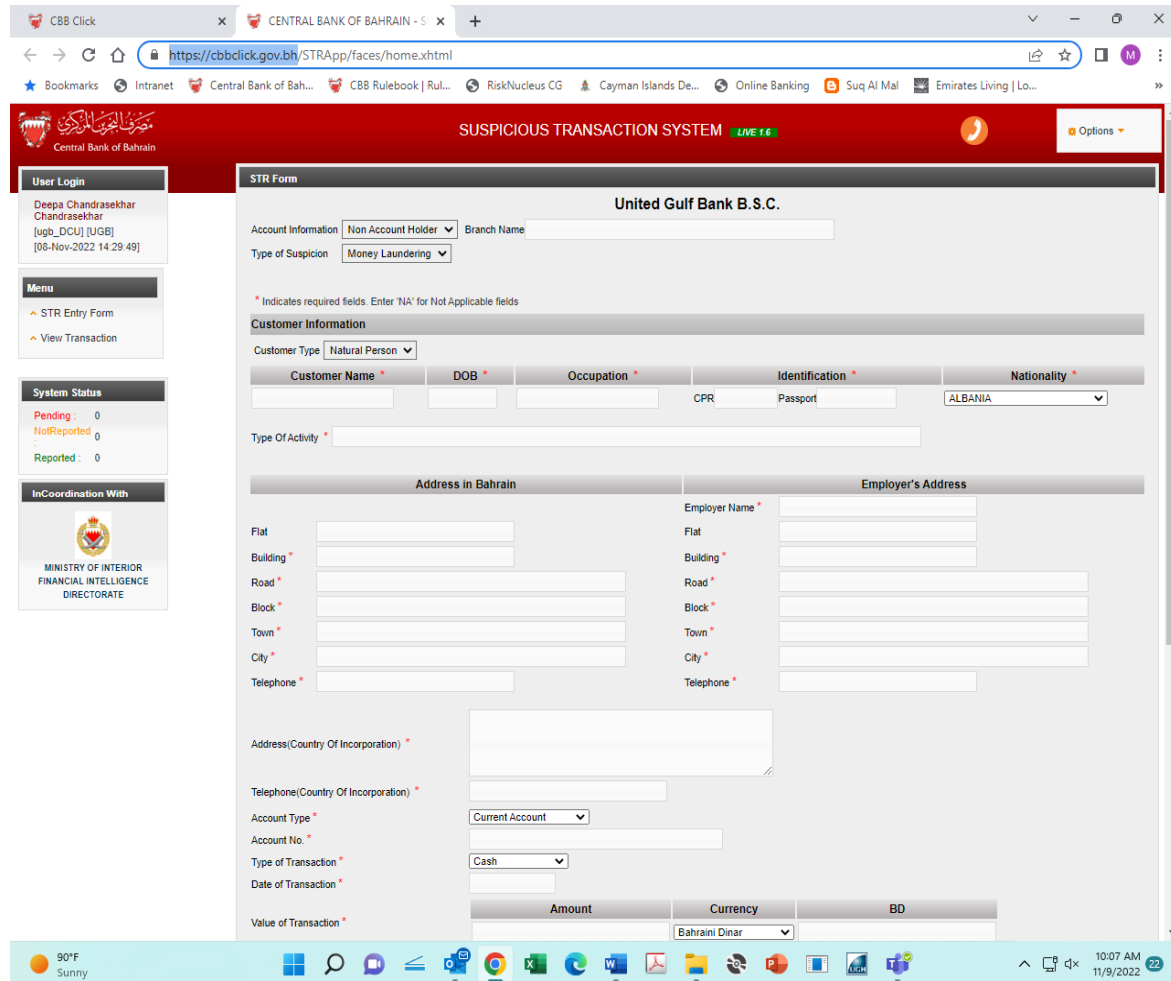
Suspicious activity Reported By (Name of staff)	
Suspicious activity Reported On (Date)	
Enquiries undertaken by MLRO.	
Documents reviewed / researched / attached.	
Decision reached by MLRO. (Underlying reason to be mentioned)	
FID / CBB STR details that are filed. (Reference #, date of filing)	
MLRO Signature	
Date	



## Appendix 15 - External Suspicious Transaction Report Form

Login to the Ministry of Interior's STR System that is accessible through the CBB's portal <https://cbbclick.gov.bh/> and fill in the details as indicated below

V



**SUSPICIOUS TRANSACTION SYSTEM LIVE 1.6**

**User Login**  
 Deepa Chandrasekhar  
 Chandrasekhar  
 [ugb\_DCU] [UGB]  
 [08-Nov-2022 14:29:49]

**Menu**  
 STR Entry Form  
 View Transaction

**System Status**  
 Pending: 0  
 NotReported: 0  
 Reported: 0

**InCoordination With**  
 MINISTRY OF INTERIOR  
 FINANCIAL INTELLIGENCE  
 DIRECTORATE

**STR Form**  
 United Gulf Bank B.S.C.

Account Information: Non Account Holder  
 Branch Name:   
 Type of Suspicion: Money Laundering

\* Indicates required fields. Enter 'NA' for Not Applicable fields

**Customer Information**  
 Customer Type: Natural Person

Customer Name *	DOB *	Occupation *	Identification *	Nationality *
			CPR Passport	ALBANIA

Type Of Activity \*

Address in Bahrain		Employer's Address	
Flat		Employer Name *	
Building *		Flat	
Road *		Building *	
Block *		Road *	
Town *		Block *	
City *		Town *	
Telephone *		City *	
		Telephone *	

Address(Country Of Incorporation) \*

Telephone(Country Of Incorporation) \*

Account Type: Current Account

Account No. \*

Type of Transaction: Cash

Date of Transaction \*

Value of Transaction \*

Amount	Currency	BD
	Bahraini Dinar	



CBB Click x CENTRAL BANK OF BAHRAIN - S x +

cbbclick.gov.bh/STRApp/faces/home.xhtml

Bookmarks Intranet Central Bank of Bah... CBB Rulebook | Rul... RiskNucleus CG Cayman Islands De... Online Banking Suq Al Mal Emirates Living | Lo...

**MINISTRY OF INTERIOR  
FINANCIAL INTELLIGENCE  
DIRECTORATE**

Flat   
Building   
Road   
Block   
Town   
City   
Telephone

Employer Name   
Flat   
Building   
Road   
Block   
Town   
City   
Telephone

Address(Country Of Incorporation)   
Telephone(Country Of Incorporation)   
Account Type   
Account No.   
Type of Transaction   
Date of Transaction   
Value of Transaction 

Amount	Currency	BD
<input type="text"/>	<input type="text" value="Bahraini Dinar"/>	<input type="text"/>

**Details of Originator**  
Name   
Account Number   
Account With Institution   
Address

**Details of Beneficiary**  
Name   
Account Number   
Account With Institution   
Address

Reason Of Suspicion   
Attachment (PDF Only,MaxSize 6MB)  No file chosen

NOTE:-  
PURSUANT TO ARTICLE 5 - C OF THE DECREE LAW NO 4 OF 2001 WITH RESPECT TO THE PREVENTION AND PROHIBITION OF THE LAUNDERING OF MONEY (AMENDED BY LAW NO 54 OF 2006) , REPORT TO THE ENFORCEMENT UNIT AND THE RELEVANT ENTITIES ANY TRANSACTION SUSPECTED BY THE RELEVANT OFFICER BY REASON OF THE IDENTITY OF THE PERSONS INVOLVED , THE NATURE OF THE TRANSACTION OR ANY OTHER CIRCUMSTANCES.

90°F Sunny 10:09 AM 11/9/2022

## Appendix 16 – CRS Self Certification Entities

إستمارة الإقرار الذاتي الخاصة بقاتكا والمعايير الموحدة للإبلاغ الضريبي

FATCA &amp; CRS Self-Certification Form

الشركات

Entity / Corporate



This form must be completed by any Corporate/ Entity who has or wishes to establish a customer relationship with United Gulf Bank B.S.C. (UGB, the Bank). The Bank is obliged under the instructions of the Central Bank of Bahrain to comply with the provisions of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS). To meet these regulatory requirements, the Bank is obliged to collect certain information and obtain self-certifications from a Corporate/Entity that wishes to have a relationship with the Bank. If you are uncertain as to the answer to any of these questions below, please consult a tax advisor.

Customer / Account Number For Bank use only لا تستخدم البنك فقط	
--	--

Please complete and sign this form.

يرجى استكمال وتوقيع الاستمارة:

الاسم بالكامل Full Legal Name	
بلد التأسيس Country of Incorporation	
العنوان الحالي Physical Address	
عنوان المراسلات Mailing Address	

### Part One

### القسم الأول

	يرجى الإجابة على التالي بـ 'نعم' أو 'لا' Please answer ALL the following with 'Yes' or 'No' on the criteria which applies to you	نعم Yes	لا No	المتطلبات إذا كان الجواب "نعم" Requirements if the answer is 'Yes'
i a	مؤسسة استثمارية مؤسسة استثمارية قائمة في دولة غير مشاركة ومدارة من قبل مؤسسة مالية أخرى Investment Entity An Investment Entity located in a Non-Participating CRS Jurisdiction and managed by another Financial Institution	<input type="checkbox"/>	<input type="checkbox"/>	القسم الثاني + القسم الثالث Part 2 + Part 3
b	مؤسسة مالية Financial Institution	<input type="checkbox"/>	<input type="checkbox"/>	W-8BEN-E
c	Non US Entity (Entity that is not incorporated in the USA, is not substantially owned (10% or more) by a US person and does not have any US indicia <sup>Note 1</sup> )	<input type="checkbox"/>	<input type="checkbox"/>	W-8BEN-E
d	مؤسسة أمريكية US Entity	<input type="checkbox"/>	<input type="checkbox"/>	W-9
e	مؤسسة غير مالية Exempt Non-Financial Entity	<input type="checkbox"/>	<input type="checkbox"/>	W-8BEN-E
f	مؤسسة غير مالية نشطة Active Non-Financial Entity	<input type="checkbox"/>	<input type="checkbox"/>	القسم الثالث Part 3 + W-8BEN-E
g	مؤسسة غير مالية وغير نشطة Passive Non-Financial Entity	<input type="checkbox"/>	<input type="checkbox"/>	W-8BEN-E القسم الثاني + القسم الثالث Part 2 + Part 3
h	هل لدى المؤسسة أسهم مدرجة في السوق Are you a listed Entity	<input type="checkbox"/>	<input type="checkbox"/>	Name of Exchange and Ticker Symbol where Listed

Please refer to the FATCA &amp; CRS FAQs on the IRS and OECD website for the definitions.

Note1: US Indicia include US Address, US telephone number as a contact number, Power of Attorney in favor of a person with US address, Standing instructions to transfer money to a person with US address and hold mail address as the only address with the bank.

إستمارة الإقرار الذاتي الخاصة بفاتكا والمعايير الموحدة للإبلاغ الضريبي  
FATCA & CRS Self-Certification Form



الشركات  
Entity / Corporate

	يرجى الإجابة على التالي بـ "نعم" أو "لا" Please answer ALL the following with "Yes" or "No" on the criteria which applies to you	نعم Yes	لا No	المتطلبات إذا كان الجواب "نعم" Requirements if the answer is "Yes"
i	Do you have any US indicia i.e. US telephone number, US address, Power of Attorney or signature authority to a person with a US address, standing instructions to transfer money to an account maintained in the US and a Hold Mail address as the only address?	<input type="checkbox"/>	<input type="checkbox"/>	W-8BEN-E + the indicia details

## Part Two

## القسم الثاني

في حال اختيار "أ" أو "هـ" أعلاه، فيرجى الإشارة إلى اسم أي شخص مسيطر أو أشخاص مسيطرين لدى صاحب الحساب  
If you have ticked (a) or (e) or (g) above, then please indicate the name of any Controlling Person(s) of the Account Holder

1		4	
2		5	
3		6	

يرجى استكمال (إستمارة الإقرار الضريبي الذاتي للأشخاص المسيطرين) لكل شخص مسيطر  
Please complete "Controlling Person tax residency self-certification form" for each Controlling Person

## Part Three

## القسم الثالث

بُذ الاقامة الضريبية Country/Jurisdiction of tax residence	الرقم الضريبي TIN	في حال عدم وجود الرقم الضريبي اختر السبب If no TIN available tick the Reason	يرجى التوضيح في الخانات التالية سبب عدم القدرة على الحصول على رقم تعريف ضريبي في حال اختيار السبب (ب) أعلاه Please explain in the following boxes why you are unable to obtain a TIN if you selected Reason B below.
		A 1 ب	C ج
1		<input type="checkbox"/>	<input type="checkbox"/>
2		<input type="checkbox"/>	<input type="checkbox"/>
3		<input type="checkbox"/>	<input type="checkbox"/>

Please complete the following table indicating:

- where the Account Holder is tax resident and
- the Account Holder's TIN for each country/jurisdiction indicated.

If a TIN is unavailable please provide the appropriate reason A, B or C where indicated below:

**Reason A** The country/jurisdiction where the Account Holder is resident does not issue TINs to its residents

**Reason B** The Account Holder is otherwise unable to obtain a TIN or equivalent number (Please explain)

**Reason C** No TIN is required.  
(Note: Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

يرجى استكمال الجدول التالي بالمعلومات التالية:  
• المكان الذي يكون فيه صاحب الحساب خاضعاً للضريبة. و  
• رقم التعريف الضريبي لصاحب الحساب في كل دولة مثلاً إليها.

إذا لم يكن رقم التعريف الضريبي متوفراً ، فيرجى ذكر السبب الملائم (أ) أو (ب) أو (ج):  
**السبب (أ)** الدولة التي يعتبر صاحب الحساب موطناً فيها لا تصدر أرقام تعريف ضريبية للمواطنين فيها

**السبب (ب)** لا يمكن لصاحب الحساب الحصول على رقم تعريف ضريبي أو رقم مشابه (يرجى التوضيح)

**السبب (ج)** لا حاجة أرقام تعريف ضريبية.  
(ملاحظة: يرجى اختيار هذا السبب فقط إذا كانت المبلطات في نول الموطن الضريبي المدرجة أعلاه لا تشترط الكشف عن رقم التعريف الضريبي)



إستمارة الإقرار الذاتي الخاصة بفاتكا والمعايير الموحدة للإبلاغ الضريبي  
FATCA & CRS Self-Certification Form



الشركات  
Entity / Corporate

الإقرار والتوقيع  
Declarations and Signature

I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete.

أقر بأن جميع المعلومات الواردة بهذه الاستمارة صحيحة و كاملة.

I acknowledge that the information contained in this form and information regarding the Account Holder and any Reportable Account(s) may be provided to the regulatory / tax authorities / any party authorized to audit or conduct a similar control for tax purposes, in the country in which this account(s) is/are maintained, and exchanged with tax authorities of another country or countries in which the Account Holder may be deemed to be tax resident.

أكد على أن المعلومات الواردة في هذه الاستمارة عن صاحب الحساب والحسابات المقررة، يمكن إعطاؤها للجهات المختصة، هيئة الضرائب، أو أي جهة رسمية لغرض التدقيق أو مراقبة الحساب لغرض ضرائب من قبل الدولة المنشأ فيها الحساب، بحيث يمكن تبادل المعلومات لإدارة الضرائب مع دولة أو دول أخرى وذلك عندما يكون صاحب الحساب خاضع لضريبة الإقامة.

I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself as a controller.

أنا الشخص المنتفع (أو الشخص المخول للتوقيع على هذه الاستمارة للأفراد والمنتفع لجميع الأموال الواردة المتعلقة بهذه الاستمارة أو يمكنني استخدام هذا الاستمارة لأضع نفسي كشخص مسيطر).

In case of any change in circumstances that causes the information contained herein to become incorrect, I recognize that I will notify the Bank and provide a suitable updated Self-Certification form within 30 days of such change in circumstances.

وفي حالة حدوث أي تغيير في أي من المعلومات الواردة هنا تحت أي ظرف، سأقوم بإعلام البنك وإعطاء المعلومات المطلوبة و استحداث استمارة شخصية جديدة خلال 30 يوم ضمن الظروف المتغيرة.

I confirm that under no circumstances shall the Bank or its employees be liable for any direct, indirect, incidental, special, punitive or consequential damages that may result in any way from their reliance on the information I have provided. I also confirm that I have provided the self-certification willingly, based on which the Bank will document my FATCA / CRS status in the Bank's records.

أنا أقر بأن البنك أو الموظفون يخفي مسؤوليته من أي ضرر مباشر، غير مباشر، عارض، مميز، عقاب، اضراء عارضة يمكن أن تتسبب فيها المعلومات الموجودة في هذه الاستمارة. وأقر كذلك بأنني جميع المعلومات الموجودة بالاستمارة الشخصية يمكن للبنك استخدامها لحفظ المعلومات الشخصية لحساب FATCA/CRS الخاص بي، والاحتفاظ بها في الملفات الخاصة بالبنك.

Signed as ☐ Account Holder ☐ Power of Attorney Holder ☐ Controller ☐ Others

الاسم Name	التوقيع Signature	المنطقة Place	التاريخ Date





إستمارة الإقرار الذاتي الخاصة بفاتكا والمعايير الموحدة للإبلاغ الضريبي  
FATCA & CRS Self-Certification Form



الشركات  
Entity / Corporate

**Guidance Notes:**

**FATCA**

1. US Indicia include US telephone number, US address, Power of Attorney or signature authority to a person with a US address, standing instructions to transfer money to an account maintained in the US and a Hold mail address as the only address.
2. Excepted NFFE are those Entities which are not subject to withholding and which includes:
  - Nonfinancial corporations, more than 50% of the voting stock of which is regularly traded on one or more established securities markets (where "regularly traded" means that at least 10% of the stock is traded on at least 60 days during the calendar year)
  - Nonfinancial corporations that are members of the same group as a publicly- traded corporation described in (i) above (e.g., subsidiaries or brother/sister corporations), provided that such members are more than 50% owned by the same group of which the publicly-traded corporation is a member,
  - Foreign government
  - International organization
  - Foreign Central Bank of Issue
  - Any other specifically identified class, including those posing a low risk of tax evasion, as determined by the IRS and as defined in Form W8 BEN E
3. Active NFFE: Less than 50% of such entity's gross income for the previous calendar year is passive income (refer guidance notes below for definition of passive income); and Less than 50% of the assets held by such entity at any time during the preceding calendar year are assets that produce or are held for the production of passive income (refer guidance notes below for the definition of passive income).
4. Direct Reporting NFFE: A Direct Reporting NFFE refers to NFFE with substantial US ownership (more than 10%) which reports this information directly to the IRS. Direct Reporting NFFE will be required to register with the IRS and will be issued a Global Intermediary Identification Number (GIIN). Direct Reporting NFFE will be treated as an Excepted NFFE under FATCA.
5. Passive NFFE: Entity is not a Financial Institution (other than an Investment entity organized in possession of the United States) and is not certifying its status as a publicly traded NFFE (or affiliate), Excepted NFFE, or active NFFE.
6. Passive Income: Portion of gross income that consists of any of the following:
  - Dividends, including substitute dividend amounts;
  - Interest;
  - Income equivalent to interest, including substitute interest and amounts received from or with respect to a pool of insurance contracts if the amounts received depend in whole or part upon the performance of the pool;
  - Rents and royalties, other than rents and royalties derived in the active conduct of a trade or business conducted, at least in part, by employees of the NFFE;
  - Annuities;
  - The excess of gains over losses from the sale or exchange of property that gives rise to passive income
  - The excess of gains over losses from transactions (including futures, forwards, and similar transactions) in any commodities unless used for hedging or active business
  - Foreign currency gains
  - Net income from notional principal contracts
  - Amounts received under cash value insurance contracts
  - Amounts earned by an insurance company in connection with its reserves for insurance and annuity contracts
7. GIIN: The identification number that is assigned to participating FFIs, registered deemed-compliant FFIs, Reporting Model 1 FFIs as well as Direct Reporting NFFEs. All GIINs will be listed on the IRS FFI list.

**For detailed definitions, please refer to the definitions and instructions as mentioned in the FORM W8 BEN E**

**CRS**

The CRS is a global standard for the automatic exchange of financial information between jurisdictions that have agreed to adopt it. The Organization for Economic Co-operation and Development (OECD) introduced CRS in order to combat tax evasion and to improve cross border tax compliance. For more information about CRS, please visit the webpage: <https://www.oecd.org/tax/automatic-exchange/common-reporting-standard/>.



إستمارة الإقرار الذاتي الخاصة بفاتكا والمعايير الموحدة للإبلاغ الضريبي  
FATCA & CRS Self-Certification Form



الشركات  
Entity / Corporate

لإستخدام البنك فقط  
For Bank Use Only

		Name	Signature	Date
Business	Account Opening Staff			
	Supervisor/Manager			
	Head of Business Unit			
Operations	Processed by			
	Checked/Authorized by			

#### Additional Reviewers

Compliance Department			



Head of Operations Department  
United Gulf Bank B.S.C. (Closed)  
UGB Tower, Diplomatic Area  
P.O.Box 5964  
Manama, Kingdom of Bahrain

Date:

**BANKER'S CERTIFICATE**

<b>Customer Name:</b>	
<b>Full Address (Residential / Registered Address)*</b>	
<b>Contact Number:</b>	
<b>Email:</b>	

I hereby certify the following in respect of this customer.

4. The customer has been known to me for \_\_\_\_ years as an account holder at \_\_\_\_ *Bank*,  
\_\_\_\_ *Country Name*.
5. I confirm that I have verified the customer's identity in accordance with the standard regulatory requirements of Kuwait / (*add other jurisdiction if applicable*). I enclose copies of the verification of government issued identity documents and confirm that I have sighted the originals.
6. As of date and to the best of my knowledge, I confirm that the account behavior of the above-named customer has been satisfactory / not satisfactory over the course of the Bank's relationship.

Signed:

Name:

Position:

Bank

Branch / Dept:

Date



## Appendix 17 – CRS Self Certification Controlling Persons

إستمارة الإقرار الذاتي الخاصة بالمعايير الموحدة للإبلاغ الضريبي

FATCA &amp; CRS Self-Certification Form



### الأشخاص المسيطرين Controlling Person

This form must be completed by any individual who owns 10% or more of a passive entity and/or has ultimate control of the entity (for example certain trusts or investment vehicles or special purpose entities) and who has or wishes to establish a customer relationship with United Gulf Bank B.S.C. (UGB, the Bank). The Bank is obliged under the instructions of the Central Bank of Bahrain to comply with the provisions of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS). To meet these regulatory requirements, the Bank is obliged to collect certain information and obtain self-certifications from each account holder / controller of the account holder. **If you are uncertain as to the answer to any of the questions below, please consult a tax advisor.** For joint or multiple controlling persons each individual will need to complete a copy of the form.

Customer / Account Number For Bank use only لا تستخدم البنك هذا	
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الاسم بالكامل Full Name		تاريخ الميلاد (اليوم/الشهر/السنة) {dd/mm/yyyy} Date of Birth	
محل الميلاد Place of Birth	المدينة Town or City	البلد Country	الجنسية Nationality/ies
إذا كان لديك أكثر من جنسية واحدة، الرجاء الإفصاح عنها. If you have more than one nationality, please declare the same.			
عنوان الإقامة الحالي Current Residence Address			
عنوان المراسلات Mailing Address			

#### Part One

#### القسم الأول

#### الشركات المسيطر عليها Controlled Entities

Please enter the legal name of the relevant entity of which you are a controlling person

Entity 1	مؤسسة 1
Entity 2	مؤسسة 2
Entity 3	مؤسسة 3

#### Part Two

#### القسم الثاني

بلد الإقامة الضريبية Country/Jurisdiction of tax residence		الرقم الضريبي TIN	في حال عدم وجود الرقم الضريبي أذكر السبب If no TIN available tick the Reason			يرجى التوضيح في المراتب التالية سبب عدم القدرة على الحصول على رقم تعريف ضريبي في حال اختيار السبب ( ب ) أدناه Please explain in the following boxes why you are unable to obtain a TIN if you selected Reason B below.
			a 1	b ب	c ج	
1			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Please complete the following table indicating:

- where the Account Holder is tax resident and
- the Account Holder's TIN for each country/jurisdiction indicated.

If a TIN is unavailable please provide the appropriate reason A, B or C where indicated below:

يرجى استكمال الجدول التالي بالمعلومات التالية:

- المكان الذي يكون فيه صاحب الحساب خاضعاً للضريبة و
- رقم التعريف الضريبي لصاحب الحساب في كل دولة مشار إليها.

وإذا لم يكن رقم التعريف الضريبي متوفراً ، يرجى ذكر السبب الملائم (أ) أو (ب) أو (ج):