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1 Preamble

In accordance with Section 25a (1) of the German Banking Act (KWG) in conjunction with AT 4.4.2 of BaFin Circular 09/2017 (BA) - Minimum Requirements for Risk Management (MaRisk) dated 27 October 2017, Middle East Bank, Munich Branch (MB) has set up a MaRisk Compliance function to ensure compliance with legal requirements. This applies in particular to areas with special inherent risks. The compliance organisation is set up as part of its internal control system.

Compliance is a key instrument for promoting and maintaining business relationships. A strong compliance function increases trust in the bank. The implementation and active living of a compliance culture is essential for the bank and must extend throughout the value chain of products and services offered to clients. MB's business model is heavily dependent on compliance. Against the background of the sanctions regulations, the Bank's focus is on the full implementation of standards in the areas of compliance, anti-money laundering, combating the financing of terrorism and prevention of other criminal acts. Transparent, complete and timely communication of potential compliance violations within the Bank and to the supervisory authorities is therefore an integral part of the Compliance & Anti-Money Laundering Organisation.

2 Compliance Culture

An appropriate organisational structure and culture are the basis for the effectiveness of the MB Compliance Programme. Culture is a combination of habits and beliefs regarding compliance. The management sets the basic values and expectations for the company. Transparent and exemplary behaviour on the part of the management is one of the main components of MB's compliance culture. MB's compliance culture is based on a high level of awareness of regulatory requirements among employees and early identification of emerging and potential compliance risks. The Compliance function works continuously to raise awareness of compliance among all employees of the Bank and to create an atmosphere that promotes the compliance culture. Management has defined and recorded the way we conduct business, compliance and risk management in the Code of Conduct.

The management of MB has overall responsibility for compliance. In order to fulfil the compliance duties, the Management Board has established an appropriate, permanent and effective Compliance function which performs its duties independently. It is directly reporting to the Board of Directors and bundles the tasks of the KWG compliance function, and also includes money laundering and fraud prevention.

3. Tasks of the compliance organisation

Compliance is responsible for the following topics:

- the implementation and further development of the compliance organization,
- giving advice to the management,
- the assessment of the effectiveness of the control environment,
- to ensure that the Bank has developed and implemented effective controls to mitigate risk.

It is the objective of the MB to comply with, monitor and control all relevant laws, regulations, rules of conduct, organisational standards of practice and internal instructions at all times. This

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significantly reduces the risk of non-compliance. The Bank acts independently, i.e. no decisions and services are outsourced or transferred.

On the one hand, the tasks of Compliance relate to the observance of legal regulations. On the other hand, Compliance is also responsible for the fulfilment of the tasks of the Compliance Organisation in accordance with Section 25 a KWG and their concretisation through the Minimum Requirements for Risk Management (MaRisk) AT.4.4.2. This includes both the identification of the legal regulations and requirements that are important for the Bank and working towards compliance with them.

3.1 Risk analysis

Compliance risk is defined as the risk to the financial or organizational position or reputation of the company due to possible violations of laws, regulations, and rules of conduct or organizational standards in practice. Compliance risks can materialize in compliance violations. Compliance violations are events that are very likely to cause both direct losses and indirect effects such as serious damage to the reputation of stakeholders such as the public, customers and regulators.

Compliance conducts an annual analysis, as well as on an ad hoc basis, to determine the legal regulations and requirements of significance to the Bank, in order to determine the scope and focus of its activities. Special occasions may include adjustments to the business model, new legal conditions or compliance cases involving other institutions.

Risk analysis is used to create a bank-wide compliance risk map, on the basis of which the necessary controls are determined if necessary. This involves determining both the consequences resulting from legal regulations and how obligations are handled within the institution. In addition to the audit results of the internal and external auditors, the assessment of risk control is also included in the determination of risk.

3.2 Advice and participation

Compliance advises and supports the Bank's divisions with regard to the standards to be observed and is available to employees, in particular as a contact and advisor in their daily work. Compliance determines whether the policies, resources and procedures that the Bank has established or intends to establish are designed to ensure that MB and its employees comply with the obligations arising from laws and regulations and participates in the creation of new policies and procedures within the Bank. Compliance also has an advisory function to management to help them fulfil their obligation to comply with key legal rules and regulations.

Compliance advises the operating divisions, in particular with regard to all strategic decisions and significant organisational changes in accordance with AT 8.1 No. 5 MaRisk, such as in the decision-making process regarding the design of processes for new products.

Compliance ensures that conflicts of interest are avoided or handled in such a way that the client is not harmed. This can also mean publishing the conflict of interest. In this respect, Compliance is also involved in the determination and design of the sales targets of the sales employees as well as in the design of the remuneration system and the processes for monitoring employee transactions in the company.

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3.3 Communication & Training

Communication and training are core components of an effective compliance program. Active communication within the Bank ensures that all employees are aware of the basic values and expectations and are aware of the consequences if these are violated. As part of its remit, Compliance develops various training programmes covering the legal and regulatory requirements that MB employees must know in their respective areas of activity. The Bank conducts regular training courses to inform and educate about the Bank's principles of conduct, guidelines and work instructions.

3.4 Monitoring and control actions

Based on a monitoring and control plan, Compliance carries out risk-based monitoring and control activities to ensure that the established principles and precautions are complied with. The monitoring and control plan covers all major areas of the Bank, taking into account the risk content of the business divisions. Compliance reacts immediately to unforeseen events and, if necessary, adjusts the focus of the monitoring and control activities accordingly.

Furthermore, the monitoring and control plan is designed to ensure that compliance risks are comprehensively monitored. It identifies the focal points for monitoring & control activities in accordance with the risk analysis. The scope, scope and cycle of the monitoring and control actions to be defined in the monitoring plan and the selection of the appropriate instruments and methods for this purpose are also determined by Compliance on the basis of the risk analysis.

3.5 Contact with supervisory and investigative authorities

Compliance maintains contact with the supervisory authorities on an ad hoc basis and is responsible for responding to requests for information from investigating authorities as far as the scope of duties of Compliance is concerned.

3.6 Reporting

Compliance prepares an annual report on its activities for the Executive Board to provide information on compliance-relevant issues. Compliance regularly informs management about compliance-relevant issues, identified deficiencies, and recommendations/measures that have been introduced or already initiated to remedy the deficiencies, and also immediately about current findings.

In addition to the information provided in the report, Compliance informs the Executive Board of significant findings, serious violations, compliance-relevant facts, identified deficits and measures that have been introduced or already initiated to remedy the deficits by means of an ad hoc report. The report shall contain a proposal for corrective action to be taken.

3.7 Whistle Blowing

A whistle blowing system was set up.

3.8 Compliance Monitoring & Continuous Enhancement

One of the key objectives of monitoring is to determine whether the Compliance Program contains the elements that are generally considered necessary to adequately protect MB from unlawful actions by managers, employees and third parties.

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A strong compliance culture and monitoring activities are key to the early identification of potential adverse developments or risk trends and provide evidence of whether the control system is operationally effective. Through such testing and monitoring positions, MB is able to identify problems in a timely manner and also respond to regulatory changes that may impact business and compliance requirements, processes and controls. To comply with the requirements of MaRisk, MB has installed the New Regulation Monitoring Process. A further manifestation of the MaRisk requirements is the regular review of the industry, customers and specific events. For this reason, regular reviews are carried out and analysed by MB.