

ABL COMPLIANCE POLICY NOTE

Allied Bank Limited (the Bank) is committed to follow regulatory requirements, code of conduct and best practices to promote sustainability. This document provides broad policy guidelines with regard to Bank's overall approach towards Compliance Risk, CDD/AML/CFT, Internal Controls, and International Compliance.

The management of compliance risk is the first and foremost responsibility of all employees of the Bank, at all levels of hierarchy. In order to manage compliance risks, the 'Three Lines of Defense model' is implemented on bank-wide basis to identify and manage the compliance risks.

For the purpose of effective compliance of various laws & regulations, the Bank has established an independent compliance group with the mandate, to ensure compliance with all the applicable regulatory requirements. The compliance group shall be independent of the business activities to carry out its compliance activities effectively. The Chief Compliance shall have direct reporting line to CEO and the staff of Compliance Group shall have unrestricted access to the information and personnel necessary to carry out their responsibilities.

POLICY OBJECTIVE

The objective of Compliance Policy is to provide clear and consistent compliance directives to all the stakeholders. The purpose of this document is to promote the safety and soundness of the Bank, through management of compliance risk. This policy defines the roles and responsibilities of the Board of Directors (BoD) and the management pertaining to compliance risk management.

SCOPE OF POLICY

This policy shall be applicable on bank-wide basis (for all local and overseas operations).

COMPLIANCE RISK STRATEGY

The Bank shall ensure compliance with all laws, rules, regulations and standards pertaining to prevention of Money Laundering & Financing of Terrorism including adherence of Customer Due Diligence (CDD) procedures, Prudential Regulations of State Bank of Pakistan, relevant SECP regulations, Code of Corporate Governance, Sanctions imposed by United Nations Security Council (UNSC), other applicable local and international regulatory directives, ethical standards of code of conduct.

The Bank's compliance risk strategy is to identify, assess, monitor and mitigate compliance risks. The risk appetite for non-compliance to legal and regulatory requirements shall be zero.

GOVERNANCE STRUCTURE

The Board and senior management of the Bank is primarily responsible for maintaining and promoting a strong compliance culture by ensuring that all employees understand their responsibilities with respect to compliance and feel comfortable in raising any event of non-compliance without any fear of negative consequences. The reporting of such incidents shall not resort to any penal action(s) for the employees reporting it but should be viewed as a chance of fixing the actual control weakness to avoid such recurrences in future.

In this respect, the Board and senior management shall create an enabling compliance culture that not only ensures that its employees comply with legal & regulatory requirements but also encourages the required ethical conduct that underlies such requirements.

The Bank has developed a comprehensive Compliance Program that is annually reviewed. The compliance program actually implement the board approved compliance risk strategy & compliance risk policy that describes 'how' these can be translated into tangible actions to achieve policy objectives.

TRAININGS

Need based/targeted training programs are designed to create awareness and to help spread the message of importance and significance of and compliance risk management. Imparting training to the employees of the Bank at various tiers on compliance risk issues including measures on AML / KYC is a continuous process.

In-house/outsourced training programs, to enhance the awareness of compliance risk, are arranged at different hierarchal levels.

REVIEW FREQUENCY

This policy is subject to revision once in three years or earlier, if deemed necessary, by any kind of internal or external regulatory requirement.