

Commercial Bank of Kuwait

Revised Anti-Money Laundering, Counter-Terrorist Financing, and Counter-Proliferation Financing (AML/CFT & CPF) Policy Statement

Introduction

Money laundering, terrorist financing, and the financing of weapons of mass destruction proliferation are serious global financial crimes with far-reaching economic consequences. The international community has responded by establishing robust measures to combat these threats. The Financial Action Task Force (FATF), founded in 1989, has developed international standards encapsulated in the FATF Forty Recommendations. These recommendations provide a comprehensive framework for combating money laundering, terrorist financing, and proliferation financing (AML/CFT & CPF).

In alignment with global efforts, Kuwait's regulatory authorities, including the Central Bank of Kuwait (CBK), have enacted stringent legislation and resolutions to ensure compliance with these international standards. The Commercial Bank of Kuwait (CBK) is committed to adhering to these regulations, recognizing that compliance not only mitigates risks but also contributes to global initiatives aimed at safeguarding the integrity of the financial system.

Regulatory Framework

The Commercial Bank of Kuwait operates under the supervision of the Central Bank of Kuwait, which monitors and enforces compliance with AML/CFT & CPF regulations through both off-site and on-site examinations. The CBK imposes severe penalties for non-compliance, underscoring the critical importance of adherence to these regulations.

Governance and Oversight

The Bank has established a dedicated AML/CFT & CPF Department, which operates under a direct reporting line to the Chairman of the Board. The department is headed by a senior official tasked with overseeing the implementation of AML/CFT & CPF policies and procedures. Key responsibilities of the department include:

1. Ensuring compliance with local and international AML/CFT & CPF regulations, including Law No. 106/2013 and its executive directives.
2. Implementing a risk-based approach to identify, assess, and mitigate AML/CFT & CPF risks.
3. Conducting ongoing monitoring of customer transactions and activities.
4. Screening customers and transactions against United Nations, EU, OFAC, and UK Treasury sanctions lists.
5. Maintaining records of all customer transactions and documentation for a minimum of five years.
6. Reporting suspicious transactions to the Kuwait Financial Intelligence Unit (KFIU).
7. Delivering regular AML/CFT & CPF training to all staff, board members, and executive management.

Risk-Based Approach

The Bank adopts a risk-based approach to AML/CFT & CPF compliance, which includes:

- Conducting customer risk assessments during onboarding and periodically thereafter.
- Categorizing customers into risk levels (low, medium, high) based on their profiles and activities.
- Applying enhanced due diligence (EDD) for high-risk customers, including politically exposed persons (PEPs), their relatives, and close associates.



Know Your Customer (KYC) Procedures

The Bank has implemented rigorous KYC procedures to ensure the accurate identification and verification of customers. These procedures include:

- Verifying customer identities using official supporting documents.
- Identifying and monitoring beneficial owners of accounts.
- Utilizing automated systems to monitor transactions for unusual or suspicious patterns.
- Applying enhanced due diligence measures for high-risk customers.

Prohibitions and Restrictions

- **Shell Banks:** The Bank strictly prohibits relationships with shell banks or financial institutions that facilitate their operations.
- **Wire Transfers:** The Bank will not process any wire transfers unless the following details are included:
 - Originator's name, account number, address, and civil ID number.
 - Beneficiary's name, account number, and address.All wire transfers are screened against relevant sanctions lists prior to processing.

Internal Controls

The Bank's internal control framework ensures the effective implementation of AML/CFT & CPF policies. Key components include:

- Independence of the AML/CFT & CPF Department, with unrestricted access to data and information.
- Regular internal audits to assess compliance with AML/CFT & CPF regulations.
- Annual external audits, with findings reported to the Central Bank of Kuwait.

Training and Awareness

The Bank is committed to fostering a culture of compliance through continuous training and awareness programs. All employees, board members, and executive management undergo regular training to stay updated on AML/CFT & CPF requirements and emerging risks.

Conclusion

The Commercial Bank of Kuwait reaffirms its commitment to combating money laundering, terrorist financing, and proliferation financing. Through robust policies, advanced monitoring systems, and a dedicated organizational structure, the Bank strives to uphold the highest standards of compliance and contribute to the global fight against financial crime.