

Updated Version- 2026

CUSTOMER ACCEPTANCE POLICY



Item No. 19 Memorandum to the Board of Directors

Memo No. 17982/2026

Date: 20/4/2026

Subject : Approval of "Customer Acceptance Policy 2026"

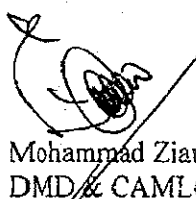
The Bangladesh Bank Money Laundering & Terrorist Financing Risk Management Guidelines 2015 Para 4.7 clearly states "Every Bank should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place to set-up any kind of business relationship with the bank. In accordance with the regulatory directives and in order to mitigate the risk of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) i.e. risk arises from non-compliance of ML, TF and PF issues, Bank Asia PLC has developed the Customer Acceptance Policy 2026.


The Policy has been updated in line with latest circulars, guidelines, laws and regulations i.e Money Laundering and Terrorist Financing Risk Management Guidelines 2015, Electronic Know Your Customer (eKYC), Money Laundering Prevention Act 2012 (Amendment 2015), Anti-Terrorism Act 2009 (Amendment 2012 & 2013) Money laundering Prevention Rules 2019 and BFIU circular no.26 dated 16.06.2020. Salient features, Changes and Industry best practices are discussed in the SMT meeting and also approved by the Honorable Risk Management Committee (RMC) of the Board in its 72nd meeting held on February 08, 2026.

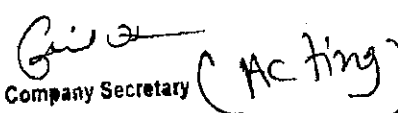
Regulatory bodies and international correspondent banks continue to expect that such policies be regularly reviewed and updated to ensure compliance with evolving standards and requirements. Considering the regulatory requirement, it is recommended for approval of "Customer Acceptance Policy 2026"

The Guideline are placed before the honorable members of the Board for kind approval.

"RESOLVED that the proposal for approval of "Customer Acceptance Policy 2026" is annexed with the Memo No. 17982/26 dated 20/4/26 & is hereby approved.


The Board/EC in its 585 meeting held on 12/5/2026
approved the memo no. 17982/2026 dated 20/4/2026
subject to minutes confirmation
Mohammad Ziaul Hasan Molla
DMD & CAMLCO

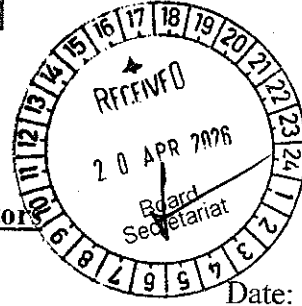

Sohail R K Hussain
Managing Director


Deputy Secretary / Company Secretary (Acting)

Enclosure: Copy of updated "Customer Acceptance Policy 2026"



AML & CFT Division
Corporate Office



Item No.

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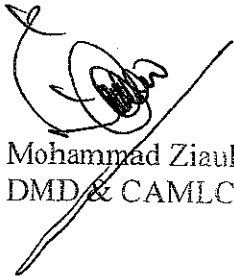
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Regulatory bodies and international correspondent banks continue to expect that such policies be regularly reviewed and updated to ensure compliance with evolving standards and requirements. Considering the regulatory requirement, it is recommended for approval of "Customer Acceptance Policy 2026"

The Guideline are placed before the honorable members of the Board for kind approval.

"RESOLVED that the proposal for approval of "Customer Acceptance Policy 2026" is annexed with the Memo No. _____ dated _____ & is hereby approved.



Mohammad Ziaul Hasan Molla
DMD & CAMLCO



Sohail R K Hussain
Managing Director

Enclosure: Copy of updated "Customer Acceptance Policy 2026"

Item No.

Memorandum to the Board of Directors

Memo No.

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Subject : Approval of "Customer Acceptance Policy 2026"

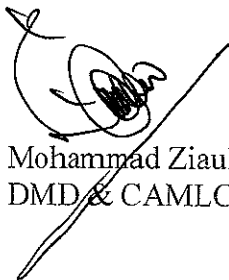
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The Policy has been updated in line with latest circulars, guidelines, laws and regulations i.e Money Laundering and Terrorist Financing Risk Management Guidelines 2015, Electronic Know Your Customer (eKYC), Money Laundering Prevention Act 2012 (Amendment 2015), Anti-Terrorism Act 2009 (Amendment 2012 & 2013) Money laundering Prevention Rules 2019 and BFIU circular no.26 dated 16.06.2020. Salient features, Changes and Industry best practices are discussed in the SMT meeting and also approved by the Honorable Risk Management Committee (RMC) of the Board in its 72nd meeting held on February 08, 2026.

Regulatory bodies and international correspondent banks continue to expect that such policies be regularly reviewed and updated to ensure compliance with evolving standards and requirements. Considering the regulatory requirement, it is recommended for approval of "Customer Acceptance Policy 2026"

The Guideline are placed before the honorable members of the Board for kind approval.

"RESOLVED that the proposal for approval of "Customer Acceptance Policy 2026" is annexed with the Memo No. _____ dated _____ & is hereby approved.

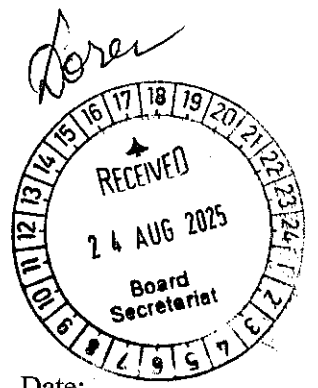


Mohammad Ziaul Hasan Molla
DMD & CAMLCO



Sohail R K Hussain
Managing Director

Enclosure: Copy of updated "Customer Acceptance Policy 2026"



Item No.

Memorandum to the Risk Management Committee of the Board

Memo No.

Date:

Subject : Proposal for review of "Customer Acceptance Policy 2025"

Bangladesh Bank Money Laundering & Terrorist Financing Risk Management Guidelines 2015 Para 4.7 clearly states "Every Bank should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place to set-up any kind of business relationship with the bank. In accordance with the regulatory directives we have developed our own Customer Acceptance Policy. In order to mitigate the risk of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF) i.e. risk arises from non-compliance of ML, TF and PF issues, AML & CFT Division has reviewed & updated the existing policy.

The Policy has been updated in line with latest circulars, guidelines, laws and regulations i.e Money Laundering and Terrorist Financing Risk Management Guidelines 2015, Electronic Know Your Customer (eKYC), Money Laundering Prevention Act 2012 (Amendment 2015), Anti-Terrorism Act 2009 (Amendment 2012 & 2013) Money laundering Prevention Rules 2019 and BFIU circular no.26 dated 16.06.2020. Salient features, Changes and Industry best practices are discussed in the SMT meeting. After detail discussion the Senior Management Team (SMT) advised to place the guideline to the Risk Management Committee of the Board for review.

Regulatory bodies and international correspondent banks continue to expect that such policies be regularly reviewed and updated to ensure compliance with evolving standards and requirements. Considering the regulatory requirement the guidelines are placed before the Risk Management Committee of the Board for kind review.

If reviewed the following resolution may be passed:

"RESOLVED THAT the proposal for the review of the Customer Acceptance Policy 2025, as annexed with Memo No. _____ dated _____, be and is hereby reviewed, and it is advised that the same be submitted to the Honorable Board of Directors for their kind approval.


Mohammad Ziaul Hasan Molla
DMD & CAMLCO


Sohail R K Hussain
Managing Director

Enclosure: Copy of updated "Customer Acceptance Policy -2025, along with a summary of changes"

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1.0 PREAMBLE:

The customer is integral to the success of financial institutions, and neglecting this aspect can lead to failure. In our country, commercial banks are prohibited from opening accounts or engaging with clients whose identities are unknown or who present fictitious names. Banks will only accept clients whose identities have been verified through appropriate due diligence, tailored to their risk profiles.

Globally, supervisors are increasingly recognizing the necessity for banks to implement robust controls and procedures to understand their customers effectively. Comprehensive due diligence on both new and existing clients is a critical component of these controls. Failing to conduct proper due diligence can undermine a bank's credibility and expose it to reputational, operational, legal and concentration risks, potentially resulting in significant financial losses.

Bank Asia acknowledges the importance of a well-defined customer acceptance policy that facilitates prompt and inclusive service within the established regulatory framework and the bank's operational processes. To this end, the management has recommended key themes, in alignment with the guidance from Bangladesh Bank, to ensure a comprehensive and effective implementation of the customer acceptance policy.

2.0 OBJECTIVES/PURPOSE AND APPLICATION OF THE POLICY:

The primary objectives of a Customer Acceptance Policy are –

1. To manage any risk that the services provided by the Bank may be exposed to;
2. To prevent the Bank from being used, intentionally or unintentionally, for ML/TF purposes and
3. To identify customers who are likely to pose a higher than average risk.

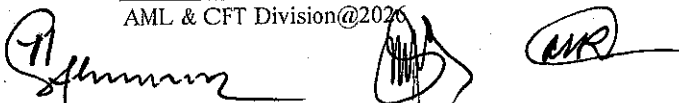
Policies are appended as under:

- To establish explicit customer acceptance criteria;
- To establish procedures to determine and verify the identity of natural persons, legal entities or other entities for opening an account and entering into business
- To enable the Bank to know/understand the customers and their financial dealings better which, in turn, would help the Bank to manage risks prudently
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws or laid down procedures.
- To comply with applicable laws and regulatory guidelines and to reduce legal, reputational or ML/TF risks faced by the Bank

The customer acceptance policy of bank should not be used against the less privileged people or the people who have not proper identification document (clause 4.5). It should encourage the ultimate goal of transparent, accountable and inclusive financial system in Bangladesh

This Policy applies to all business units, Branches/offices/subsidiaries, and offices of the Bank and to all products, services, and sales channels of the Bank. The Policy serves as the basis to enact implementing regulations on the operational level. The substance and provisions of the Policy are to be read in conjunction with related operational Guidelines which are issued from time to time.

Banks are advised to follow detailed and accurate customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority. This 'Know Your Customer' guidelines/'Customer Acceptance Policy' has been repeated/ revisited in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT).



Detailed guidelines based on the Recommendations of the FATF and the paper issued on Customer Due Diligence (CDD) for Banks by the Basel Committee on Banking Supervision, with indicative suggestions wherever considered necessary, have been issued. Banks have been advised to ensure that a proper policy framework on 'Know Your Customer' and Anti Money Laundering measures with the approval of the Board is formulated and put in place.

3.0 DEFINITION OF CUSTOMER:

A 'Customer' is defined as:

- a person or entity that maintains an account and/or has a business relationship with the bank/FIs;
- One on whose behalf the account is maintained (i.e. the beneficial owner). 'Beneficial Owner' means the natural person who ultimately owns or controls a client and or the person on whose behalf a transaction is being conducted, and
- exercise ultimate effective control over a juridical person
- beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law, and
- any person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

For the purpose of KYC Procedure a "Customer" is defined in BFIU Circular No.26 dated 16/06/2020, as:

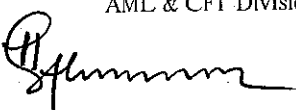
- any person or institution is maintaining any type of account with a Bank or financial institution;
- the person or institution as true beneficial owner in whose favour the account is operated;
- the trustee, intermediary or true beneficial owner of the transaction of the accounts operated by the trust and professional intermediaries (such as lawyer/ law firm, chartered accountant, etc) under the existing legal infrastructure;
- High value single transaction conducted in a single Demand Draft, Pay Order, Telegraphic Transfer by any person or institution or any person/institution involved in a financial transaction that may pose reputational and other risks to the institution. In this case if a transaction appears abnormal in relation to the usual transaction of the concerned person or institution that transaction will be treated as — "high value";

4.0 CUSTOMER ACCEPTANCE POLICY (CAP):

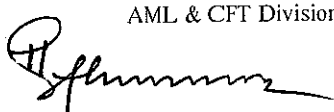
Bank Asia has been developing a clear customer acceptance policy and procedures, laying down explicit criteria for acceptance of customers including a description of the types of customer that are likely to pose a higher than average risk to a financial institution. In preparing such policies, factors such as customers 'background, country of origin, public or high-profile position, linked accounts, business activities or other risk indicators should be considered.

It is important that the customer acceptance policy is not so restrictive that it results in a denial of access by the general public to financial services, especially for people who are financially or socially disadvantaged. On the other hand, quite extensive due diligence would be essential for an individual with a high net worth whose source of funds is unclear. Decisions to enter into business relationships with higher risk customers, such as public figures or politically exposed persons or Influential Persons should be taken exclusively for approval of Chief Anti Money Laundering Compliance Officer (CAMLCO).

The following Customer Acceptance Policy indicating the criteria for acceptance of customers shall be followed in the Bank. The Branches shall accept customer strictly in accordance with the said policy:



1. No account should be opened in anonymous or fictitious name. Branch will collect accurate & full name of clients and preserve documents in conformity with it. Branch will prepare System generated KYC of the clients.
2. No numbered account shall be opened;
3. No banking relationship shall be established with a Shell Bank;
4. Bank will categorize the customers in High and Low risk criteria.
5. Bank will ensure not to open/operate an account in the name of any person/organization/NGO/Company which are prohibited by the People's Republic of Bangladesh or listed under United Nations Security Council Resolutions (UNSCRs) or their close alliance adopted under Chapter VII of the Charter of UN 1267 sanction committee or any other country of the world on suspicion of involvement in terrorism or terrorist financing activities.
6. Branch will accept only those customers whose appropriate identity is established by conducting due diligence to the risk profile of the client. Parameters of risk perception should be clearly defined in terms of the source of fund, the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, service offered, social and financial status etc. to categorize customers into different risk grades.
7. Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk. Branches/SME Service Centers/Islamic Windows/Agent banking are advised to seek only such information which is relevant and intrusive.
8. Not to open an account or close an account where the financial institution is unable to apply appropriate customer due diligence measures i.e. financial institution is unable to verify the identity and/or obtain documents required as per the risk categorization due to noncooperation of the customer or non-reliability of the data/information furnished to the financial institution. Decision by a financial institution to close an account should be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision. Bank must be careful to avoid unnecessary harassment of the customers.
9. A letter of thanks will be sent by the bank by registered post at the recorded address to all customers and introduces (where valid NID not exist) with dual purpose. Thanking them for opening the account with the bank and verification of genuineness of address furnished by the account holder. However, bank will conduct contact point verification as per the bank's own policy to verify customer's address.
10. Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and practices of financial service as there could be occasions when an account is operated by a mandate holder or where an account is opened by an intermediary in fiduciary capacity.
11. Necessary checks before opening a new account to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.
12. The status of a customer may change as relation with a customer progresses. The transaction pattern, volume of a customer's account may also change. With times an ordinary customer can turn into a risky one. To address this issue, customer acceptance policy should include measures to monitor customer's activities throughout the business relation.
13. Uniform A/C Opening Forms, KYC Profile Form and Transaction Profile Form developed in line with the guidelines of Bangladesh Bank should be properly filled and duly signed in;
14. In case of opening a Politically Exposed Person (PEP) / Influential Person (IP) / Chief Executives or Top Level Officials of any International Organization account, the branch shall comply the instructions contained in BFIU Circular No. 26 dated 16.06.2020 issued by Bangladesh Bank and amendments issued from time to time. Such types of account will be classified as high risk and will be required very high level monitoring;



15. Source of funds, income or wealth and complete information on the actual or beneficial owners of the accounts holding 20% or more share of the account must be obtained at the time of opening of any account;
16. In case of establishing correspondent banking relationship, the branch /concerned division /department shall follow the guidelines as contained in BFIU Circular No. 26 dated June 16, 2020 issued by Bangladesh Bank and amendments issued from time to time meticulously;
17. In case of opening an account of Non-Residents Bangladeshi (NRB), RFCD, NFCD account the rules of Foreign Exchange Regulation Act, 1947 and the instructions laid down in Guidelines for Foreign Exchange Transactions must be followed along with subsequent circulars and amendments.
18. The branches where the locker service exist will also follow the identification procedure of the customers as per BRPD circular no. 2 dated January 31, 2008.
19. In case of opening Convertible and non-convertible taka accounts Guidelines for Foreign Exchange Transactions volume-1 must be followed along with subsequent circulars and amendments.

4.1 Customer Identification:

Customer identification is an essential element of KYC standards. The customer identification process applies naturally at the outset of the relationship. To ensure that records remain up-to-date and relevant, there is a need for financial institution to undertake regular reviews of existing records. An appropriate time to do so is when a transaction of significance takes place, when customer documentation standards change substantially, or when there is a material change in the way that the account is operated. However, if a financial institution becomes aware at any time that it lacks sufficient information about an existing customer, it should take steps to ensure that all relevant information is obtained as quickly as possible.

Once verification of identity has been satisfactorily completed, no further evidence is needed to undertake subsequent transactions. However, information should be updated or reviewed as appropriate and records must be maintained.

Personal customers

For personal customers, banks need to obtain the following information:

- name and/or names used,
- permanent residential address,
- date and place of birth,
- name of employer or nature of self-employment/business
- specimen signature, and
- Source of funds.

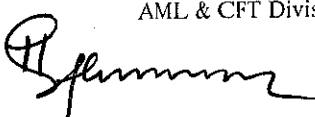
Corporate and other business customers

For corporate and other business customers, banks should obtain evidence of their legal Status, such as an

- Incorporation document,
- Partnership agreement,
- Association documents or a business license. For large corporate accounts,
- A financial statement of the business or
- A description of the customer's principal line of business should also be obtained

4.1.1 What Constitutes a Customer's Identity?

Identity generally means a set of attributes which uniquely define a natural or legal person. There are two main constituents of a person's identity, remembering that a person may be any one of a range of legal



persons (an individual, corporate body, partnership, etc). For the purposes of this guidance, the two elements are:

- The physical identity (Birth Certificate, TIN/VAT registration, Passport, National ID, Driving License etc) and
- The Activity undertaken

Confirmation of a person's address is also useful in determining whether a customer is residing. Again resident in a high-risk area or country /territory may be considered. Knowledge of both residence and nationality may also be necessary, in a non-money-laundering context, to avoid breaches of UN or other international sanctions to which Bangladesh is a party. Where a passport is taken as evidence, the number, date and place of issuance should be recorded from the valid passport.

The other main element in a person's identity is sufficient information about the nature of the business that the customer expects to undertake, and any expected or predictable, pattern of transactions. For some business these may be obvious, however, for more complex businesses this may not be the case. The extent of the description required will depend on the institution's own understanding of the applicant's business.

Once account relationship has been established, reasonable steps should be taken by the institution to ensure that descriptive information is kept up-to-date as opportunities arise. It is important to emphasize that the customer identification process does not end at the point of application. The need to confirm and update information about identity, such as changes of address, and the extent of additional KYC information to be collected over time will differ from sector to sector and between institutions within any sector.

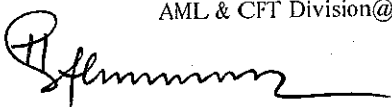
Normally the banks have to deal with the following types of deposit customers:

1. Individual / Joint
2. Minor's Account
3. Illiterate person
4. Proprietorship Firms
5. Partnership Firms
6. Limited Companies
7. Trusts
8. Clubs and Associations
9. Educational Institutions
10. Government, Corporations and Autonomous Institutions
11. Executors and Administrators
12. Cooperative Societies etc.

4.1.2 Verification of Address:

The Branch should verify the address of the person at the time of establishing any business relationship or while conducting CDD. This could be done through the following steps to verify addresses:

- Physical verification report by the bank Official
- Third party verification report
- Provision of a recent utility bill (Gas, Electricity, Wasa Bill, Telephone Bill) (not beyond 3 months old)
- E-Tin/BIN Certificates/Tax certificate/ tax assessment Copy etc.
- Checking the telephone directory;
- Visiting home/office;
- Sending thanks letter to account holder.
- Copy of Life Insurance Policy.



- Credit card of Bank statement containing details of the address (to guard against forged copies it is strongly recommended that original documents are examined);
- Residential address appearing on an official document prepared by a Government Agency
- The information obtained should demonstrate that a person of that name exists at the address given, and that the applicant is that person.

4.1.3 Purpose and Nature of account Relationship:

Clearly understand the intended purpose of the customer's account, including: i) Expected transaction volumes, ii) Source of funds and iii) Nature of the business relationship.

4.1.4 Non face-to-face customers:

Where there is no face-to-face contact, Bank should not allow in establishing relationship with the clients. 'Non face to face customer' refers to "the customer who opening and operates his account by agent of the bank or by his own professional representative without having physical presence at the bank branch".

4.1.5 Customer Unique Identification Code:

Bank should use unique identification code for any customer maintaining more than one accounts or availing more than one facilities. Such unique identification system could facilitate bank to avoid redundancy, and saves time and resources. This mechanism also enables bank to monitor customer transactions effectively.

4.1.6 Appropriateness of documents:

There is obviously a wide range of documents which might be provided as evidence of identity. It is for each institution to decide the appropriateness of any document in the light of other procedures adopted. However, particular care should be taken in accepting documents which are easily forged or which can be easily obtained using false identities.

4.1.7 Change in address or other details:

Any subsequent change to the customer's name, address, or employment details of which the Branch becomes aware should be recorded as part of the Know Your Customer (KYC) process. Generally this would be undertaken as part of good business practice and due diligence but also serves for money laundering prevention.

4.1.8 Level of Due Diligence Required:

As a result of the client risk assessment and as per BFIU Circular 26 dated June 16,2020, Bank Asia PLC internal policies and procedures impose that the client is submitted to Enhance Due Diligence (EDD) when categorized High Risk.

Thus include the following situations where AML law requires Enhance Due Diligence (EDD)

	Onboarding	
Category	Level of Due Diligence	Minimum Review Cycle
Influential Person (IP)	Enhanced	Every Year
Entity with IP & UBO	Enhanced	Every Year
High Risk Customers	Enhanced	Every Year
Low Risk Customers	Standard	Every Five Year

4.2 Record keeping:

All documents collected or gathered for establishing relationship must be filed in with supporting evidence. Where this is not possible, the relevant details should be recorded on the applicant's file. Bank which regularly conduct one-off transactions, should record the details in a manner which allows cross reference to transaction records. Maintain records of customer identification, account activity and due diligence measures for at least 5 years from the termination of the relationship or completion of the transaction.

4.3 Monitoring of Customer Behavior:

- Perform ongoing monitoring of customer transactions to ensure consistency with their declared profile.
- Flag and report any suspicious transactions to BFIU through AML & CFT Division.

4.4 Closing of a Bank Account

The relationship between banker and customer is a contractual relationship. Like any other contract, therefore, it may be terminated as and when the parties so desire. Moreover, the banker is under certain legislative provisions. The position of banker regarding closing of customer's account may be summed-up as follows:

- Customer's Request
- Unclaimed Deposit Account
- Death of customer
- Insanity of the customer
- Insolvency of the customer
- Undesirable customer
- Attachment order issued by the income Tax authorities
- On receipt of Garnishee Order

The Bank reserves the right to close any account, which in its opinion has contravened the laws of the country, and indicated a reasonable degree of suspicious to be involved in illegitimate business.

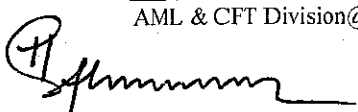
4.5 Persons without Standard Identification Documentation:

It is generally believed that financial inclusion is helpful in preventing money laundering and terrorist financing. Most people need to make use of the financial system at some point in their lives. It is important, therefore, that the socially or financially disadvantaged such as the elderly, the disabled, students and minors should not be precluded from obtaining financial services just because they do not possess evidence of identity or address where they cannot reasonably be expected to do so. In these circumstances, a common sense approach and some flexibility without compromising sufficiently rigorous AML procedures is recommended. Internal procedures must allow for this, and must provide appropriate advice to staff on how identity can be confirmed in these exceptional circumstances. The important point is that a person's identity can be verified from an original or certified copy of another document, preferably one with a photograph. Bank shall not allow "high value" transactions to this kind of customers.

A certifier must be a suitable person, such as for instance a lawyer, accountant, director or manager of a regulated institution, a notary public, a member of the judiciary or a senior civil servant. The certifier should sign the copy document (printing his name clearly underneath) and clearly indicate his position or capacity on it together with a contact address and phone number.

4.6 Powers of Attorney/ Mandates to Operate Accounts:

The authority to deal with assets under a power of attorney constitutes a business relationship and therefore, where appropriate, it may be advisable to establish the identities of holders of powers of attorney, the grantor



of the power of attorney and third party mandates. Records of all transactions undertaken in accordance with a power of attorney should be kept. On the other hand, valid reasons to execute mandate for limited period under the law for operating the accounts should exist.

4.7 Timing and Duration of Verification:

The best time to undertake verification is prior to entry into the account relationship. Verification of identity should be completed before any transaction is completed in account. However, if it is necessary for sound business reasons to open an account or carry out a significant one-off transaction before verification can be completed, this should be subject to stringent controls which should ensure that any funds received are not passed to third parties. Alternatively, a senior member of staff may give appropriate authority.

This authority should not be delegated, and should only be done in exceptional circumstances. Any such decision should be recorded in writing.

Verification, once begun, should normally be pursued either to a satisfactory conclusion or to the point of refusal. If a prospective customer does not pursue an application, staff may (or may not) consider that this is itself suspicious.

4.8 Training and Awareness:

Regularly train staff on AML/CFT compliance, focusing on the CAP and its implementation.

4.9 Cards/Internet Banking/Mobile Banking:

The KYC procedures is invariably be applied to new technologies including 'Bank Asia Debit Card/ Credit Card' products / Internet Banking/Mobile Banking facility or such other product which may be introduced by the Bank in future that might favour anonymity, and take measures, if needed to prevent their use in money laundering schemes.

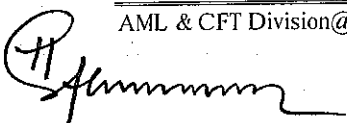
Branches should ensure that appropriate KYC procedures are duly applied before issuing the cards to the customers. It is also desirable that if at any point of time Bank appoints/engages agents for marketing of these cards / products are also subjected to KYC measures

5. KNOW YOUR CUSTOMER'S CUSTOMER:

Enhance due diligence is required to be in practice to Know Your Customer's Customer ensuring the highest level of compliance in AML & CFT issues. KYC'C has become the most important tool for identification/verification of the customer's business. It is essential to find out the customer's customer to whom they are dealing with. On the other hand, Customers close association or family members or beneficiary of the account should be known.

A Financial Institution should -

1. Take a list with the true identification like name, address, type of business, etc. of customer's customer;
2. Review the given list and check the background of the customer's customer at least half yearly basis if necessary;
3. Monitor the transaction occurred by the customer's customer;
4. Monitor the customer's customer business indirectly.



5.1 Know Your Employee (KYE):

Institutions and businesses learn at great expense that an insider can pose the same ML/TF threat as a customer. It has become clear in the field that having co-equal programs to know your customer and to know your employee is essential/ vital. In an effort to identify and anticipate trouble before it costs time, money and reputational damage/risk. Financial Institutions should develop program to look closely at the people inside their own organizations.

A Know Your Employee (KYE) program means that the institution has a program in place that allows it to understand an employee's background, conflicts of interest and susceptibility to money laundering complicity. Policies, procedures, internal controls, job description, code of conduct/ethics, levels of authority, compliance with personnel laws and regulations, accountability, dual control and other deterrents/restrictions should be firmly in place.

Background screening of prospective and current employees, especially for criminal history, is essential to keep out unwanted employees and identifying those to be removed. It can be an effective risk management tool, providing management with some assurance that the information provided by the applicant is true and that the potential employee has no criminal record. It can be used effectively, the pre-employment background checks/examines may reduce turnover by verifying that the potential employee has the requisite skills, certification, license or degree for the position; deter theft and embezzlement; and prevent litigation over hiring practices. An institution should verify that contractors are subject to screening procedures similar to its own.

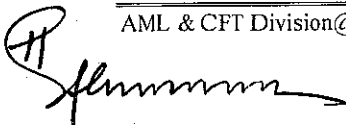
The sensitivity of the position or the access level of an individual employee may warrant additional background screening, which should include verification of references, experience, education and professional qualifications. The extent of the screening depends on the circumstances, with reasonableness the standard as well as source of income.

6. CORRESPONDING BANKING

Cross Border Correspondent banking' shall refer to "providing banking services to another bank (respondent) by a bank (correspondent). These kinds of banking services shall refer to credit, deposit, collection, clearing, payment and cash management, interactional wire transfer, drawing arrangement for demand draft or other similar services".

Bank should establish Cross Border Correspondent Banking relationship after being satisfied about the nature of the business of the correspondent or the respondent bank through collection of information as per BFIU circular-26 dated 16 June 2020. The bank should also obtain approval from The Chief Anti Money Laundering Compliance Officer (CAMLCO) for establishing and continuing any correspondent relationship. The bank must be sure about the effective supervision of that foreign bank by the relevant regulatory authority. Bank should not establish or maintain any correspondent relationship with any shell bank and not to establish or maintain any relationship with those correspondent or respondent banks that establish correspondent banking relationship or maintain accounts with or provide services to a shell bank.

Bank Asia PLC should pay particular attention or conduct Enhanced Due Diligence while establishing or maintaining a correspondent banking relationship with banks incorporated in a jurisdiction that do not meet or have significant deficiencies in complying international standards for the prevention of money laundering and terrorist financing (such as the countries and territories enlisted in High-Risk and Non-Cooperative Jurisdictions in the Financial Action Task Force's Public Statement). Detailed information on the beneficial ownership of such banks and extensive information about their policies and procedures on preventing money laundering and terrorist financing shall have to be obtained. If any respondent bank allows direct transactions by their customers to transact business on their behalf (i.e. payable through account), the corresponding bank



must be sure about the appropriate CDD of the customer has done by the respondent bank. Moreover, it has to be ensured that collecting the information on CDD of the respective customer is possible by the respondent bank on request of the correspondent bank. Here, 'Payable through accounts' refers to "Corresponding accounts that are used directly by third parties to transact business on their behalf.

7. POLITICALLY EXPOSED PERSONS (PEPs), INFLUENTIAL PERSONS AND CHIEF EXECUTIVES OR TOP LEVEL OFFICIALS OF ANY INTERNATIONAL ORGANIZATION:

All Clients must be subject to an assessment to determine whether they are PEP's or Influential Persons or chief executives or top level officials of any international organization and their linked entities. These customers pose a higher risk of money laundering, bribery, corruption and reputational risk to the bank due to their current or former position of political power or influence, which makes them more vulnerable to corruption. Relationships with these customers may increase the risk to the bank due to the possibility of that individuals holding such positions may misuse their power and influence for personal gain or advantage or for the personal gain or advantage of their Close Family Members and Close Associates. The person's status (PEP's, Influential Persons and chief executives or top level officials of any international organization) itself does not incriminate individuals or entities. It does, however, put a prospective or existing Client into a higher risk category.

7.1 Definition of Peps: A politically exposed person (PEP) is defined by the FATF as an individual who is or has been entrusted with a prominent public function which include individuals in foreign country and domestic level. So, PEPs as per the FATF Standards and IPs as per Bangladeshi regulations, are the following Individuals but not limited to-

- Heads of state or government, ministers and deputy or state ministers;
- Members of parliament or of similar legislative bodies;
- Members of the governing bodies of political parties (generally only apply to the national governing bodies where a member has significant executive power, e.g. over the selection of candidates or distribution of significant party funds);
- Senior politicians
- Members of supreme courts, of constitutional courts or of any judicial body the decisions of which are not subject to further appeal except in exceptional circumstances;
- Members of courts of auditors or of the boards of central banks;
- Ambassadors, Charges d'affairs and high-ranking officers in the armed forces;
- Head or the senior executives or members of the administrative, management or supervisory bodies or State-owned enterprises;
- Chief, directors, deputy directors and members of the board or equivalent function of an International organizations

7.2 Chief or similar high-ranking positions in an international organization:

Persons who are or have been entrusted with a prominent function by an international organization refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.

7.3 Who should be considered a family member of a PEP?

Family members of a PEP shall include:

- Spouse, or civil partner
- Children and their spouses or civil partner
- Parents

However, this is not an exhaustive list. Reporting organizations should take a proportionate and risk based approach to the treatment of family members who do not fall into this definition. A corrupt PEP may use members of his/her wider family to launder the proceeds of corruption on his/her behalf.

7.4 Close associates' of a PEP:

A known close associate" of a PEP is defined as:

- An individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relationship with a PEP
- An individual who has sole beneficial ownership of a legal entity or a legal arrangement that is known to have been set up for the benefit of a PEP

7.5 Due Diligence Measures for PEPs/IPs/Close Associates/ Chief or similar high-ranking positions of an International Organization:

The following measures should be taken where a customer meets the definition of a foreign PEP, IPs/Chief of International Organization posing higher risk or a family member or known close associate of a foreign PEP, IPs/Chief of International Organization posing higher risk:

- Adopt the Risk Based Approach to determine whether a customer or the real beneficial owner of an account is a PEPs/IPs.
- Obtain CAMLCO approval for establishing or continuing business relationships with such persons.
- Take adequate measures to establish the source of wealth and source of funds that are involved in business relationships or transactions with such persons.
- Conduct enhanced, ongoing monitoring of those business relationships.
- All provisions of Foreign Exchange Regulation Act, 1947 and issued rules and regulations by Bangladesh Bank under this act have to be complied accordingly.

8. CDD MEASURES FOR BENEFICIAL OWNER:

Banks should apply CDD obligations for the beneficial owners of the accounts before or during the course of establishing a business relationship or conducting occasional transactions. In doing so, banks should put in place appropriate measures to identify beneficial owner. Banks, upon its own satisfaction ensure CDD of beneficial ownership by collecting information and documents from independent and reliable sources that includes publicly available information, information from customer or information from other reliable sources. Banks should consider following aspects while identifying beneficial ownership includes

- ✓ Any natural person operating accounts on behalf of customer;
- ✓ Any person (whether acting alone or together) who has controlling interest or ownership interest on a customer who might be legal entity or legal arrangements. Where there is any doubt identifying controlling interest, the banks should consider other means to determine controlling interest or ownership of a legal entity or arrangements. In addition to that bank should also consider reasonable measures to verify the identity of the relevant natural person who hold senior management position;]
- ✓ Any person or entity who has controlling or 20% or above shareholding within any or legal entity.
- ✓ The settler(s), trustee(s), the protector, the beneficiaries or class of beneficiaries, or any other natural person who exercises control over the trust.
- ✓ Any person in equivalent or similar position for trust (as mentioned above) should consider for other types of legal arrangements.

Where, a natural or legal persons who holds controlling interest, listed on a stock exchange and subjects to disclosure requirements or majority owned subsidiaries of such listed companies may exempted from identifying or verifying beneficial ownership requirements.

Obtain and Verify Beneficial Ownership Information:

- Information Collection:
 - Names, addresses, and dates of birth and other related data of beneficial owners.
 - Documentation showing ownership structure (e.g., shareholder registers, partnership agreements).
- Verification:
 - Government-issued IDs for individual beneficial owners.
 - Corporate registries, public databases, or third-party verification systems.
 - Documentation proving control or ownership, such as shareholding records or contracts.

9. RELIANCE ON THIRD PARTY:

Banks could rely on the third parties to perform the CDD measures with the prior permission of Bangladesh Bank which may include i) identify and verify customer identity; ii) identify the beneficial ownership and control structure; and iii) identify the purpose and nature of the business relationship under the following criteria:

- ✓ A third party should immediately obtain necessary information related to i) -iii) as mentioned above;
- ✓ All necessary data and documents held with the third party must be available for the banks without any delay;
- ✓ Banks should satisfy that third party is regulated, supervised and monitored for, and has taken appropriate measures in compliance with CDD and record keeping requirements set out in this Guidelines.

10. MANAGEMENT OF LEGACY ACCOUNTS:

Legacy accounts refers those accounts opened before 30 April, 2002 and yet to update KYC procedures. These legacy accounts should be treated as "Dormant". No withdrawal should be permitted in those accounts; however, deposit can be permitted. These accounts will be fully functional only after conducting proper CDD measures. Central Compliance Committee should preserve data of such accounts at their end.

11. CONCLUSION:

The Bank is committed to the comprehensive implementation of the Customer Acceptance Policy, which will be regularly reviewed by the Central Compliance Committee (CCC) of the Bank. This initiative aims to strengthen our framework for Customer Acceptance.

All employees are advised to exercise diligence in their relationships with customers, particularly when engaging with high-risk influential clients. It is essential to seek approval from Senior Management/CAMLCO in such cases. Our goal is to provide high-quality services at all levels while achieving specific quantitative targets, without compromising on quality.

All Branch Heads are required to adhere strictly to the Customer Acceptance Policy, ensuring that we elevate the Bank's efficiency, transparency, and professionalism. This is vital for our compliance with the Money Laundering Prevention Act 2012 (amendment 2015) and the Anti-Terrorism Act 2009 (Amendments in 2012 & 2013)), BFIU circular no. 26 dated June 16, 2020, related guidelines & circulars/circular letters.

We all have to be more cautious at the time of on boarding customer and ensure that all provided tools (sanction screening & NID verification) have been used. Existing customers should also be screened by our system on regular basis. Customer Due Diligence (CDD) should be done accurately for all cases and Enhanced Due Diligence (EDD) has to be done, where necessary.

