Money Laundering and Terrorist Financing
Risk Management Guidelines

Revised - 2016
(For Internal Use Only)

National Credit and Commerce Bank Limited.
Head Office
NCC Bank Bhaban, 13/1- 3/2 Toyenbee Circular Road,
Motijheel Commercial Area, Dhaka-1000.
Bangladesh.
NCCB/HO/BOARD/296/2016

The Managing Director & CEO
NCC Bank Ltd., Head Office
Dhaka.

Dear Sir,

We are quoting below the observations made/decisions taken by the Board of Directors of the Bank in its 347th Meeting held on 03.12.2016 for your kind perusal and taking necessary action.

Quote-


The Board approved the revised Money Laundering and Terrorist Financing Risk Management Guidelines -2016 and advised the Management to comply meticulously all the issues relating to the subject matter as well as try to minimize the risks of Money Laundering and Terror Financing in the Bank’s operational level for avoiding unwanted situations in the coming days.

Unquote

Mentionable that copy of this letter is being endorsed to the concerned Divisional / Departmental Heads of Head Office with request to furnish compliance status, where required, against the Board’s observations / decisions to Board Division well ahead of the date for compliance as fixed by the Board, so that Board Division would be in a position to compile the same for submission in the Board of Directors meeting in time.

With regards,

Yours faithfully,

Sd/-
A.K.M. Nazmul Haider
Company Secretary(c.c)

Copy for kind information and necessary action and also for meticulous compliance well in time, where required and to submit to Board Division, in the light of what has been stated herewith above:

1) The Additional Managing Director, NCC Bank Ltd., Head Office, Dhaka.
2) The Deputy Managing Director (CRM & LM&RD), NCC Bank Ltd., Head Office, Dhaka.
3) The Deputy Managing Director (CBBBD), NCC Bank Ltd., Head Office, Dhaka.
4) The Deputy Managing Director (CRM), NCC Bank Ltd., Head Office, Dhaka.
5) The Senior Vice President (Training Institute), NCC Bank Ltd., Head Office, Dhaka.

Company Secretary (c.c)
Subject: Approval for proposed revised Money Laundering and Terrorist Financing Risk Management Guidelines - 2016

Bangladesh Bank through BFU Circular No: 05/2015 dated September 10, 2015 has issued revised guidelines for all schedule banks advising to formulate policies and procedure complying with their guideline to minimize the risk of Money Laundering and Terror Financing. The essentials of the directives are to bring about much needed discipline and in the process establish risk management culture in the banking sector.

In order to comply with the directives, Bank’s Central Compliance Unit (CCU-AML) has prepared its revised Money Laundering and Terrorist Financing Risk Management Guideline for internal use only.

The essential features include in revised ML and TF Risk Management Guidelines:

1. ML and TF Risk Management Policy:
   (i) Meaning & Concept of Money Laundering & Terrorist Financing;
   (ii) Legal & Regulatory obligations of Bank to combat Money Laundering & Terrorist Financing;
   (iii) NCC Bank Board & Senior Management commitment & Policy statement for prevention of Money Laundering & Terrorist Financing.

2. AML Structure & Processing:
   (i) NCC Bank Central Compliance Unit (CCU-AML) Structure, Organogram for implementation of AML/CFT Program;
   (ii) Roles of the Honorable Members of Board of Directors & Senior Management Team;
   (iii) Authority and responsibilities of Managing Director & CEO, Chief Anti Money Laundering Compliance Officer (CAMLCO), Deputy Chief Anti Money Laundering Compliance Officer (DCAMLCO) and Branch Money Laundering Compliance Officer (BAMMLCO) respectively.

3. Risk Management Approach:
   (i) Risk assessment procedure against Money Laundering & Terror Financing;
   (ii) Customers’ Risk Grading & Monitoring system as per BFU Guideline.


The proposed ML and TF Risk Management Guideline (Revised-2016) had been placed to the MANCOM for kind consideration. The MANCOM in its 219th meeting held on 29.09.2016 after going through the contents of the same being satisfied recommended for submission to the Board of Directors of the Bank for approval. If approved, this ML & TF Risk Management Guideline to be used in NCC Bank Internally.

Management Recommendation: The proposed ML & TF Risk Management Guideline (Revised-2016) has been perused and recommended by the Management for necessary approval of the Board of Directors of the Bank for onward submission to BFU, Bangladesh Bank.

In view of the above, revised ML & TF Risk Management Guideline-2016 is now placed for kind perusal and approval of the Honorable Board of Directors please.
# List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC</td>
<td>Anti Corruption Commission</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-Money Laundering</td>
</tr>
<tr>
<td>AMLD</td>
<td>Anti-Money Laundering Department of Bangladesh Bank</td>
</tr>
<tr>
<td>APG</td>
<td>Asia Pacific Group on Money Laundering</td>
</tr>
<tr>
<td>ATA</td>
<td>Anti Terrorism Act</td>
</tr>
<tr>
<td>ATO</td>
<td>Anti Terrorism Ordinance</td>
</tr>
<tr>
<td>AAMLCO</td>
<td>Area Anti Money Laundering Compliance Officer</td>
</tr>
<tr>
<td>BB</td>
<td>Bangladesh Bank</td>
</tr>
<tr>
<td>BAMLCO</td>
<td>Branch Anti Money Laundering Compliance Officer</td>
</tr>
<tr>
<td>BDT</td>
<td>Bangladesh Taka</td>
</tr>
<tr>
<td>BFIU</td>
<td>Bangladesh Financial Indigence Unit</td>
</tr>
<tr>
<td>CCU</td>
<td>Central Compliance Unit</td>
</tr>
<tr>
<td>CAMLCO</td>
<td>Chief Anti-Money Laundering Compliance Officer</td>
</tr>
<tr>
<td>CDD</td>
<td>Customer Due Diligence</td>
</tr>
<tr>
<td>CAP</td>
<td>Customer Acceptance Policy</td>
</tr>
<tr>
<td>CFT</td>
<td>Combating Financing of Terrorism</td>
</tr>
<tr>
<td>CTC</td>
<td>Counter Terrorism Committee</td>
</tr>
<tr>
<td>CTR</td>
<td>Cash Transaction Report</td>
</tr>
<tr>
<td>DEA</td>
<td>Drug Enforcement Agency</td>
</tr>
<tr>
<td>DDR</td>
<td>Due Diligence Repository</td>
</tr>
<tr>
<td>DNFBPS</td>
<td>Designated Non-Financial Businesses and Professions</td>
</tr>
<tr>
<td>EDD</td>
<td>Enhanced Due Diligence</td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Actions Task Force</td>
</tr>
<tr>
<td>FATCA</td>
<td>Foreign Accounts Tax Compliance Act</td>
</tr>
<tr>
<td>FCBs</td>
<td>Foreign Commercial Banks</td>
</tr>
<tr>
<td>FIU</td>
<td>Financial Intelligence Unit</td>
</tr>
<tr>
<td>FSRB</td>
<td>FATF Style Regional Body</td>
</tr>
<tr>
<td>GoB</td>
<td>Government of Bangladesh</td>
</tr>
<tr>
<td>ICRG</td>
<td>International Cooperation and Review Group</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International NCC Bank of Securities Commissioners</td>
</tr>
<tr>
<td>IPs</td>
<td>Influential Persons</td>
</tr>
<tr>
<td>KYC</td>
<td>Know Your Customer</td>
</tr>
<tr>
<td>MER</td>
<td>Mutual Evaluation Report</td>
</tr>
<tr>
<td>ML</td>
<td>Money Laundering</td>
</tr>
<tr>
<td>MLPA</td>
<td>Money Laundering Prevention Act</td>
</tr>
<tr>
<td>MLRO</td>
<td>Money Laundering The Officer</td>
</tr>
<tr>
<td>NCC</td>
<td>National Coordination Committee on AML/CFT</td>
</tr>
<tr>
<td>NCCT</td>
<td>Non-cooperating Countries and Territories</td>
</tr>
<tr>
<td>OFAC</td>
<td>NCC Bank of Foreign Asset Control</td>
</tr>
<tr>
<td>PEPs</td>
<td>Politically Exposed Persons</td>
</tr>
<tr>
<td>STR</td>
<td>Suspicious Transaction Report</td>
</tr>
<tr>
<td>SAR</td>
<td>Suspicious Activity Report</td>
</tr>
<tr>
<td>SDD</td>
<td>Simplified Due Diligence</td>
</tr>
<tr>
<td>TF</td>
<td>Terrorist Financing</td>
</tr>
<tr>
<td>TP</td>
<td>Transaction Profile</td>
</tr>
<tr>
<td>UNSCR</td>
<td>United Nations Security Council Resolution</td>
</tr>
<tr>
<td>RO-FI</td>
<td>The NCC Bank -Financial Institution</td>
</tr>
<tr>
<td>RBA</td>
<td>Risk Based Approach</td>
</tr>
</tbody>
</table>
## CHAPTER- I
AML & CFT POLICY GUIDELINE

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Introduction:</td>
<td>6 - 6</td>
</tr>
<tr>
<td>1.1</td>
<td>Meaning of Money laundering:</td>
<td>7 - 7</td>
</tr>
<tr>
<td>1.2</td>
<td>Why Money Laundering is done:</td>
<td>7 - 7</td>
</tr>
<tr>
<td>1.3</td>
<td>How the Money Laundering is done:</td>
<td>8 - 8</td>
</tr>
<tr>
<td>1.4</td>
<td>Predicate Offences:</td>
<td>8 - 9</td>
</tr>
<tr>
<td>1.5</td>
<td>Offence of Money Laundering and Punishment:</td>
<td>9 - 9</td>
</tr>
<tr>
<td>1.6</td>
<td>Powers and responsibilities of BFIU of Bangladesh Bank:</td>
<td>10 - 11</td>
</tr>
<tr>
<td>1.7</td>
<td>Responsibilities of the NCC Bank in prevention of ML:</td>
<td>11 - 12</td>
</tr>
<tr>
<td>1.8</td>
<td>Why NCC Bank Limited must combat Money Laundering &amp; Terrorist Financing:</td>
<td>12 - 13</td>
</tr>
</tbody>
</table>

## CHAPTER- II
NCC BANK AL STRUCTURE & POLICY STATEMENTS

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Senior Management Commitment &amp; Policy Statement:</td>
<td>14 - 14</td>
</tr>
<tr>
<td>2.2</td>
<td>NCC Bank Structure:</td>
<td>14 - 14</td>
</tr>
<tr>
<td>2.3</td>
<td>Organogram of NCCBL for Implementation of AML CFT Program:</td>
<td>15 - 15</td>
</tr>
<tr>
<td>2.4</td>
<td>Senior Management Role and Statement of Commitments of CEO</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Formation of Central Compliance Unit (CCU) &amp; Appointment of Chairman:</td>
<td>16 - 16</td>
</tr>
<tr>
<td>2.6</td>
<td>Qualifications of Chairman/CAMLCO:</td>
<td>16 - 16</td>
</tr>
<tr>
<td>2.7</td>
<td>The Chairman must possess:</td>
<td>16 - 16</td>
</tr>
<tr>
<td>2.8</td>
<td>Functions &amp; Responsibilities:</td>
<td>17 - 17</td>
</tr>
<tr>
<td>2.9</td>
<td>The Chief Anti Money Laundering Officer (CAMLCO):</td>
<td>17 - 17</td>
</tr>
<tr>
<td>2.10</td>
<td>Authority of CAMLCO</td>
<td></td>
</tr>
<tr>
<td>2.11</td>
<td>Roles and Responsibilities DCAMLCO:</td>
<td>18 - 18</td>
</tr>
<tr>
<td>2.12</td>
<td>Roles and Responsibilities BAMLCO:</td>
<td>19 - 19</td>
</tr>
<tr>
<td>2.13</td>
<td>Records and Maintenance of File (Branch level):</td>
<td>20 - 20</td>
</tr>
<tr>
<td>2.14</td>
<td>Manager AMLCO (Branch):</td>
<td>21 - 21</td>
</tr>
<tr>
<td>2.15</td>
<td>Account Officer/ Relationship Manager/ Staff Responsible for account opening:</td>
<td>21 - 21</td>
</tr>
</tbody>
</table>

## CHAPTER- III
AML AND CFT PROCESS

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Know Your Customer (KYC) Policies and Procedures:</td>
<td>22 - 26</td>
</tr>
<tr>
<td>3.2</td>
<td>Customer Acceptance Policy:</td>
<td>26 - 27</td>
</tr>
<tr>
<td>3.3</td>
<td>Customer Identification:</td>
<td>27 - 29</td>
</tr>
<tr>
<td>3.4</td>
<td>Internet or Online Banking:</td>
<td>29 - 31</td>
</tr>
<tr>
<td>3.5</td>
<td>Requirements in respect of Pre 2002 Accounts:</td>
<td>31 - 31</td>
</tr>
<tr>
<td>3.6</td>
<td>Provision of Safe Custody, Lockers and Safety Deposit Boxes:</td>
<td>31 - 31</td>
</tr>
</tbody>
</table>

## CHAPTER- IV
MONEY LAUNDERING RISK MANAGEMENT PROCESSES

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Know Your Customer (KYC) Procedures:</td>
<td>32 - 33</td>
</tr>
<tr>
<td>4.2</td>
<td>Transaction Monitoring &amp; SAR:</td>
<td>34 - 34</td>
</tr>
<tr>
<td>4.3</td>
<td>Self Assessment of Money Laundering Prevention Activities</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>System of Independent Procedures Testing</td>
<td>35 - 35</td>
</tr>
</tbody>
</table>

## CHAPTER- V
RECORD KEEPING

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Statutory Requirements</td>
<td>36 - 37</td>
</tr>
</tbody>
</table>

## CHAPTER- VI
RECOGNITION AND THE OF CTR & STR:

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Recognition of Cash Transactions:</td>
<td>38 - 38</td>
</tr>
<tr>
<td>6.2</td>
<td>Online CTR Submission</td>
<td>39 - 39</td>
</tr>
<tr>
<td>6.3</td>
<td>Recognition of Suspicious Transactions:</td>
<td>39 - 41</td>
</tr>
<tr>
<td>6.4</td>
<td>The of Suspicious Transactions</td>
<td>41 - 42</td>
</tr>
</tbody>
</table>

## CHAPTER- VII

NCC Bank ML and TF Risk Management Guideline- 2016
### SANCTION SCREENING OF UNSCR & OTHERS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Sanction Screening of UNSCR &amp; Others</td>
<td>43 - 43</td>
</tr>
</tbody>
</table>

### CHAPTER- VIII

**TRAINING / AWARENESS & SENIOR MANAGEMENT REVIEWS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Training/Awareness &amp; Senior Management Reviews</td>
<td>44 - 46</td>
</tr>
</tbody>
</table>

### CHAPTER- IX

**AN ABSTRACT OF ML & TF RISK**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.00</td>
<td>Risk Register:</td>
<td>47 - 75</td>
</tr>
</tbody>
</table>

### CHAPTER- X

**SOME IMPORTANT ISSUES ON RISK MANAGEMENT**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Risk Management Strategies</td>
<td>76 - 77</td>
</tr>
<tr>
<td>10.2</td>
<td>Ongoing Risk Monitoring</td>
<td>77 - 78</td>
</tr>
<tr>
<td>10.3</td>
<td>Higher Risk Scenario of NCC Bank</td>
<td>78 - 79</td>
</tr>
<tr>
<td>10.4</td>
<td>Lower Risks Scenario of NCC Bank</td>
<td>79 - 80</td>
</tr>
<tr>
<td>10.5</td>
<td>Risk Variables</td>
<td>80 - 80</td>
</tr>
<tr>
<td>10.6</td>
<td>Counter Measures for Risk</td>
<td>80 - 80</td>
</tr>
<tr>
<td><strong>10.6.1</strong></td>
<td>Enhanced due diligence (EDD) measures</td>
<td>80 - 80</td>
</tr>
<tr>
<td><strong>10.6.2</strong></td>
<td>Simplified Due Diligence (SDD) Measures</td>
<td>81 - 81</td>
</tr>
<tr>
<td>10.7</td>
<td>Ongoing Due Diligence</td>
<td>81 - 81</td>
</tr>
</tbody>
</table>

**Forewords,**

NCC Bank ML and TF Risk Management Guideline- 2016
Money Laundering (ML) and Terrorist financing (TF) can potentially damage and pose serious threats to the integrity and stability of a financial system. To protect the Banking industry from these threats, the Bank Authority has been working in partnership with financial institutions and BFIU, government departments and other key stakeholders to put in place an effective regime to fight against these crimes.

In response to the growing concern about money laundering and terrorist activities, the international community has acted on fronts. Central Bank in an agreement over the issue with the rest of the world, have been prompt to identify it as one of the Core Risks in our Banking Sector. Consequently, In line with the international initiatives and standards, Bangladesh has also enacted Money Laundering Prevention Act (MLPA), 2012 (as amended December 2015) and Anti Terrorism Act (ATA), 2009 (as amended in 2013).

National Credit and Commerce Bank Ltd being an active member of the main stream of banking industry of the country, obviously remains obliged to comply with the directives of the Central Bank towards a cause which has not been identified in isolation but collectively by various International agencies including UN General Assembly. In this regard, over the past few years the Basle Committee on Banking Supervision issued numerous statements of principles and developed a set of Core Principles for Effective Banking Supervision as important guidelines to eliminate the risks related to Money Laundering in the NCC Bank. Therefore, the subject policy has been prepared in compliance with the spirit considered as standard principles aimed at elimination of the menace and as conveyed under the BFIU Circular No. 10/2014, dated 28.12.2014 to join in the forces against a common enemy of our Banking Sector.

The prevention of money laundering and terrorist financing requires collective effort from all relevant government and private NCC Banks. An effective AML/CFT regime can only be implemented if all the major participants of the financial system comply with the country’s AML/CFT laws, rules and regulations.

BFIU of Bangladesh Bank has provided new “Money Laundering & Terrorist Financing Risk Management Guidelines” vide their Circular letter No.05/2015, dated 10 September 2015, and instructed all Banks in Bangladesh to revise their own “Money Laundering & Terrorist Financing Risk Management Guidelines” in accordance with the BFIU Guidelines.

Accordingly this “Money Laundering & Terrorist Financing Risk Management Guidelines” is prepared for used in National Credit and Commerce Bank Limited and DRAFT copy placed for kind approval of Board of Directors.

Central Compliance Unit (AML)
Head Office.
Dated: 16 June 2016

CHAPTER- I
1. Introduction

Money laundering is a financial crime & punishable offense. As per Money Laundering Prevention Act 2012. (Amended 2015) The definition of money laundering is massive interpretive. It includes earning/acquiring property through illegal way. This definition is so wide that offences like theft, robbery, dacoity, cheating, forgery etc. Well defined in the Penal Code, also quality to be an act of money laundering. Further, it includes illegal transfer, change of nature, and concealment of property, acquired or earned through legal or illegal way. This part was added to stop transfer of money by unauthorized channel namely “Hundi”. The problems of the second part of the definition are that it imposes serious allegation of money laundering on innocent persons, in particular wage earners. They transfer their hard-earned legal money to their family living in Bangladesh by using some informal channels because the authorized channels are not found reliable. This ‘wrong’ may not be a crime at all as there is no intention to change black money into white.

Money laundering has a major impact on a country’s economy as a whole, impeding the social, economic, political and cultural development of a society. Both money laundering and terrorist financing can weaken individual financial institution and they are also threats to a country’s overall financial sector reputation. Combating money laundering and terrorist financing is, thereof, a key element in promoting a strong, sound and stable financial sector.

The Risk management policy must include standards and procedures to comply with applicable laws and regulations to reduce the scope of criminal abuse. Procedures must address Know Your Customer policy (KYC), Transaction Profile (TP) and identification procedures before opening new accounts, monitoring existing accounts for unusual or suspicious activities, information flows, Suspicious Transactions the (STR), Cash Transaction The (CTR) hiring and training employees and a separate audit or internal control function to regularly test the program’s effectiveness. It must include a description of the roles the Anti-Money Laundering Compliance Officers(s)/Unit and other appropriate personnel will play in monitoring compliance with and effectiveness of money laundering policies and procedures.

In addition, the policy must emphasize the responsibility of every employee to protect the institution from exploitation by money launderers, and must set forth the consequence of non-compliance with the applicable laws and the institution’s policy, including the criminal, civil and disciplinary penalties and harm to reputation that could ensue from association with money laundering activity.

1.1 Meaning of Money Laundering

Money Laundering can be defined in as number of ways. But the fundamental concept of money laundering is the process by which proceeds from criminal activity is disguises to conceal their illicit origins.

Money laundering means knowingly moving, converting, or transferring proceeds of crime or property involved in an offence for the following purposes:-

i. concealing or disguising the illicit nature, source, location, ownership or control of the proceeds of crime; or

ii. assisting , person involved in the commission of the predicate offence to evade the legal consequences of such offence;

iii. smuggling money or property earned through legal or illegal means to a foreign country;
iv. knowingly transferring or remitting the proceeds of crime to a foreign country or remitting or bringing them into Bangladesh from a foreign country with the intention of hiding or disguising its illegal source; or
v. concluding or attempting to conclude financial transactions in such a manner so as to the requirement under this Act may be avoided;
vi. converting or moving or transferring property with the intention to instigate or assist for committing a predicate offence;
vii. acquiring, possessing or using, property, knowing that such property is the proceeds of a predicate offence;
viii. performing such activities so as to the illegal source of the proceeds of crime may be concealed or disguised;
ix. participating in, associating with, conspiring, attempting, abetting, instigate or counsel to commit, offences mentioned above;

1.2 Why Money Laundering is done:

First- money represents the lifeblood of the NCC Bank/person that engages in criminal conduct for financial gain because it covers operating expenses and pays for an extravagant lifestyle. To spend money in these ways, criminals must make the money they derived illegally appear legitimate.

Second- a trail of money from an offense to criminals can become incriminating evidence. Criminals must obscure or hide the source of their wealth or alternatively disguise ownership or control to ensure that illicit proceeds are not used to prosecute them.

Third- the proceeds from crime often become the target of investigation and seizure. To shield ill-gotten gains from suspicion and protect them from seizure, criminals must conceal their existence or, alternatively, make them look legitimate.

1.3 How the Money Laundering is done:

There is no single method of laundering money. Methods can range from the purchase and resale of a luxury item (e.g. a house, car or jewelry) to passing money through a complex international web of legitimate businesses and ‘shell’ companies (i.e. those companies that primarily exist only as named legal entities without, trading or business activities). There are a number of crimes where the initial proceeds usually take the form of cash that needs to enter the financial system by some means. Bribery, extortion, robbery and street level purchases of drugs are almost always made with cash. These proceeds of crime have to enter the financial system by some means so that it can be converted into a form which can be more easily transformed, concealed or transported. The methods of achieving this are limited only by the ingenuity of the launderer and these methods have become increasingly sophisticated. Despite the variety of methods employed, money laundering is not a single act but a process accomplished in 3 basic stages which are as follows:

Placement–

Physically depositing “cash” into Banks and Non-Bank financial institutions such as currency exchanges; converting “cash” into other financial instruments such as by purchasing monetary instruments (travelers’ checks, payment orders); or using “cash” to purchase expensive items that can be resold. Launderers often seek to deposit cash into Banks and then transfer these funds to Banks in regulated environments as “clean”. Smurfing– a form of Placement where the launderer makes m, small cash deposits instead of a large one to evade local regulatory the requirements applicable to cash transactions. Launderers intend to avoid the threshold of Cash Transaction for dodging the to Regulatory or competent authority.
Layering –

Separating the proceeds of criminal activity from their source through the use of layers of financial transactions (multiple transfers of funds among financial institutions, early surrender of an annuity Manual on Prevention of Money Laundering and Combating Financing on Terrorism without regard to penalties, cash collateralized loans, L/Cs with false invoices/bills of lading, etc.) to disguise the origin of the funds, disrupt , audit trail, and provide anonymity. Launderers want to move funds around, changing both the form of the funds and their location in order to make it harder for law enforcement authorities to identify “dirty” money.

Integration –

Placing the laundered proceeds back into the economy in such a way that they re-enter the financial system as apparently legitimate funds. The three basic steps may occur as separate and distinct phases. They may also occur simultaneously or, more commonly, may overlap. How the basic steps are used depends on the available laundering mechanisms and the requirements of the criminal NCC Bank s

1.4. Predicate offences:

“predicate offence” means the offences mentioned below, by committing which within or outside the country, the money or property derived from is laundered or attempt to be laundered, namely:-

(1) corruption and bribery;
(2) counterfeiting currency;
(3) counterfeiting deeds and documents;
(4) extortion;
(5) fraud;
(6) forgery;
(7) illegal trade of firearms;
(8) illegal trade in narcotic drugs, psychotropic substances and substances causing intoxication;
(9) illegal trade in stolen and other goods;
(10) Kidnapping, illegal restrain and hostage taking;
(11) murder, grievous physical injury;
(12) trafficking of women and children;
(13) black marketing;
(14) smuggling of domestic and foreign currency;
(15) theft or robbery or dacoity or piracy or hijacking of aircraft;
(16) human trafficking;
(17) dowry;
(18) smuggling and offences related to customs and excise duties;
(19) tax related offences;
(20) infringement of intellectual property rights;
(21) terrorism or financing in terrorist activities;
(22) adulteration or the manufacture of goods through infringement of title;
(23) offences relating to the environment;
(24) sexual exploitation;
(25) insider trading and market manipulation using price sensitive information relating to the capital market in share transactions before it is published for general information to take advantage of the market and attempting to manipulate the market for personal or institutional gain;
organized crime, and participation in organized criminal groups; racketeering; and, other offence declared as predicate offence by Bangladesh Bank, with the approval of the Government, by notification in the official Gazette, for the purpose of this Act.

1.5 **Offence of Money Laundering and Punishment.**–

As per amendment of AML Act 2015 the penalties for the offence of Money Laundering are as follows:

1. Person who commits or abets or conspires to commit the offence of money laundering, must be punished with imprisonment for a term of at least 4(four) years but not exceeding 12(twelve) years and, in addition to that, a fine equivalent to the twice of the value of the property involved in the offence or taka 10(ten) lacks, whichever is greater.

2. In addition to , fine or punishment, the court may pass an order to forfeit the property of the convicted person in favor of the State which directly or indirectly involved in or related with money laundering or , predicate offence.

3. Entity which commits an offence under this section must be punished with a fine of not less than twice of the value of the property or taka 20(twenty) lacks, whichever is greater and in addition to this the registration of the said entity must be liable to be cancelled.

4. It must not be a prerequisite to charge or punish for money laundering to be convicted or sentenced for, predicate offence.

1.6 **Offences relating to financing terrorist activities:** As per amendment of the Anti Terrorism Act 2009(Amendment 2103) the penalties for the offence of Financing Terrorist Activities are as follows:

1. If , person or entity knowingly provides or expresses the intention to provide money, services, material support or , other property to another person or entity and where there are reasonable grounds to believe that the same have been used or may be used in full or partially for, purpose by a terrorist person, entity or group or organization, he or the said entity shall be deemed to have committed the offence of financing terrorist activities.

2. If , person or entity knowingly receives money, services, material support or , other property from another person or entity and where there are reasonable grounds to believe that the same have been used or may be used in full of partially for , purpose by a terrorist person or entity or group or organization, he or the said entity shall be deemed to have committed the offence of financing terrorist activities.

3. If , person or entity knowingly makes arrangement for money, services, material support or , other property for another person or entity where there are reasonable grounds to believe that the same have been used or may be used in full or partially for , purpose by a terrorist person or entity or group or organization, he or the said entity shall be deemed to have committed the offence of financing terrorist activities.

4. If , person or entity knowingly instigates another person or entity to provide or receive or make arrangement for money, services, material support or , other property in such a manner where there are reasonable grounds to believe that the same have been used or may be used in full or partially by a terrorist person or entity or group or organization for , purpose, he or the said entity shall be deemed to have committed the offence of financing terrorist activities.
(5) If a person is found guilty of, of the offences mentioned in sub-sections (1) to (4), the person shall be punished with an imprisonment for a term not exceeding 20 (twenty) years but not less than 4 (four) years, and in addition to that, a fine may be imposed equal to twice of the value of the property involved with the offence or taka 10(ten) lacs, whichever is greater.

(6) (A) If an entity is found guilty of, of the offences mentioned in the sub-sections (1) to (4), steps may be taken in accordance with section 18 and in addition to that a fine may be imposed equal to thrice of the value of the property involved with the offence or taka 50 (fifty) lacs, whichever is greater; and

(6) (B) The head of such entity, whether he is designated as Chairman, Managing Director, Chief Executive or other name, shall be punished with an imprisonment for a term not exceeding twenty years but not less than four years and in addition to that a fine may be imposed equal to twice of the value of the property involved with the offence or taka 20 (twenty) lacs, whichever is greater, unless he is able to prove that the said offence was committed without his knowledge or he had tried utmost to prevent the commission of the said offence.

1.7 Powers and Responsibilities of BFIU, Bangladesh Bank

In restraining and preventing the offence of money laundering.—

(1) For the purposes of this MLPA Act, Bangladesh Bank must have the following powers and responsibilities, namely:

(a) to analyze or review information related to cash transactions and suspicious transactions received from the NCC Bank and to collect additional information relating thereto for the purpose of analyzing or reviewing from the NCC Bank and maintain data on the same and, as the case may be, provide with the said information to the relevant law enforcement agencies for taking necessary actions;

(b) ask for information or obtain a report from the NCC Bank with regard to transaction in which there are reasonable grounds to believe that the transaction involves in money laundering or a predicate offence;

(c) issue an order to the NCC Bank to suspend or freeze transactions of an account for a period not exceeding 30 (thirty) days if there are reasonable grounds to suspect that money or property has been deposited into the account by committing an offence: Provided that such order may be extended for additional period of a maximum of 6 (six) months by 30 (thirty) days, if it appears necessary to find out correct information relating to transactions of the account;

(d) issue, from time to time, directions necessary for the prevention of money laundering to the NCC Bank;

(e) monitor whether the NCC Bank have properly submitted information and reports requested by Bangladesh Bank and whether they have duly complied with the directions issued by it, and where necessary, carry out on-site inspections of the NCC Bank to ascertain the same;

(f) arrange meetings and seminars including training for the officers and staff of the NCC Bank or institution, including the NCC Bank, considered necessary for the purpose of ensuring proper implementation of this Act by Bangladesh Bank;

(g) Carry out other functions necessary for the purposes of this Act.
(3) If the NCC Bank fails to provide with the requested information timely under this section, Bangladesh Bank may impose a fine on NCC Bank which may extend to a maximum of taka 5 (five) lacs at the rate of taka 10 (ten) thousand per day and if, NCC Bank is fined more than 3 (three) times in 1 (one) financial year, Bangladesh Bank may suspend the registration or license of the NCC Bank or, of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, must inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the NCC Bank.

(4) If the NCC Bank provides with false information or statement requested under this section, Bangladesh Bank may impose a fine on such NCC Bank not less than taka 20 (twenty) thousand but not exceeding taka 5 (five) lacs and if, NCC Bank is fined more than 3 (three) times in 1 (one) financial year, Bangladesh Bank may suspend the registration or license of the NCC Bank or, of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, must inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the said NCC Bank.

(5) If the NCC Bank fails to comply with, instruction given by Bangladesh Bank under this Act, Bangladesh Bank may impose a fine on such NCC Bank which may extend to a maximum of taka 5 (five) lacs at the rate of taka 10 (ten) thousand per day for each of such non-compliance and if, NCC Bank is fined more than 3 (three) times in 1 (one) financial year, Bangladesh Bank may suspend the registration or license of the NCC Bank or, of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, must inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the said NCC Bank.

(6) If the NCC Bank fails to comply with, order for freezing or suspension of transaction issued by Bangladesh Bank under clause (c) of sub-section (1), Bangladesh Bank may impose a fine on such NCC Bank not less than the balance held on that account but not more than twice of the balance held at the time of issuing the order.

(7) If, the NCC Bank fails to pay, fine imposed by Bangladesh Bank under sections 23 and 25 of this Act, Bangladesh Bank may recover the fine from accounts maintained in the name of the relevant person, entity or the NCC Bank in, bank or financial institution or Bangladesh Bank, and in this regard if, amount of the fine remains unrealized, Bangladesh Bank may, if necessary, make an application before the court for recovery and the court may pass such order as it deems fit.

(8) If the NCC Bank is imposed fine under sub-sections (3), (4), (5) and (6), Bangladesh Bank may also impose a fine not less than taka 10 (ten) thousand but not exceeding taka 5 (five) lacs on the responsible owner, directors, officers and staff or persons employed on contractual basis of that the NCC Bank and, where necessary, may direct the relevant NCC Bank to take necessary administrative actions.

1.8. Responsibilities of the NCC Bank Ltd in prevention of money laundering:

(1) The NCC Bank s must have the following responsibilities in the prevention of money laundering, (Section 25/1-4) namely:-

(a) to maintain complete and correct information with regard to the identity of its customers during the operation of their accounts;
(b) if, account of a customer is closed, to preserve previous records of transactions of such account for at least 5(five) years from the date of such closure;

(c) to provide with the information maintained under clauses (a) and (b) to Bangladesh Bank from time to time, on its demand;

(d) if, doubtful transaction or attempt of such transaction as defined under clause (n) of section 2 is observed, to report the matter as ‘suspicious transaction report’ to the Bangladesh Bank immediately on its own accord.

(2) If NCC Bank violates the provisions of sub-section (1), BFIU may-

(a) Impose a fine of at least taka 50 (fifty) thousand but not exceeding taka 25 (twenty-five) laces on the NCC Bank; and

(a) in addition to the fine mentioned in clause (a), cancel the license or the authorization for carrying out commercial activities of the said NCC Bank or, of its branches, service centers, booths or agents, or as the case may be, must inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the NCC Bank.

(3) Bangladesh Bank must collect the sum of fine imposed under sub-section (2) in such manner as it may determine and the sum collected must be deposited into treasury of the State.
2.1 Senior Management Commitment & Policy Statement:

Senior Management being the entity that runs the day-to-day affairs of the bank under the policy guidelines of the Board of Directors must collectively remain responsible for successful implementation of the AML policy. Senior Management must send the signal that the corporate culture is as concerned about its reputation as it is about profits, marketing, and customer service.

As part of its anti-money laundering policy, MD & CEO of NCCBL must communicate through a Statement to all employees that clearly sets forth its policy against money laundering and activity which facilitates money laundering, This will spell an strong commitment on the part of senior management to comply with all laws and regulations designed to combat money laundering. Other important issues of the statement must include - All concerned are advised to go through newly enforced “Money Laundering Prevention Act -2015” & “Anti Terrorist (amendment) Act -2013” meticulously by the Executives & Branch incumbents. Please disseminate the key points of above two laws to the subordinates for better compliance. - For strengthening AML & CFT regime of the country, Bangladesh Bank’s power to control & imposition of penalties is significantly enhanced. In the newly enacted above two laws, punishment against crime in relation to ML & TF is notably increased. Bangladesh Financial Intelligence Unit (BFIU) in Bangladesh Bank is reformed & renamed. Internationally FATF Recommendations 40+09 is reviewed & restructured in new 40 recommendations in the last February 2012.

Why NCC Bank Limited must Combat Money Laundering & Terror Financing

Money laundering Terror Financing has potentially devastating economic, security, and social consequences. Money laundering is a process vital to making crime worthwhile. It provides the fuel for drug dealers, smugglers, terrorists, illegal arms dealers, corrupt public officials, and others to operate and expand their criminal enterprises. This drives up the cost of government due to the need for increased law enforcement and health care expenditures (for example, for treatment of drug addicts) to combat the serious consequences that result. Crime has become increasingly international in scope, and the financial aspects of crime have become more complex due to rapid

a) Money laundering diminishes government tax revenue and therefore indirectly harms honest taxpayers. It also makes government tax collection more difficult. This loss of revenue generally means higher tax rates than would normally be the case if the untaxed proceeds of crime were legitimate. We also pay more taxes for public works expenditures inflated by corruption. And those of us who pay taxes pay more because of those who evade taxes. So we all experience higher costs of living than we would if financial crime—including money laundering—were prevented.

b) Terror Financing creates loss of wealth & lives; chaotic situation in the society and results’ devastating law & order lessens which ultimate affects in country economic as well as social stillness. Terror Financing jeopardize democratic situation of the country.

c) Money laundering distorts asset and commodity prices and leads to misallocation of resources. For financial institutions it can lead to an unstable liability base and to unsound asset structures thereby creating risks of monetary instability and even systemic crises. The loss of credibility and investor confidence that such crises can bring has the potential of destabilizing financial systems, particularly in smaller economies.
d) One of the most serious microeconomic effects of money laundering is felt in the private sector. Money launderers often use front companies, which co-mingle the proceeds of illicit activity with legitimate funds, to hide the ill-gotten gains. These front companies have access to substantial illicit funds, allowing them to subsidize front comp, products and services at levels well below market rates. This makes it difficult, if not impossible, for legitimate business to compete against front companies with subsidized funding, a situation that can result in the crowding out of private sector business by criminal NCC Bank s.

e) No one knows exactly how much "dirty" money flows through the world's financial system every year, but the amounts involved are undoubtedly huge. The International Money Fund has estimated that the magnitude of money laundering is between 2 and 5 percent of world gross domestic product, or at least USD 800 billion to USD1.5 trillion. In some countries, these illicit proceeds dwarf government budgets, resulting in a loss of control of economic policy by governments. Indeed, in some cases, the sheer magnitude of the accumulated asset base of laundered proceeds can be used to corner markets -- or even small economies.

f) Among its other negative socioeconomic effects, money laundering transfers economic power from the market, government, and citizens to criminals. Furthermore, the sheer magnitude of the economic power that accrues to criminals from money laundering has a corrupting effect on all elements of society.

g) The social and political costs of laundered money are also serious as laundered money may be used to corrupt national institutions. Bribing of officials and governments undermines the moral fabric in society, and, by weakening collective ethical standards, corrupts our democratic institutions. When money laundering goes unchecked, it encourages the underlying criminal activity from which such money is generated.

It is generally recognized that effective efforts to combat money laundering cannot be carried out without the co-operation of financial institutions, their supervisory authorities and the law enforcement agencies. Accordingly, NCC Bank Limited formulated this Policy Guideline in the line BFIU of Bangladesh Bank Circular on Money Laundering and Terrorist Financing Risk Management Guidelines
2.2 NCC Bank CCU- AML & CFT Structure:

While forming CCU and appointing its Chairman, who will perform the functions of CAMLCO, the unit must be provided with additional members from different departments of Head Office including a Member Secretary to facilitate coordination and smooth functioning in compliance with the guidelines in this regard. To further support the Unit, respective branch managers must perform the duties as Branch Anti Money Laundering Compliance Officer (BAMLCO) and must report directly to Chairman, CCU at Head Office.

Whilst complying with rules and regulations is the responsibility of each individual of NCCBL in the normal course of their assignments, the following individuals of Head Office and Branches must play the role as noted there against in the effectiveness of the AML program

2.3 Organogram of NCCBL for Implementation of AML CFT Program:

Note:
MD: Managing Director. CEO: Chief Executive Officer. CCU: Central Compliance Unit. CAMLCO: Chief Anti Money Laundering Compliance Officer. AAMLCO: Area Anti Money Laundering Compliance Officer.
BAMLCO: Branch Anti Money Laundering Compliance Officer. ICCD: Internal Control and Compliance Division.
MBD: Marketing and Branches Division. ITD: Information Technology Division.
2.4 **Senior Management Role & statement of commitment of CEO:**

For the purposes of preventing ML, TF & PF of NCC Bank, senior management includes members of the Board of Directors of the NCC Bank Ltd.

The most important element of a successful AML&CFT program is the commitment of senior management, including the chief executive officer and the board of directors, to the development and enforcement of the AML&CFT objectives which can deter criminals from using their banks for ML, TF & PF, thus ensuring that they comply with their obligations under the laws and regulations.

Board of Directors (BoD) of NCC Bank must:

- Approve AML & CFT compliance program and ensure its implementation;
- Issue directives to ensure compliance with the instruction of BFIU issued under section 15 of ATA, 2009 (amended 2013);
- Take reasonable measures through analyzing self assessment report and independent testing report summary;
- Understand ML & TF risk of the bank; take measures to mitigate that risk;
- MD & CEO must issue statement of commitment to prevent ML, TF & PF in the bank; Ensure compliance of AML & CFT program;
- Allocate enough human and other logistics to effective implementation of AML & CFT compliance program.

**(A) Statement of commitment of CEO of NCC Bank must include the followings-**

- Banks policy or strategy to prevent ML, TF & PF;
- Emphasize on effective implementation of bank’s AML & CFT compliance program;
- Clear indication of balance between business and compliance, risk and mitigating measures;
- Compliance is the responsibility of each employee during their normal course of assignment and ignorance must not be considered as the excuse for non-compliance;
- Point of contact for clarification in case of ambiguity arise;
- Consequences of non-compliance as per human resources (HR) policy of the bank.

**(B) NCC Bank’s HR Policy must include at least following issues for proper implementation of AML &CFT measures:**

- Proper administrative sanction (proportionate and dissuasive) for non-compliance of AML & CFT measures;
- Proper weight must be given in the annual performance evaluation of employees for extra ordinary preventive action vis a vis for non-compliance;
- Written procedure to recover the fined amount from the concerned employee if the fine imposed on employee by the BFIU;
- Other measures that must be taken in case of non-compliance by the bank.

2.5 **Formation of Central Compliance Unit (CCU) & Appointment of Chairman:**

NCCBL must set up a Unit at the Head Office in the name of Central Compliance Unit (CCU) in order to develop, administer and maintain an anti-money laundering monitoring & compliance policies. The Unit must be headed by one with the Position Title of Chairman, CCU in the role and function of Chief Anti
Money Laundering Compliance Officer (CAMLCO) of the NCC Bank Ltd. An ideal person/ executive for the purpose must be a sufficiently senior person having the authority to implement and enforce Anti-Money Laundering policies, procedures and measures and will report directly to Senior Management/CEO and the Board of Directors. Appointment of a competent & suitable candidate/executive which is an essential pre condition for combating AML effectively according to the directives of regulatory bodies must also serve as an indicator of Senior Management's commitment and the importance it attaches in this regard.

2.6 Qualifications of Chairman/CAMLCO:

As per BFIU Master Circular No-10, Dated- 28.12.2014 The managing Director and CEO of NCC Bank will appoint the Additional Managing Director as the Chairman and CAMLCO of the bank. Main job of the CAMLCO is to address AML & CFT Compliance of this bank. The Chairman or CAMLCO must have basic academic qualification and a working knowledge of the diverse banking products offered by the NCCBL. The person must be preferably having obtained relevant banking and compliance experience as an internal or external auditor or regulatory examiner with exposure to different banking products and businesses. He will have a minimum often years of experience, with a minimum of three years at a Managerial/administrative level.

2.7 The Chairman of CCU must possess:

- Proven leadership of NCC Bank Ltd with skills and ability to exert managerial control;
- Excellent communication skills, with an ability to clearly and diplomatically articulate issues, solutions and rationale; an effective trainer to raise the level of awareness of the control and compliance culture;
- Solid understanding of AML regulatory issues and product knowledge associated with a broad range of relevant financial services, banking activities;
- High degree of judgment, good problem solving skills and be results oriented to ensure sound implementation of control and compliance processes and procedures;
- Must have high personal standard of ethics, integrity and commitment to fulfilling the objectives and protecting the interest of the Bank.
- Must be familiar with the ways in which, of their respective business's products and services may be abused by money launderers;
- Must be able to assist their respective Institutions develop effective AML policies, including programs to provide AML training to all personnel;
- Must be able to assist their respective business assess the ways in which products under development may be abused by money launderers in order to establish appropriate AML controls before product is rolled out into the market.

2.8 Authority & Responsibilities: Managing Director & CEO:

- Overall responsibility to ensure that the Business has an AML program in place and that it is working effectively issuing “Memorandum on AML & CFT Compliances for all executives and Officers of the Bank. Presenting Memo & issues to the Board related with ML & TF.
2.9 Authority and responsibility of CAMLCO.

Authorities:

- CAMLCO has right to take punitive measures/ disciplinary actions as per HRM Policy against the Officers & Executives of the NCC Bank those who violate the MLPA-2015, ATA 2009 (amended 2013), BFIU Circulars & instruction of this Policy Guidelines.
- CAMLCO will be able to act on his own authority;
- He will not take , permission or consultation from/with the MD or CEO before submission of STR/SAR and , document or information to BFIU;
- He must maintain the confidentiality of STR/SAR and , document or information required by laws and instructions by BFIU;
- He must have access to any information of the bank;
- He must ensure his continuing competence.

Responsibilities:

- CAMLCO must ensure overall AML&CFT compliance of the bank;
- Oversee the submission of STR/SAR or , document or information to BFIU in time; maintain the day-to-day operation of the bank’s AML&CFT compliance;
- CAMLCO must be liable to MD , CEO or BoD for proper functioning of CCU;
- CAMLCO must review and update ML & TF risk assessment of the bank; ensure that corrective actions have taken by the bank to address the deficiency identified by the BFIU or BB.

2.11 Roles and Responsibilities DCAMLCO:

a. The DCAMLCO will report direct to the CAMLCO. & Board and as his responsibility to coordinate and monitor day to day compliance with applicable money laundering laws, rules and regulations, AML Policy of the bank, the practices, procedures and the controls required to be implemented in this regard;

b. Provide guidelines in conformity with bank's AML policy about account opening, KYC procedures and ongoing account/transaction monitoring for detecting suspicious transactions/account activity, and a written AML training plan;

c. To monitor changes of laws/regulations and directives of Bangladesh Bank that may require revisions to the Policy, and making these revisions;

d. Respond to compliance questions and concerns of the staff and advise regions/branches/units and assist in providing solutions to potential issues involving compliance and money laundering risk;

e. Ensure that Bank’s AML Policy is complete and up-to-date; maintain ongoing awareness of new and changing business activities and products and identify potential compliance issues that must be considered by the Bank;

f. Actively develop the compliance knowledge of all staff, especially the compliance personnel. Develop and conduct training courses in the Bank to raise the level of awareness of compliance;
a. Develop and maintain ongoing relationships with regulatory authorities, external and internal auditors, Regional/ Branch/Unit Heads and Compliance resources to assist in early identification of compliance issues;

h. Assist in review of control procedures in the Bank to ensure legal and regulatory compliance and in the development of adequate and sufficient testing procedures to prevent and detect compliance lapses;

i. To manage the Suspicious Activity The Process; nReviewing transactions referred by divisional/ regional/ branch or unit compliance officers as suspicious;

j. Reviewing the Transaction Monitoring reports (directly or together with account management personnel); Ensuring that internal Suspicious Activity Reports as per Bangladesh Financial Intelligence Unit of Bangladesh Bank Master Circular No. 10 dated 28 December’ 2014.

k. Reported to the CAMLCO, and the CEO of the institution when the suspicious activity is judged to represent significant risk to the institution, including reputation risk;

l. Ensuring that a documented plan of corrective action, appropriate for the seriousness of the suspicious activity, be prepared and approved by the Branch Manager;

m. Maintaining a review and follow up process to ensure that planned corrective action, including possible termination of an account, be taken in a timely manner;

n. Manage the process for the suspicious activity to Bangladesh Bank authorities after appropriate internal consultation;

2.12 Roles and Responsibilities BAMLCO:

For the implementation of all existing acts, rules, BFIU’s instructions as per BFIU circular no.10 dated 28 Dec, 2014 and bank’s own policies on preventing Money Laundering & Terrorist Financing, NCC bank must nominate an experienced Branch Anti Money Laundering Compliance Officer (BAMLCO) in every branch.

The manager, the second man of the branch or a high official experienced in general banking must be nominated as the BAMLCO. The BAMLCO has to have detailed knowledge in the existing acts, rules and regulations, BFIU’s instructions and NCC bank’s own policies on preventing Money Laundering and Terrorist Financing. Clear job descriptions and responsibilities of BAMLCO must be mentioned in his/her appointment letter. BAMLCO must arrange AML & CFT meeting with other concerned important officials of the branch quarterly and must take effective measures on the following matters after reviewing the compliance of the existing acts, rules and regulations, BFIU’s instructions on preventing Money Laundering & Terrorist Financing:

a. Ensure the account opening officer/ staff responsible for A/C opening performs Customer Due Diligence (CDD) prior opening an account;

b. Ensure that A/C opening officer has obtain all required document (KYC, TP, Source of Fund & National ID etc.) and completed the documentation satisfactorily. Also Ensure that all the A/C Risk Assessment is done;

c. Ensure that KYC Profile & Transaction Profile (TP) is completed for old, new customer & KYC for Walk-in Customers;

d. Monitoring / Ensure the documentary evidence is taken for large cash transactions;

e. Report , suspicious activity to branch Manager & if necessary to the CCU, AML Head Office;

f. Ensure that CTR (goAML & FIU) and STR submitted in time to CCU, HO;

g. Ensure that Branch submits all the returns to CCU, HO in time;

h. Communicate the , changes or development of AML/CFT to all Staff;

i. Ensure AML & CFT related Quarterly Meeting (Attached by KYC, TP, STR, and Record Keeping & Training);
k. Ensure AML/CFT Training program to all the Branch Staff and communicate with the TI.

2.13 Records and Maintenance of File (Branch level)
   a. ML Core Risk Guideline of Bangladesh Bank;
   b. AML & CFT Policy Guideline of NCC Bank Ltd;
   c. Money Laundering Prevention Guidance Notes of Bangladesh Bank;
   e. Managing Director & CEO Memorandum on AML & CFT file;
   f. Bangladesh Bank (AML Circular 10 & 22) & (BFIU Circular 02, 07 & 10) BFIU Circular Letter-01) file;
   g. AML & CFT related all circulars of NCC Bank from CCU-AML. HO;
   h. CTR File (FIU & goAML);
   i. STR File & STR Indicator file (supplied to all staff);
   j. Self Assessment Report file (cwiwkó- O, weGdAvBBD gv÷vi mvKz©jvi 10);
   k. Independent Testing Procedure by ICC Inspection file (cwiwkó- P, weGdAvBBD gv÷vi mvKz©jvi 10);
   l. High Risk Customer file & Review File;
   m. KYC & TP review/ Monitoring File;
   n. Account Information & Freezing Information by Bangladesh Bank File through CCU-AML, HO;
   o. AML Training File by NCC Bank/Other Bank and individual Training record File;
   p. Monthly Meeting Resolution files in relation to Awareness development on AML & CFT;
   q. Trade Based Money Laundering (Import/Export) Monitoring File & AML & CFT Correspondence File;
   r. Bangladesh Bank Inspection File and Compliance File (if ,) (system check file);
   s. Guard File of Account Opening Form (SB, CD, SND and FDR);
   t. PEPs Account & Influential Person (local PEPs) Account File (if ,);
   u. Walk-in Customer & On line Customer–KYCC file;
   v. UNSCR & OFAC Sanction Screening file.

2.14 Manager AMLCO (Branch):
   I. Manages the transaction monitoring process
   II. Reports , suspicious activity to Branch Manager, and if necessary the CAMLCO
   III. Provide AML training to Branch staff
   IV. Update policy with local AML regulations and communicate to all staff
   V. Submit Branch returns to CAMLCO through MAMLCO Ensures that the AML program is effective within the branch/unit
   VI. Final point of contact for , AML issues at the branch.

2.15 Account Officer/ Relationship Manager/ Staff Responsible for account opening:
   i. Perform due diligence on prospective clients prior opening an account
   ii. Be diligent regarding the identification (s) of account holder and the transactions relating to the account
   iii. Ensure all required documentation is completed satisfactorily
   iv. Complete the KYC Profile for the new customer
   v. Ongoing monitoring of customer’s KYC profile and transaction activity
   vi. Obtain documentary evidence of large cash deposits.
   vii. Escalate , suspicion to the Supervisor, Branch Manager and AMLCO
CHAPTER- III

AML AND CFT PROCESS

CUSTOMER DUE DILIGENCE (CDD) & IDENTIFICATION PROCEDURES

Since bank deals in deposit and credit therefore, the curiosity obviously surface that are depositor and to whom must make it available as investment/credit. NCCBL must consider this as the fundamental issue to be satisfactorily met first before proceeding into a business relationship. Know Your Customer (KYC) policies and procedures which go a long way in countering the threat of money laundering effectively, must form the foundation upon which NCCBL must concentrate essentially to counter the menace.

NCC Bank must use the Uniform Account Opening Form (AOF) - Individual, Joint or NCC Bank, Personal information, KYC, TP etc. Relationship officer must ensure the completeness of AOF with proper documents as per MLP Circular No. 2, with satisfactory Introduction of Account holder.

Assurance of protection of bank from customer and counterparty risks in terms of reputation, operational and legal is to be completed. A lapse can result in significant financial cost to banks (e.g. through the withdrawal of funds by depositors, the termination of inter-bank facilities, claims against the bank, investigation costs, asset seizures and freezes, and loan losses etc.), as well as the need to divert considerable management time and energy to resolving the problems arising out of it. Therefore, elaborate KYC Policies & Procedures must be enforced by NCCBL in joining forces to eliminate global menace identified as one of the Core Risks In Banking sector.

3.1. Know Your Customer (KYC) Policies and Procedures:

Know Your Customer (KYC) compliance regulation has proved to be one of the biggest operational challenges banks, accountants, lawyers and similar financial service providers worldwide have had to overcome.

World-Check, the industry standard KYC compliance solution, provides an overview of KYC compliance and its origins, and outlines the compliance mandate as applicable to banks, accounting firms, lawyers and other regulated financial service providers – not just in the UK, Europe and the USA, but all around the world. Relied upon by more than 3 800 institutions worldwide, this KYC database solution provides effective legal and reputational risk reduction.

Why 'Know Your Customer?'

The 9/11 terrorist attacks on the World Trade Centre revealed that there were sinister forces at work around the world, and that terrorists activities were being funded with laundered money, the proceeds of illicit activities such as narcotics and human trafficking, fraud and organised crime. Overnight, the combating of terrorist financing became a priority on the international agenda.

Section 02 & 03 of the Master Circular 10, dated- 28 December 2014 requires all institutions to seek satisfactory evidence of the identity of those with whom they deal. Unless satisfactory evidence of the
identity of potential customers is obtained in good time, the business relationship at NCCBL must not proceed.

Again, when a business relationship is being established, the nature of the business that the customer expects to conduct with the NCCBL must be ascertained at the outset to establish what might be expected later as normal activity. This information must be updated as appropriate, and as opportunities arise. In order to be able to judge whether a transaction is or is not suspicious, NCCBL needs to have a clear understanding of the business carried on by their customers.

The bank/branches must endeavor to satisfy itself that it is dealing with a real person (natural, corporate or legal), and must verify the identity of persons who are authorized to operate, bank or investment account, or transact business for the customer. Whenever possible, the prospective customer must be interviewed personally.

The verification procedures needed to establish the identity of a prospective customer must basically be the same whatever type of account or service is required. The best identification documents possible must be to obtain from the prospective customer i.e. those that are the most difficult to obtain illicitly. No single piece of identification can be fully guaranteed as genuine, or as being sufficient to establish identity so verification at the POS (Point Of Service) will generally be a cumulative process.

Section 12 of the BFIU master Circular-10, Dated: 28 December 2014 requires that records of the verification of identity must be retained for five (05) years after an account is closed or the business relationship ended, NCCBL, must therefore, abide by it completely

**KYC controls typically include below details:**

- Collection and analysis of basic identity information (CIP)
- Name matching against lists of known parties (such as politically exposed person)
- Determination of the customer's risk in terms of propensity to commit money laundering or identity theft
- Creation of an expectation of a customer's transactional behavior
- Monitoring of a customer’s transactions against their expected behavior and recorded profile as well as that of the customer's peers.

**In order to meet KYC compliance requirements, NCC Bank must:**

- Verify that customers are not or have not been involved in illegal activities such as fraud, money laundering or organized crime;
- Verify a prospective client’s identity;
- Maintain proof of the steps taken to identify their identity

Establish whether a prospective customer is listed on, sanctions lists in connection with suspected terrorist activities, money laundering, fraud or other crimes

**Customer Due Diligence for PEPs & Influential Persons**

FATF's in February 2012, the latest definition of politically exposed persons (PEP), revised from 2003, is as follows:

- Politically Exposed Persons (PEP’s) : individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of state or Heads of government, senior
politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.

- A person who is or has been entrusted with a prominent function by an international NCC Bank refers to members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions.
- A foreign person who has held, time in the preceding year a prominent public function outside the United Kingdom, in a state or international institution
- Members of courts of auditors or of the boards of central banks
- Ambassadors, charges d'affaires and high-ranking officers in the armed forces
- Members of the administrative, management or supervisory bodies of state-owned enterprises
- Heads of state, heads of government, ministers and deputy or assistant ministers
- Members of parliaments
- Members of supreme courts, constitutional courts or of other high-level judicial bodies

The definition explicitly excludes middle-ranking or more junior officials.

- **Influential Persons (IPS):** individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials.

Requirements for PEP apply to family members or close associates, individual publicly known, or known by the financial institution to be a close personal or professional associate. FATF definition is not intended to include middle-ranking or more junior individuals.

AS PER Master Circular Branch incumbents will follow the Rules of Opening & operation of PEPs account with HO, CCU-AML approval & Local Influential Persons account will be also treated like as PEPs account.

**Customer Due Diligence Framework.**

- Customer Acceptance Policy;
- Customer Identification Procedures;
- Monitoring of Transactions; and
- Customer due diligence and record-keeping & Risk management

Bank must not keep anonymous accounts or accounts in obviously fictitious names. NCC Bank must undertake customer due diligence measures, including identifying and verifying the identity of their customers, when:

**KYC controls typically include below details:**

- AOF Information/ Individual or Beneficial Owner (proprietor / Partner / Director) Full particulars
- Supporting Documents required for open Account – Copy attested.
- Collection and analysis of basic identity information (ID)
- Satisfactory Introduction – Verification process of Introducer
KYC Preparation - Verification Reports of given information by the customer Address / Business house / Showroom /Corporate Office.

- Name matching against lists of known parties- PEPs / Sanction Individual /Entity.
- Determination of the customer's risk in terms of propensity to commit money laundering or identity theft – Risk Based Approach ( RBA) High risk Customer / Low Risk Customer – Monitoring High Risk Customer
- Sources of Fund / amount to be transacted in the Account - TP Transaction Profile
- Creation of an expectation of a customer’s transactional behavior
- Monitoring of a customer’s transactions against their expected behavior and recorded profile as well as that of the customer's peers.
- The systems create "alerts" which are then subject to manual due diligence or Enhanced Due Diligence (EDD) investigative processes.

The customers due diligence (CDD) NCC Bank will take measures as follows:

a) Identifying the customer and verifying that customer’s identity using reliable, independent source documents, data or information.

b) Identifying the beneficial owner (BO), and taking reasonable measures to verify the identity of the beneficial owner such that the financial institution is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this must include NCC Bank taking reasonable measures to understand the ownership and control structure of the customer.

c) Obtaining information on the purpose and intended nature of the business relationship.

d) Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution’s knowledge of the customer, their business and risk profile, including, where necessary, the source of funds.

e) NCC Bank must apply each of the CDD measures under (a) to (d) above, but may determine the extent of such measures on a risk sensitive basis depending on the type of customer, business relationship or transaction. The measures that are taken must be consistent with guidelines issued by competent authorities. For higher risk categories, NCC Bank must perform enhanced due diligence. In certain circumstances, where there are low risks, countries may decide that NCC Bank can apply reduced or simplified measures.

f) NCC Bank must verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers. Countries may permit NCC Bank to complete the verification as soon as reasonably practicable following the establishment of the relationship, where the money laundering risks are effectively managed and where this is essential not to interrupt the normal conduct of business.

g)Where the financial institution is unable to comply with paragraphs (a) to (c) above, it must not open the account, commence business relations or perform the transaction; or must terminate the business relationship; and must consider making suspicious transactions report in relation to the customer. These requirements must apply to all new customers, though NCC Bank must also apply this Recommendation to existing customers on the basis of materiality and risk, and must conduct due diligence on such existing relationships at appropriate times.
Customer Due diligence (CDD) for Correspondent Banking Relationship & Foreign Remittance:

As per present Policy Guideline CDD to be done for each and every Correspondent Agents both for accounting or correspondent relationship. Counter parties are to be assessed by taking BFIU prescribed KYC format enclosed in the annexure of this guideline. Financial Institution Division will procure & prepare KYC for each counterparty & assess their risk exposures at least yearly basis & reviewed the relationship on the basis of their risk exposures against ML/ TF. Sanction Screening for UNSCR/ OFAC or , least supplied by BFIU Bangladesh Bank to be screened time to time & reviewed the relationship. In the same way Foreign Remittance Department (FRPP) of NCC bank must take KYC/ KYE from the counter parties’ entities and also assess their risk exposures against ML/FT yearly basis. Both FID & FRPP will submit a summery repot on Customer Due Diligence to CCU-AML half yearly basis.

3.2. Customer Acceptance Policy:

a) In accordance with the Bangladesh Bank Guidance Notes on Money Laundering Risk Management NCC Bank developed own ‘Customer Acceptance Policy’. Customer is the main aspect for Bank Business. Bank customer is reasonably differing from , other trade customer. Banker customer relationship is contractual and mode of status depends on of nature of transactions. Increasing competition is forcing banks to pay much more attention to satisfy its customer’s needs. Our motto is to extend best possible services to our customers. We are also aware that sometimes customers pose the risk of Money Laundering and Financing of Terrorism.

b) A good bank needs a good customer’s base for its development and growth; on the other hand a single unscrupulous customer can ruin the bank images. So there is a great deal of importance Policy / Guideline under which a customer will be accepted to the bank. If there any inadequacy or absence of KYC standards can result in serious customer and counterparty risks, especially reputation, operational, legal and compliance risks. Collecting sufficient information about our customers is the most effective defense against being used as the medium to launder the proceeds of crimes and to finance the terrorism through bank accounts.

c) As per Sec. 25 of Money Laundering Prevention Act, 2012 NCC bank requires to keep satisfactory evidence of the identity of those it deals with and also requires making necessary arrangement to prevent , transaction related to crimes as described in Anti Terrorism Act. 2013(amendments). It is also the responsibility of the bank to identify suspicious transactions of their customers with due care and diligence. Pursuant to above legal bindings, Sec. 5.3 of Guidance Notes on Prevention of Money Laundering issued by Bangladesh Bank and in connection with international standard the NCC Bank Limited has developed its Customer Acceptance Policy as under.

d) NCCBL must follow clear customer acceptance policies and procedures, including a description of the types of customers those are likely to pose a higher than average risk to bank. Factors such as customers’ background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators must be seriously considered at the approach to establish a relationship.
e) NCCBL must adopt a graduated customer acceptance policies and procedures that require more extensive due diligence for higher risk customers. However, it must be borne in mind that general public, especially those who are financially or socially disadvantaged are not denied access on the simple pretext of pursuing an AML Policy. On the other hand, quite extensive due diligence will 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 must be taken exclusively at senior management / manager level at the POS.

f) All employees must keep in mind that the customer identification process does not end at the point of application. Once account relationship has been established, reasonable steps must be taken by the branch from time to time to ensure that descriptive information is kept updated. Bank Official must have continuous endeavor to update all information of customer in “Customer Database”.

3.3. Customer Identification:

The customer identification process must apply naturally at the point of service of all NCCBL branches at the outset of the relationship. To ensure that records remain up-to-date and relevant, officials at the POS must undertake regular reviews of the existing records. At, such review, if it is observed that bank/branch lacks sufficient information about the customer, it must take immediate steps to ensure that all relevant information is obtained as quickly as possible.

While undertaking identification procedures following two elements must be the purpose for such effort:

- The physical identity. &
- The activity undertaken.

Identification procedure for Individual Customers:

Where verification of identity is required, the following information must be obtained from all individual applicants for opening accounts or other relationships, and must be independently verified by the concerned Officials/department/branch.

- National ID Card (Voter ID Card)
- Passport Copy
- Driving License
- TIN Certificate
- Birth Certificate
- True name and/or names used;
- Parent's names;
- Present and permanent address;
- Details of occupation/employment and sources of fund or income

  ✓ For verification of the identity & address, one or more documents in original from the followings to be physically checked:

  ✓ A recently issued original Utility Bill, Tax Assessment or Bank statement or Voter ID Card/ Lists, Telephone

  ✓ Directory, Current valid Passport, Valid Driving License, Certificate from Union Council Chairman, Ward Commissioner or finally visiting home/office.
Identification documents which do not bear photographs or signatures must not normally be appropriate as sole evidence of identity. However, particular care must be taken in accepting documents which are easily forged or which can be easily obtained using false identities.

- **In respect of joint accounts** where the surname and/or address of the account holders differ, the name and address of all account holders, not only the first named, must normally be verified in accordance with the procedures set out above. Subsequent change to the customer's name, address, or employment details of which the financial institution becomes aware must be recorded as part of the KYC (Know Your Customer) process. This will be undertaken as part of good business practice and due diligence under money laundering prevention procedures.

- **An introduction** from a respected customer personally known to the management, or from a trusted member of staff, may assist the verification procedure but does not replace the need for verification of address as set out above. Details of the introducer must be recorded on the customer's file. Personal introductions without full verification must not be allowed and influence from third persons including directors/senior managers must be considered breach of account opening procedures.

**CDD for Wire Transfer Transactions:**

Major money laundering cases have shown that criminals make extensive use of telegraphic transfers (TT) and electronic payment and message systems. The rapid movement of funds between accounts in different jurisdictions increases the complexity of investigations. In addition, investigations become even more difficult to pursue if the identity of the original ordering customer or the ultimate beneficiary is not clearly shown in a TT and electronic payment message instruction. Therefore, to dig out the trail in the event of such mischief concerned officials of AML program and in general include accurate and meaningful originator (name, account number, and where possible address) and beneficiary information (account name and/or account number) on all outgoing funds transfers and related messages that are sent, and this information must remain with the transfer or related message throughout the payment chain. Bank/Branch must conduct enhanced scrutiny and monitor for suspicious incoming funds transfers which do not contain meaningful originator information & banks for Wire Transfer that is Cross-border wire transfer & domestic wire transfer.

The records of electronic payments and messages must be treated in the same way as, other records in support of entries in the account and kept for a minimum of five years.

**3.4 Internet or Online Banking:**

With the emergence of wide use of technology & "E" Services in banking and investment a new dimension has been added in the activities of NCC Bank but at the same time has pushed the institutions into a kind of vulnerability in respect of prevention of AML activities. NCCBL must, therefore, in respect of such banking activities apply utmost caution using Common Sense and the guidance/directives of Bangladesh Bank.

**Persons without Standard Identification Documentation:**

- With the passage of time it has been becoming a practice to conduct financial transactions under a relationship with some financial institution as a matter of transparency. Circumstances such as that may put socially or financially disadvantaged like the elderly, the disabled, students and minors 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 such situations, a common sense
approach and some flexibility without compromising sufficiently rigorous anti money laundering procedures must be adopted.

- Identifications documents in such cases may be accepted on production of certified copy of originals preferably having photographs on it from socially and professionally accepted persons clearly indicating his position or capacity on it together with a contact address and phone number.
- For students or other young people, the normal identification procedures set out above must be followed as far as possible. Where such procedures would not be relevant, or do not provide satisfactory evidence of identity, verification may be obtained in the form of the home address of parent(s), or by making enquiries of the applicant's educational institution.
- For Minors, introduction by the family members or guardian who has an existing relationship with the institution concerned will be acceptable.

**Identification procedures for Corporate Bodies and other Entities:**

Corporate entities and trusts are the most likely vehicles to be used for money laundering, particularly when a legitimate trading comp, is involved. Particular care to be exercised to verify the legal existence of the applicant and to ensure that person purporting to act on behalf of the applicant is authorized to do so. The principal requirement must look behind a corporate entity to identify those who have ultimate control over the business and the comp,'s assets, with particular attention being paid to, shareholders or others who exercise a significant influence over the affairs of the comp,. Enquiries must be made to confirm that the comp, exists for a legitimate trading or economic purpose, and that it is not merely a "brass plate comp.,” where the controlling principals cannot be identified.

Particular care must be exercised when establishing business relationships with companies incorporated or registered abroad, or companies with no direct business link to Bangladesh. Such companies may be attempting to use geographic or legal complication to interpose a layer of opacity between the source of funds and their final destination. In such circumstances, bank/branch must carry out effective checks on the source of funds and the nature of the activity to be undertaken during the proposed business relationship. This is particularly important if the corporate body is registered or has known links to countries without anti-money laundering legislation and procedures equivalent to Bangladesh's. In the case of a trading comp,, a visit to the place of business may also be made to confirm the true nature of the business.

**In Case of Identification & Introduction of Beneficial Owner(s ) BO of companies / entities Directors or Office Bearer or Account operators a satisfactory individual introduction must be obtained from the valued customer of the bank.**

**All the papers required as per prevailing directives to open accounts for companies must hold good with particular emphasis to:**

i. Satisfactory evidence of the identity of each of the principal beneficial owners being person holding 10% interest or more or with principal control over the comp,’s assets and, person (or persons) on whose instructions the signatories on the account are to act or may act where such persons are not full time employees, officers or directors of the comp.;

ii. Satisfactory evidence of the identity of the account signatories, details of their relationship with the comp, and if they are not employees an explanation of the relationship.

iii. Where the business relationship is being opened in a different name from that of the applicant, the bank/branch must also satisfy itself that the reason for using the second name makes sense.

iv. In the absence of passport or other photo identification documents of the shareholders of the comp,, directors and authorized signatories where the bank/branch already knows their identities,
Identification documents for Partnerships and Unincorporated Businesses:

In the case of partnerships and other unincorporated businesses whose partners/directors are not known to the bank/branch, the identity of all the partners or equivalent must be verified in line with the requirements for personal customers. Where a formal partnership agreement exists, a mandate from the partnership authorizing the opening of an account and conferring authority on those who will operate it must be obtained.

3.5 Requirements in respect of Pre 2002 Accounts:

Anti-money laundering legislation and requirements in respect of KYC procedures for business relationships did not apply prior to 30th April 2002. It is therefore reasonable to assume that business relationships commenced before that date may not satisfy the requirements under prevailing AML laws. In some circumstances, the lack of up to date documentary evidence to support existing business relationships may pose operational and other risks to the Bank. Consequently, all such accounts referred as "pre 2002 accounts" maintaining normal business relationship with the bank/branches must be brought at par with the current KYC requirements within 31st January 2010. NCCBL remains committed to be guided by Bangladesh Bank’s directives in this regard about attaining regularity within the deadline. As per AMLD Circular No-23 all Un-rectified legacy Account prior to 30th April-2002 to place under Dormant & Account after complying all formalities of customer account to be function to operative account.

3.6. Provision of Safe Custody, Lockers and Safety Deposit Boxes:

Where facilities to hold boxes, parcels and sealed envelopes in safe custody are available, the concerned branches will follow the identification procedures set out in the bank's Policy. In addition such facilities must only be made available to account holders. In case of providing agent service, Safe custody or lockers services CDD to be done meticulously. Only Bank Customers will be allowed the aforesaid services, in no cases, walk-in customer will get above services.
CHAPTER- IV
MONEY LAUNDERING RISK MANAGEMENT PROCESSES.

4.1 Know Your Customer (KYC) Procedures:
While considering opening, nature of account, concerned officials of NCCBL must invariably ensure completing a standard KYC including risk grading & TP form to be made available at the initiative of Head Office CCU through circulars besides other regular papers related to the nature of the account. Relationship after must verifying Information & Address of all new customers. Based on the information obtained through KYC profile, concerned official must calculate the Risk Category as per matrix available for documentation.

In order to meet KYC compliance requirements, NCC Bank must:
- Verify that customers are not or have not been involved in illegal activities such as fraud, money laundering or organized crime
- Verify a prospective client’s identity
- Maintain proof of the steps taken to identify their identity
- Establish whether a prospective customer is listed on, sanctions lists in connection with suspected terrorist activities, money laundering, fraud or other crimes

Risk Based Approach: Customer Risk Rating:
KYC Profiles and Transaction Profiles must be updated and re-approved at least annually for “High Risk” accounts. There is no requirement for periodic updating, of profiles for “Low Risk” transactional accounts. These must have course be updated if and when an account is reclassified to “High Risk”, or as needed in the event of investigations of suspicious transactions or other concern. Branch will maintain High Risk Customer Profile file & Monitor Frequently. Branch will follow approved “Customer Acceptance Policy”.

Risk-based compliance approach:
Broadly speaking, the risk-based approach entails the identification of risks that exceed your business' stated risk appetite (including the need for regulatory compliance), and then matching individuals and entities against these heightened risks during the preliminary stages of due diligence. Must a person fall into one or more of the specified heightened risk categories, additional due diligence ("Enhanced Due Diligence‘/EDD‘) is then required. M, operational PEP definitions are based on the FATF PEP definition, yet the recent trend has seen also certain national and regional definitions becoming broader in their interpretation of what is a Politically Exposed Person.
RISK BASED APPROACH (RBA)

A risk-based approach takes a number or all of the following steps in assessing the most cost effective and proportionate way to manage and mitigate the money laundering and terrorist financing risks faced by the Companies:

- Identify and assess the money laundering and terrorist financing risks that are Relevant to the Comp.;
- Design and implement controls to manage and mitigate the assessed risks;
- Monitor and improve the effective operation of these controls.

Risk management generally must be regarded as a continuous process, carried out on a dynamic basis. Companies therefore ensure that their risk management processes for managing money laundering and terrorist financing risks are kept under regular review. It is recommended that the Companies revisit their assessments at least annually.

The general principle of a Risk Based Approached (RBA) is that, to find out where there are higher risks associated with Customers and Transaction considering probability & consequences.

NCC Bank always takes enhanced measures to manage and mitigate those risks; and that; correspondingly, where the risks are lower, simplified measures may be permitted (pursuant to Applicable Legislation). In particular, NCC Bank will increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious.

**Country Risk**

Country risk, in conjunction with other risk factors, provides useful information as to potential money laundering and terrorist financing risks. Country risk is not solely related to the country of origin of a customer. It must also take into account that a customer may have business interests in or relevant links to a country that may signify that the customer must be placed in a higher risk category. Factors that may result in a determination that customers from, in or connected with a particular country pose a higher risk includes, for example-

- Countries subject to sanctions, embargoes or similar measures issued by, for example, the United Nations ("UN") or European Union
- Countries identified by credible sources (e.g. FATF, FATF-style national authorities or other recognized evaluation bodies and EU Commission) as lacking adequate money laundering laws and regulations;
- Countries identified by credible sources as providing funding or support for terrorist activities; or
- Countries identified by credible sources as having significant levels of corruption, or other criminal activity.

**Customer Risk**

Determining the potential money laundering and terrorist financing risks posed by a customer, or category of customers, is critical to the development of an overall risk framework. Based on its own criteria, a Comp, determines whether particular customers poses a higher risk of money laundering and terrorist financing and whether, in some cases, mitigating factors are sufficient to conclude safely that customers engaged in such activities do not, in reality, pose a higher risk of money laundering or terrorist financing. Application of risk variables may increase or decrease the perceived risk in each case.

**Product Risk**
Certain products and services offered by Companies may pose a higher risk of money laundering or terrorist financing depending on the nature of the specific product or service offered. Such products and services may facilitate a higher degree of anonymity, or involve the handling of high volumes of currency or currency equivalents.

4.2 Transaction Monitoring & SAR.

Basic principle of Transaction Monitoring is to find out any Suspicious Transaction /Activity. As per MLPA 2012 “Suspicious Transaction” means such transactions:

(i) Which is different from usual transactions?
(ii) Which invokes presumption that –
   (a) It is the proceeds of an offence,
   (b) It finances to terrorist activities, a terrorist group or an individual terrorist;
(iii) Which is, other transaction or an attempt for transactions delineated in the instructions issued by the Bangladesh Bank from time to time for the purposes of this Act:

Monitoring of transactions must be an ongoing process in the normal course of the business relationship. The purpose is to be vigilant for, significant changes or inconsistencies in the pattern of transactions as against declared one.

Concerned officials of the branch must arrange periodic reviews of accounts by monitoring activity reports. Account not appearing in conformity with the declared transaction must be isolated for further scrutiny and if still not convincing with, reasonable explanation from the concerned customer, the account must be documented under internal Suspicious Activity Reports (SARs) with action plans for approval by the relevant Manager AMLCO at the branch and review with the Branch AMLCO.

BAMLCO will review the SARs and responses from the Account Officers /Relationship Managers or other concerned staff. If the explanation for the exception does not appear reasonable then the Branch/Unit Head must review the transactions prior to considering submitting them to the regional AMLCO (where applicable) or/ CCU/CAMLCO.

- Branch will closely monitor Cash Transaction find out the possibility of structuring
- If the BAMLCO believes the transaction must be reported then the Manager AMLCO will supply the relevant details to the CCU/ CAMLCO.
- The CCU/CAMLCO will investigate, reported accounts and will send a status report about the accounts reported. No further action must be taken on the account until notification has been received.
- If, after confirming with the client, the transaction trend is to continue the Account Officer is responsible for documenting the reasons why the transaction profile has changed and must amend the KYC profile accordingly.

4.3 Self Assessment of Money Laundering Prevention Activities

NCC Bank will establish half yearly self-assessment process that will assess how effectively the Bank's anti-money laundering procedures enable management to identify areas of risk or to assess the need for additional control mechanisms. The self-assessment must conclude with a report documenting the work performed, who performed it, how it was controlled and supervised and the resulting findings, conclusions and recommendations. The self-assessment must advise management whether the internal procedures and statutory obligations of the financial institution have been properly discharged. The report must provide conclusions to three key questions:

NCC Bank ML and TF Risk Management Guideline- 2016
Is anti-money laundering procedures in place?
- Is anti-money laundering procedures being adhered to?
- Do anti-money laundering procedures comply with all policies, controls and statutory requirements?

4.4 System of Independent Procedures Testing

Testing is to be conducted at least annually by the NCC Bank ICC Division internal audit personnel and by an outside party such as the institution's external auditors. The tests include:

- interviews with employees handling transactions and interviews with their supervisors to determine their knowledge and compliance with the financial institution's anti-money laundering procedures;
- a sampling of large transactions followed by a review of transaction record retention forms and suspicious transaction referral forms;
- a test of the validity and reasonableness of exemptions granted by the financial institution; and
- a test of the record keeping system according to the provisions of the Act.

Deficiencies must be identified and reported to senior management together with a request for a response indicating corrective action to be taken.

In earlier ICC Division Audit Unit will conduct Independent Testing as per Core Risk Guideline for ML Risk Management chapter 6.6, and submitted report to CCU (AML) with Individual Score sheet along with summary Report.

ICC Audit Wing & CCU-AML Function

CCU-AML with submit the summary note & score sheet to Managing Director & CEO with comments of CAMLCO for kind Perusal & Instruction. After getting perusal & comments of MD & CEO then CCU-AML advised the branches. CCU-AML team after complying these performance & self Assessment then making summary sheet and submit half yearly report to BFIU of Bangladesh Bank.

Testing must be conducted at least annually by the Internal Audit personnel, compliance department, and by an outside party such as External Auditors. The tests will include:

- interviews with employees handling transactions and interviews with their supervisors to determine their knowledge and compliance with the bank's anti-money laundering procedures;
- a test of the validity and reasonableness of exemptions granted by the bank, and
- a test of the record keeping system according to the provisions of the Act.

Deficiencies must be identified and reported to senior management together with a request for a response indicating corrective action taken or to be taken within a deadline.

ICC Audit wing will submit branch wise independent testing result half yearly basis, in the form of “summery Report” as per Annexure of Master circular 10. to the Head of CCU AML showing the branch “Scores” and grade. On getting the half yearly Summery Report from the ICC Division Central Compliance Unit will present the report to MD & CEO for kind perusal & further instructions. CCU then issue clarification letter to the branches those scores are marginal or unsatisfactory. CCU-AML will submit half Yearly Summary Report to BFIU with the comments of Senior Management or Board.
CHAPTER- V
RECORD KEEPING

5.1. Statutory Requirements

As per Section 25/1, Ka of the MLP Act 2012 (amended 2015), correct and full records of customers' identification and transactions must be retained by NCC Bank for at least five years after termination of relationships with the customers for future investigations and audit trail. All records are kept for at least 5 years and contain records obtained through CDD Measures; account files and business correspondence; the results of, analysis undertaken; documents relating to business relations and executed transactions; Correspondence with the clients and other persons with which companies keeps a business relation. The five year period is calculated following the carrying out of the transactions or the end of the business relationship.

The records must be so maintained by the concerns that:

- requirements of legislation and Bangladesh Bank directives are fully met;
- competent third parties will be able to assess and observe bank's Anti money laundering policies and procedures;
- transactions effected through accounts can be reconstructed;
- Customer can be properly identified and located;
- all suspicious reports received internally and those made to Bangladesh Bank can be identified and NCC Bank can satisfy within a reasonable time, enquiries or court orders from the appropriate authorities as to disclosure of information.

Where there has been a report of a suspicious activity or the bank's awareness about continuing investigation into money laundering relating to a client or a transaction, records relating to the transaction or the client must be retained until confirmation is received that the matter has been closed.

Records and Maintenance of File (Branch level)

- ML Core Risk Guideline of Bangladesh Bank.
- AML & CFT Policy Guideline of NCC Bank Ltd.
- Money Laundering Prevention Guidance Notes of Bangladesh Bank.
- Managing Director & CEO Memorandum on AML & CFT file.
- Bangladesh Bank (AML Circular 10 & 22) & (BFIU Circular 02, 07 & 10) BFIU Circular Letter-01 file.
- AML & CFT related all circulars of NCC Bank from CCU-AML. HO.
- CTR File (FIU & goAML).
- STR File & STR Indicator file (supplied to all staff).
- Self Assessment Report file (cwiwkó- O, weGdAvBBD gv÷vi mvKz©jvi 10).
- Independent Testing Procedure by ICC Inspection file (cwiwkó- P, weGdAvBBD gv÷vi mvKz©jvi 10.)
- KYC & TP review/ Monitoring File.
- Account Information & Freezing Information by Bangladesh Bank File through CCU-AML, HO.
- AML Training File by NCC Bank/Other Bank and individual Training record File.
- Monthly Meeting Resolution files in relation to Awareness development on AML & CFT.
- Trade Based Money Laundering (Import/Export) Monitoring File & AML & CFT Correspondence File.
- Bangladesh Bank Inspection File and Compliance File (if .) (system check file).
- Guard File of Account Opening Form (SB, CD, SND and FDR).
- PEPs Account & Influential Person (local PEPs) Account File (if .).
- UNSCR & OFAC Sanction Screening file.
CHAPTER- VI
RECOGNITION AND THE OF CTR & STR:

6.1 Recognition of Cash Transactions:

Branches of NCC Bank will submit monthly Cash Transaction The (CTR) to CCU-AML of Head Office by FIU software. One accounts and one day’s cash transaction must be 10 lack and over only for deposit & withdrawal transaction separately to the CCU-AML of Head Office. CCU-AML has compiled report to BFIU of Bangladesh Bank within 21st days of the month after branch wise checking & investigating.

As per Bangladesh Bank directives branch will submit Cash Transaction Report (CTR) for deposit & withdrawal of Cash amounting to Tk. 10.00 lac & above in customers’ accounts in a particular day to the Central Compliance Unit (AML), Head Office within 10th of the following month. Deposit Tk. 10.00 Lac & above in a Government Account Cash Transaction Report (CTR) not to be submitted but withdrawal of 10.00 Lac & above to be reported.

Branch generates monthly Cash Transaction Report (CTR) for threshold amount Tk. 10 lacs & above both for FIU Software & goAML Software filing up the mandatory fields within given deadline. Central Compliance Unit on verification & compilation sends XmL Cash Transaction Report (CTR) directly to BFIU of Bangladesh Bank using goAML web software and CD as per article 6 of BFIU master circular 10 & Bangladesh Banks Instruction.

NCC Bank is very much aware to report Cash Transaction Report (CTR) to Bangladesh Financial Intelligence Unit (BFIU) on monthly basis. NCC Bank has taken necessary steps to train entire manpower on regular basis at Bank’s training Institute and other institute and issued number of circulars to get acquainted its officials with the money laundering prevention acts, methods and also the way to counter the Money-Laundering and Terrorist Financing.

The BB may impose fine of a minimum amount of Tk 0.02 million, a maximum of Tk 0.5 million, under the clause 23 (4) of Anti-Money Laundering Act 2012, if bank avoid or fails to submit actual information or data on the CTR. The BB may also cancel the banking license of the respective banks if they fail to submit actual CTR for three consecutive times. Under the same rules, if bank fails to submit its CTR within the stipulated time, it will have to pay penalty of a minimum amount of Tk 0.05 million and a maximum of Tk 0.5 million for each day. Or if, bank faces penalty for more than three times in a fiscal year, BB can take necessary action or cancel its license, according to the Money Anti-Laundering Act. In a recent circular, BB directed the Chief Executive Officers (CEOs) of banks to submit their CTR statements in time, in accordance with the provisions of the Act. The negligence of some banks in submitting CTR is unacceptable, the BB sources said. BB has raised the ceiling of the amount for the commercial banks' CTR, the monthly submission of which to the central bank is mandatory. Now the ceiling stands at Tk 1.0 million, instead of earlier Tk 0.7 million. The new ceiling was made effective from this month (August). Under the directive, all commercial banks have to report to the BB if an amount of Tk 1.0 million and above is deposited or withdrawn from a particular account. The ceiling has been
increased on behalf and raised by the businessmen and bankers as well. Following such a rise in the ceiling, bank officials' work-load will be reduced to almost half.

6.2 Online CTR Submission

Recently, BFIU of Bangladesh Bank has launch new software “goAML” for CTR & STR for online the was instructed and imported by United Nations Office on Drugs & Crime (UNODC). BFIU of Bangladesh Bank have instructed to all schedule banks of Bangladesh for develop XML data Software for CTR & STR and submit these the date to BFIU of Bangladesh Bank by goAML. We must continue the BFIU of Bangladesh Bank instruction and uploading the all filed of required account information to implemented goAML software.

6.3 Recognition of Suspicious Transactions:

Where a SAR has been submitted to Bangladesh Bank or where it known that a client or transaction is under investigation, relevant documents/records maintained with the concerned offices must not be destroyed or removed without the agreement of the Bangladesh Bank even though the five-year limit may have been expired. In this regard a register or tabular records of all investigations made to it by the Bangladesh Bank and all disclosures to the Bangladesh Bank must be maintained by the related branch.

A suspicious transaction will often be one that is inconsistent with a customer's known, legitimate business or personal activities or with the normal business for that type of customer. Therefore, the first key to recognition knows enough about the customer’s business to recognize that a transaction or series of transactions are unusual.

Concerned officials of NCCBL will consider the following few basic questions in pursuit of determining element of unusualness in the conduct of transactions which could lead to doubts:

**Probable Indicator of Suspicious Transaction**

- Attempt to conceal, ignore, disguise or avoid the different matter regarding this issue.
- Reluctant to provide the necessary information, or making fraudulent or dishonest mean in the time of opening the account.
- Providing the wrong address or providing the address in such away where it is not feasible to determine whether it true or false, on the contrary not feasible to examine.
- If it is not clear, why a person come to a branch of bank which is far away from both of his residential and business address even though he has a branch of bank apparently near from his address.
- Reluctant to say ,thing about his , account at , other bank.
- The authorized ceiling of transaction mentioned is not relevant with his business sphere.
- If it is not satisfactory while visiting client business address.
- If , unusual large amount deposited to the account even though normal transaction executed through cheque or other instrument according to the nature of the business.
- Without , relevant reason, if cash deposit has been raised suddenly on a business account and transfer (either by check or cash) incurred between a particular business and a businessman which is relatively unconnected with the mentioned business.
If the amount deposited exceed the expected or normal ceiling of the account even though the amount is deposited in cash with a tiny alienated amount.

- Requesting for payment in cash for large amount by transferring the fund directly from other Bank account or from other location.

- Willingness for cash transaction without following the usual nature of the account.

- If the client has different accounts in different name and different institution and if the total amount transacted all these accounts as a whole exceeds the expected level of transaction.

- To conduct multiple bank accounts without prior knowledge of the bank, but informed by the bank in the time of accumulating the fund or spreading the fund in the different account.

- Large digit deposited through other person cheque without valid reason.

- To receive one or more locker suddenly, frequent use and put and draw the sealed packet in a number of occasions.

- Showing reluctance about the different facilities, interest and charges deducted by the bank.

- Without known reason money has been deposited by someone, person.

- Repayment of a long classified loan without valid reason.

- To make a proposal of giving the loan against the third party asset without valid reason.

- Large digit remittance sends or received without business purpose. Sources of remittance ignored in case of sender and suspicion about the capability of receiver in case of receiver.

- Over estimation in the cases of import and under estimation in the cases of export.

- Deposit fake/counterfeit instrument in the receivers account.

- Execution of sale/purchase deed in over or under priced.

- Manipulate the price of the Goods and avoiding the tariff through providing the declaration of imported goods.

- To send the money of letter of credit to abroad without entering goods by using the counterfeit deed.

- Selling or purchasing foreign currency illegally without having a license of Authorized Dealer or Money Changer or transacting money illegally even having the license.

- Directly or indirectly involve with smuggling.

- To use nonresident illegitimately.

- Submitting the fake Bill of Entry.

- To repayment the loan so quickly just after taking the loan without valid reason.

- Remit the money frequently to the border area.

- Huge transaction but insignificant balance.

- Executing banking transaction by using other without the presence of client.

- Conduct abundant transaction to make the purpose of the transaction complex or mysterious.

- To remit the money to the different people who are not involved with the remitter.

- Large purchase and sales of securities which is irrelevant with the prior legitimate income of the client.

- Remittance comes from drug producing, transit or terrorist country.
- Changes of transaction pattern.
- To craft structuring for concealing the Cash Transaction The.
- Irrelevancy among the various information provided by the client.
- Rejection of export value repatriation by showing the counterfeit excuse in case of export.
- Is the transaction consistent with the declared activities of the customer?
- Is the transaction rational in the context of the customer’s business or personal activities?
- Has the pattern of transactions conducted by the customer changed?
- Where the transaction is international in nature does the customer have, obvious reason for conducting business with the countries involved?

If the answers against above appear not satisfying then must necessitate further investigation and unless an otherwise conclusion is drawn will subject to the under Suspicious Account/Transaction.

6.4 The of Suspicious Transactions

There is a statutory obligation on all officials of NCCBL to report suspicions of money laundering under Section 25 Ga of the AML Act. Therefore, internal procedure as laid down below must be followed meticulously before the to Bangladesh Bank.

**Suspicious Transaction The Procedure:**

It must be as short as possible, with the minimum number of people between the person with the suspicion and the CAMLCO. This will ensure speed, confidentiality and accessibility to the CAMLCO. Therefore, unusual or suspicious transactions must be drawn initially to the attention of supervisory management i.e. Manager AMLCO, Branch Manager to ensure that there are no known facts that will negate the suspicion before further to the CCU. All suspicions reported to the Manager AMLCO & BAMLCO must be documented (in urgent cases this may follow an initial discussion by telephone). The report must include the full details of the customer and as full statements as possible of the information giving rise to the suspicion.

The Manager AMLCO/BAMLCO must acknowledge receipt of the report and at the same time provide a reminder of the obligation to do nothing that might prejudice enquiries, i.e. “tipping off. All internal enquiries made in relation to the report, and the reason behind whether or not to submit the report to the authorities, must be documented. This information may be required to supplement the initial report or as evidence of good practice and best endeavors if, at some future date, there is an investigation and the suspicions are confirmed.

On-going communication between the BAMLCO and the person/department is important. CCU may wish to consider advising the person, department or branch of the AMLCO's decision, particularly if the report is believed to be invalid. Likewise, at the end of an investigation, consideration must be given to advising all members of staff concerned of the outcome. It is particularly important that the AMLCO is informed of all communication between the investigating officer and the branch/unit concerned at all stages of the investigation.

Records of suspicions, which were raised internally with the CCU but not disclosed to Bangladesh Bank, must be retained for five years from the date of the transaction. Records of suspicions which the Bangladesh Bank has advised are of no interest must be retained for a similar period. Records of suspicions that assist with investigations must be retained until the Bank is informed by the Bangladesh Bank that they are no longer needed.

CCU/CAMLCO on receiving Internal SAR must conduct its independent investigation and if confirmed about the genuineness of the matter, must pass instruction for refraining from carrying out transactions.
Where it is impossible in the circumstances to refrain from executing a suspicious transaction before to the Bangladesh Bank or where it is likely to frustrate efforts to pursue the beneficiaries of a suspected money laundering operation, bank must apprise the Bangladesh Bank immediately afterwards. While it is impossible to spell out in advance how to deal with every possible contingency, in most cases common sense will be utilized about the most appropriate course of actions. Where there is doubt, the advice of the Anti Money Laundering Compliance Officers must be sought.

Chief Anti Money Laundering Compliance Officer (CAMLCO) or the Chairman CCU will be responsible for communicating reports of suspicious transactions to the Bangladesh Financial Intelligence Unit of Bangladesh Bank and must function as the liaison between the bank and the Bangladesh Bank.

In all circumstances The Chairman CCU/CAMLCO will be expected to act honestly and reasonably and to make his determinations in good faith. Care must be taken to guard against a report being submitted as a matter of routine to Bangladesh Bank without undertaking reasonable internal enquiries to determine that all available information has been taken into account.

The use of a standard format in the of suspicious activities is important and NCC bank must require using the unusual/suspicious transactions the form as per Annexure – Master Circular 10. Following the submission of a suspicious activity report, bank must not preclude from subsequently terminating its relationship with a customer, provided it does so for normal commercial reasons. It must not alert the customer to the fact of the disclosure as to do so would constitute a “tipping-off offence
CHAPTER- VII
SANCTION SCREENING OF UNSCR, OFAC & OTHERS

Strengthening compliance and mitigating AML/CFT Risk of the Bank BFIU of Bangladesh Bank has issued Master Circular No. 10, Date 28.12.2014. In that Circular there was an instruction (Para 2.3) for Screening of “UNSCR Sanction List” at the time of opening an account and subsequent operation of the same. To implement this instruction BFIU arranged a meeting with all banks CAMLCO & DCAMLCO as on 18th January 2015. In that meeting a decision was taken that all schedule banks must implement automatic sanction screening mechanism of UNSCR’s resolution within 30th June 2015. After that in the 307th meeting of Board of Directors of NCC Bank a decision was taken to procure of sanction Screening Solution Software through Agenda No.1758 (06). Accordingly our IT Division developed a Sanction Screening Software Enfold) for all Branches & Head Office for screening UN & OFAC sanction list. Honorable Managing Director and CEO launched this software (Enfold) on 30th June 2015.In addition of these CCU of NCC Bank recently introduced two sanction list named as HMT-UK and EU as per requirement of foreign Bank.

Branch authority of NCC Bank will search and screen Individual Name or Entity before “Opening New Account, Inward Foreign Remittance Payments and Opening an L/C”, the weight percentage (%) to be 80(eighty) then search. If , name or entity matches with UNSCR, OFAC,HMT-UK, EU and Bangladeshi Sanction list weighted percentage 80 and above, then account of such person and/or entity will not to be opened and in case of existing account operation will be stopped and referred this account to the CCU-AML, Head Office.

Responsibilities of Branch Manager & BAMLCO in areas of Sanction Screening

I. All BAMLCOs will fill up Access Request Form – (In-House Software) then send to Head office IT Division for getting User ID.

II. Search Individual Name or Entity before opening new account, inward foreign remittance payments and opening an L/C.

III. If , Individual Name or Entity matches with the UNSCR, OFAC,HMT-UK,EU and Bangladeshi Sanction list, instantly inform to Head Office, CAMLCO (CCU-AML).

IV. Hence forth no account will be opened & operated without Sanction Screening.

V. Maintain a separate file for ‘Sanction Screening Records’.

VI. All branch Managers are strictly advised to monitor and ensure that sanction screening is done for each case of opening new account, inward foreign remittance payments and opening and L/C.

Now all Branch Managers and BAMLCOs are strictly instructed to screen timely and comply with regulating requirement on AML/CFT risk.
CHAPTER- VIII

TRAINING , AWARENESS & SENIOR MANAGEMENT REVIEWS

NCC Bank as part of statutory obligation under MLP Act must undertake all necessary measures to prepare its officials to effectively join the forces to fight the menace of Money Laundering. NCCBL, therefore, at the initiative of HRD must undertake regular training programs to instill awareness and enable discharge required responsibilities in this regard. The need for staff awareness NCC Bank Limited is always aware of AML/CFT issues to combat Money Laundering. In this regard, AML related training is being organized by our Training Cell on regular basis. Most of the employees of the Bank adhere to existing rules and regulations of Anti-Money Laundering and amendments thereof. Besides, new employees get orientation to AML Policies and procedure during their Foundation Training. All the staff will be aware of their own personal statutory obligations and that they can be personally liable for failure to report information in accordance with internal procedures.

All staff will be trained to co-operate fully and to provide a prompt report of, suspicious transactions. It is, therefore, important that the bank introduce comprehensive measures to ensure that all staff and contractually appointed agents are fully aware of their responsibilities. The management will ensure that the staffs are adequately trained in relation to identification, the and record retention to ensure that they are adequately try aimed to discharge their responsibilities. So NCC Bank will take appropriate measures to make employees aware of policies and procedures to prevent money laundering and for identification, record keeping and internal the; the legal requirements; and to provide relevant employees with training in the recognition and handling of suspicious transactions.

Training to New Employees

A general appreciation of the background to money laundering, and the subsequent need for the, suspicious transactions to the Anti Money Laundering Compliance Officer (AMLCO) will be provided to all new employees who are likely to be dealing with customers or their transactions, irrespective of the level of seniority. They will be made aware of the importance placed of suspicions by the NCC Bank, that there is a legal requirement to report, and that there is a personal statutory obligation to do so.

Training of Customer Service/Tellers/Foreign Exchange Dealers

Members of staff of NCC Bank who are dealing directly with the public are the first point of contact with potential money launderers and their efforts are vital to the NCC Bank’s strategy in the fight against money laundering. They will be made aware of their legal responsibilities and will be made aware of the NCC Bank’s the system for such transactions. Training will be provided on factors that may give rise to suspicions and on the procedures to be adopted when a transaction is deemed to be suspicious. It is vital that ‘front-line’ staffs of NCCBL are made aware of the NCC Bank ‘s policy for dealing with non-regular (walk in) customers particularly where large transactions are involved, and the need for extra vigilance in these cases.
**Training Processing (Back Office) Staff**

Those members of staff of NCC Bank who receive completed Account Opening, Payment Order/DD/TT/FDR application forms and cheques for deposit into customer’s account or other investments will receive appropriate training in the processing and verification procedures. Those members of staff, who are in a position to deal with account opening, or to accept new customers, must receive the training given to cashiers and other front office staff above. In addition, the need to verify the identity of the customer must be understood, and training will be given in the Bank’s account opening and customer/client verification procedures. Such staff will be made aware that the offer of suspicious funds or the request to undertake a suspicious transaction may need to be reported to the Anti Money Laundering Compliance Officer whether or not the funds are accepted or the transactions proceeded with and must know what procedures to follow in these circumstances.

**Training of Senior Management**

For the effectiveness on policy and to observe its consistency with the prevailing situations, Senior Management oversight as a routine matter is essential. A periodical review about the effective functioning of the system is always considered beneficial for NCCBL. Concerned senior officials related to AML Unit of NCC Bank must, therefore, arrange periodical reviews of the entire AML functioning and must report to CEO/Board including proposals to bring about amendments in the policy and system to counter the ML menace effectively which also happens to be an statutory requirements A higher level of instruction covering all aspects of money laundering procedures will be provided to those with the responsibility for supervising or managing staff. This will include the offences and penalties arising from the Act for non assisting money launderers; internal the procedures and the requirements for verification of identity and the retention of records.

**Training of Anti Money Laundering Compliance Officer**

In depth training on all aspects of the Money Laundering Legislation, Bangladesh Bank directives and internal policies of NCC Bank will be required for the Anti Money Laundering Compliance Officer. In addition, the AMLCO will require extensive instructions on the validation and the of suspicious transactions and on the feedback arrangements, and on new trends and patterns of criminal activity.

**Refresher Training**

In addition to the above relatively standard requirements, training may have to be tailored to the needs of specialized areas of NCC Bank’s business. It will also be necessary to keep the content of training programs under review and to make arrangements for refresher training at regular intervals i.e. at least annually to ensure that staff does not forget their responsibilities NCC Bank must pursue a defined training policy on the issue to educate and motivate its man-power about the method and procedure to "know your customer (KYC)" an essential tool to prevent money laundering. The training in this respect must cover not only the need to know the true identity of the customer but also, where a business relationship is being established, the need to know enough about the type of business activities expected in relation to that customer and what might constitute suspicious activity at a future date. Officials must be alerted to changes in the pattern of a customer's transactions or circumstances that might constitute criminal activity.

CCU –AML of NCC Bank will prepare Training Plan on for the year with target group. & centrally maintain the Training Record on AML & CFT. CCU-AML will furnish Training records for the periods in the half yearly reports to BFIU.
## Chapter IX

### Risks Register

Risks Assessment against Money Laundering & Terror Financing

<table>
<thead>
<tr>
<th>Customer Category</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Risk Level</th>
<th>Treatment/Action (Risk Management)</th>
</tr>
</thead>
</table>
| Retail Banking New Customer | Likely | Minor | Low | a) Simplified Due Diligence (SDD) with Bank prescribed KYC/TP  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Ensure Proper Introduction  
e) Seeking less robust verification & Send thanks Letter. |
<table>
<thead>
<tr>
<th>Customer / Account</th>
<th>Likely/Unlikely</th>
<th>Mode/rate</th>
<th>High/Low</th>
<th>a)</th>
<th>b)</th>
<th>c)</th>
<th>d)</th>
<th>e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Current Account</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>Medium</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Service holder</td>
<td>Likely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Influential Person</td>
<td>Very-Likely</td>
<td>Mode-rate</td>
<td>High</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Fixed Deposit</td>
<td>Likely-unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Students</td>
<td>Unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Earners</td>
<td>Unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>SSS &amp; other Scheme Deposit</td>
<td>Unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Business House / Corporate Customers</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>Medium</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partner</th>
<th>Likely</th>
<th>Major</th>
<th>High</th>
<th>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</th>
<th>b) Ensure Customer Identity/ Photo ID</th>
<th>c) Ensure Sources of Income/ Fund</th>
<th>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</th>
<th>e) Ensure Sources of Income/ Fund, identify real customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housewife</td>
<td>Turn over &gt; 5 crore yearly</td>
<td>Moderate</td>
<td>Medium</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Self-employed professionals</td>
<td>Unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Retired from above CTR</td>
<td>Unlikely</td>
<td>Minor</td>
<td>Low</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Fresh Business / Housewife</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>Medium</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>(maximum turnover less than Tk. 50 lacs per annum)</td>
<td>Likely</td>
<td>Minor</td>
<td>High</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Small Trade or (turnover less then Tk. 50 lacs per annum)</td>
<td>Likely</td>
<td>Minor</td>
<td>High</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>A customer whose identification is difficult to check</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
<tr>
<td>Large deposit in the account of customer with low income</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>Medium</td>
<td>a) Simplied Due Diligence (SDD) with Bank Prescribed KYC &amp; Account Information</td>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td>c) Ensure Sources of Income/ Fund</td>
<td>d) Ensure Proper Introduction with Bank prescribed KYC &amp; Account Information</td>
<td>e) Ensure Sources of Income/ Fund, identify real customer</td>
</tr>
</tbody>
</table>

NCC Bank ML and TF Risk Management Guideline- 2016
| Drug & Medicine Business | Likely | Major | High | a) Customer Due Diligence (CDD) with Bank prescribed KYC /TP/ & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Ensure Proper Introduction  
e) Screening Business Information & Send thanks Letter.  
f) Monitor Transactions Quarterly & Queries TP Breaching |
|-------------------------|--------|-------|------|-----|
| Business Firm at Border area & Remittance Transaction with different Center | Very Likely | Major | Extreme High | Enhanced Due Diligence (EDD)  
a) Complete KYC/ TP & Scrutiny Relevant Papers along with BO mentioned in AOF.  
b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment  
c) carrying out additional searches  
d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer  
e) Verifying the source of funds or wealth involved in the business relationship to be satisfied.  
f) Monitor Transactions Quarterly & Queries TP Breaching |
| Hardware & Chemical Business with Agency of Multinational Comp, | Very Likely | Mode-rate | High | a) Customer Due Diligence (CDD) with Bank prescribed KYC /TP/ & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Ensure Proper Introduction  
e) Screening Business Information & Send thanks Letter.  
f) Monitor Transactions Quarterly & Queries TP Breaching |
| Private Limited Comp, Account | Likely | Mode-rate | Medium | a) Customer Due Diligence (CDD) with Bank prescribed KYC /TP/ & Account Information  
b) Detailed of Beneficial Owners (BO) & Screening  
c) Ensure Customer Identity / Photo ID  
d) Ensure Sources of Income/ Fund.  
e) Ensure Proper Introduction  
f) Screening Business Information & Send thanks Letter.  
g) Monitor Transactions Quarterly & Queries TP Breaching |
| Public Limited Comp, | Likely | Major | High | a) Customer Due Diligence (CDD) with Bank prescribed KYC /TP/ & Account Information  
b) Detailed of Beneficial Owners (BO) & Screening  
c) Ensure Customer Identity / Photo ID  
d) Ensure Sources of Income/ Fund.  
e) Ensure Proper Introduction  
f) Screening Business Information & Send thanks Letter.  
g) Monitor Transactions Quarterly & Queries TP Breaching |

NCC Bank ML and TF Risk Management Guideline- 2016
<table>
<thead>
<tr>
<th>Category</th>
<th>Likelihood</th>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Customer NGO/ NPO/ NEO</strong></td>
<td>very Likely</td>
<td>Major</td>
<td><strong>Enhanced Due Diligence (EDD)</strong>&lt;br&gt;a. Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.&lt;br&gt;b. obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment&lt;br&gt;c. carrying out additional searches&lt;br&gt;d. commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer&lt;br&gt;e. Verifying the source of funds or wealth involved in the business relationship to be satisfied.&lt;br&gt;f. Monitor Transactions Quarterly &amp; Queries TP Breaching&lt;br&gt;g. Particulars of BO mentioned in AOF &amp; Sanction Screening&lt;br&gt;h. NGO Bureau Certificate =</td>
</tr>
<tr>
<td><strong>Software Business (Developer &amp; Vendors)</strong></td>
<td>Very Likely</td>
<td>Mode-rate</td>
<td>a) Customer Due Diligence (CDD) with Bank prescribed KYC /TP/ &amp; Account Information&lt;br&gt;b) Ensure Customer Identity / Photo ID&lt;br&gt;c) Ensure Sources of Income/ Fund.&lt;br&gt;d) Ensure Proper Introduction&lt;br&gt;e) Screening Business Information &amp; Send thanks Letter.&lt;br&gt;f) Monitor Transactions Quarterly &amp; Queries TP Breaching</td>
</tr>
<tr>
<td><strong>Travel Agent Local &amp; Foreign Airlines</strong></td>
<td>Very Likely</td>
<td>Customer Due Diligence (CDD)</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------</td>
<td>-----------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. carrying out additional searches (e.g., verifiable adverse media searches) to inform the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>e. Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>f. Monitor Transactions Quarterly &amp; Queries TP Breaching</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Transport Operator Local</strong></th>
<th>Likely</th>
<th>Major</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. carrying out additional searches (e.g., verifiable adverse media searches) to inform the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Monitor Transactions Quarterly &amp; Queries TP Breaching</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Auto Dealers (Imported Reconditioned cars)</strong></th>
<th>Very Likely</th>
<th>Mode-rate</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Customer Due Diligence (CDD) With Bank Prescribed KYC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Ensure Customer Identity/ Photo ID</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Ensure Sources of Income/ Fund.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Ensure Proper Introduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) obtaining less information /seeking less robust verification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Monitoring Cash Transaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Activity</td>
<td>Likelihood</td>
<td>Risk Level</td>
<td>Required Actions</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Manpower Export Business / Recruiting Agents</td>
<td>Very Likely</td>
<td>Major High</td>
<td>Customer Due Diligence (CDD) with Enhanced Due Diligence (EDD)</td>
</tr>
<tr>
<td>Share and Stock Dealers Account Member of DSE &amp; CSE</td>
<td>Very Likely</td>
<td>Mode-rate High</td>
<td>Customer Due Diligence (CDD) with Enhanced Due Diligence (EDD)</td>
</tr>
<tr>
<td>A New Customer Import/Export Agents</td>
<td>Very Likely</td>
<td>Mode-rate High</td>
<td>Customer Due Diligence (CDD) with Enhanced Due Diligence (EDD)</td>
</tr>
<tr>
<td>Leasing/Finance Companies (NBFI &amp; DFI)</td>
<td>Likely</td>
<td>Mode-rate Medium</td>
<td>Customer Due Diligence (CDD) with Enhanced Due Diligence (EDD)</td>
</tr>
<tr>
<td>Freight/shipping/Car-go Agent &amp; Multi modal Transport Operator</td>
<td>Very Likely</td>
<td>Major Extreme High</td>
<td>Customer Due Diligence (CDD) with Enhanced Due Diligence (EDD)</td>
</tr>
</tbody>
</table>

**Customer Due Diligence (CDD)**
- Complete KYC/TP & Scrutiny Relevant Papers along with BO mentioned in AOF.
- Obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment.
- Carrying out additional searches.
- Beneficial owner to understand better the risk that the customer.
- Verifying the source of funds or wealth involved in the business relationship to be satisfied.
- Monitor Transactions Quarterly & Queries TP Breaching.

**Enhanced Due Diligence (EDD)**
- Complete KYC/TP & Scrutiny Relevant Papers along with BO mentioned in AOF.
- Obtaining additional identifying information from a wider variety or
<table>
<thead>
<tr>
<th><strong>Insurance/Brokerage Agency/Comp.</strong></th>
<th><strong>Very Likely</strong></th>
<th><strong>Mode-rate</strong></th>
<th><strong>High</strong></th>
</tr>
</thead>
</table>
| **Customer Due Diligence (CDD)**    | a) Complete KYC/TP & Scrutiny Relevant Papers along with BO mentioned in AOF.  
b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment  
c) carrying out additional searches (e.g., verifiable adverse media searches)  
d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer  
e) Verifying the source of funds or wealth involved in the business relationship to be satisfied  
f) Monitor Transactions Quarterly & Queries TP Breaching |

<table>
<thead>
<tr>
<th><strong>Religious Institution/NCC Bank</strong></th>
<th><strong>Likely</strong></th>
<th><strong>Mode-rate</strong></th>
<th><strong>Medium</strong></th>
</tr>
</thead>
</table>
| **Customer Due Diligence (CDD)**  | a) Customer Due Diligence (CDD) with Bank prescribed KYC/TP & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Screening Business Information & Send thanks Letter.  
e) Particulars of Office Bearer & Sanction Screening |

<table>
<thead>
<tr>
<th><strong>Auto Primary Dealer (new car)</strong></th>
<th><strong>Likely</strong></th>
<th><strong>Mode-rate</strong></th>
<th><strong>Medium</strong></th>
</tr>
</thead>
</table>
| **Customer Due Diligence (CDD)** | a) Customer Due Diligence (CDD) with Bank prescribed KYC/TP & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Ensure Proper Introduction  
e) Screening Business Information & Send thanks Letter.  
f) Particulars of BO mentioned in AOF & Sanction Screening |
<table>
<thead>
<tr>
<th>Business Type</th>
<th>Likely/Very Likely</th>
<th>Mode-rate</th>
<th>Extreme High</th>
<th>Details</th>
</tr>
</thead>
</table>
| Tobacco & Cigarettes Business | Likely | Mode-rate | Medium | a) **Customer Due Diligence (CDD)** with Bank prescribed KYC /TP/ & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Particulars of BO mentioned in AOF & Sanction Screening  
d) Ensure Sources of Income/ Fund.  
e) Ensure Proper Introduction |
| Film Producer/ Distribution Business | Very Likely | Major | Extreme High | a) **Enhanced Due Diligence (EDD)**  
a) Complete KYC/ TP & Scrutiny Relevant Papers along with BO mentioned in AOF.  
b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment  
c) carrying out additional searches (e.g., verifiable adverse media searches)  
d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer  
e) Verifying the source of funds or wealth involved in the business relationship to be satisfied.  
f) Monitor Transactions Quarterly & Queries TP Breaching |
| Mobile Phone Operators | Very Likely | Major | Extreme High | **Enhanced Due Diligence (EDD)**  
a) Complete KYC/ TP & Scrutiny Relevant Papers along with BO mentioned in AOF.  
b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment  
c) carrying out additional searches (e.g., verifiable adverse media searches)  
d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer  
e) Verifying the source of funds or wealth involved in the business relationship to be satisfied.  
f) Monitor Transactions Quarterly & Queries TP Breaching |
| Manufacturing Comp, | Likely | Mode-rate | Medium | a) **Customer Due Diligence (CDD)** with Bank prescribed KYC /TP/ & Account Information  
b) Ensure Customer Identity / Photo ID  
c) Ensure Sources of Income/ Fund.  
d) Ensure Proper Introduction  
e) Screening Business Information & Send thanks Letter.  
f) Particulars of BO mentioned in AOF & |
<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Likelihood</th>
<th>AML Risk Level</th>
<th>Sanction Screening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arms &amp; Ammunition Trading</td>
<td>Very Likely</td>
<td>Major</td>
<td><strong>Enhanced Due Diligence (EDD)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extreme High</td>
<td>a) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
</tr>
<tr>
<td>Computer/Mobile Phone Dealer</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>b) Customer Due Diligence (CDD) with Bank prescribed KYC/TP &amp; Account Information.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium</td>
<td>c) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>d) carrying out additional searches (e.g., verifiable adverse media searches).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>e) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>f) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>f) Monitor Transactions Quarterly &amp; Queries TP Breaching.</td>
</tr>
<tr>
<td>Operation in Multiple Location</td>
<td>Very Likely</td>
<td>Mode-rate</td>
<td><strong>Customer Due Diligence (CDD)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>a) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
</tr>
<tr>
<td>Construction Contractor Govt Enlisted / Developing Comp.</td>
<td>Likely</td>
<td>Mode-rate</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Customer Due Diligence (CDD) with Bank prescribed KYC/TP &amp; Account Information.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>d) carrying out additional searches (e.g., verifiable adverse media searches).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>e) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>f) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>f) Monitor Transactions Quarterly &amp; Queries TP Breaching.</td>
</tr>
<tr>
<td>High/ Chief Executive Officer of International NCC Bank</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Enhanced Due Diligence (EDD)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>a) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) carrying out additional searches (e.g., verifiable adverse media searches).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>e) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>f) Monitor Transactions Quarterly &amp; Queries TP Breaching.</td>
</tr>
<tr>
<td>Industry</td>
<td>Likelihood</td>
<td>TFRD</td>
<td>RDS</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Jewelry/Gems/Trade</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Changers/Courier Service Agent</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Agent</td>
<td>Very Likely</td>
<td>Mode-rate</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Project Promoter/Housing Comp</td>
<td>Very Likely</td>
<td>Mode-rate</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-shore Corporation affiliated in Foreign Country</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------</td>
<td>-------</td>
<td>--------------</td>
</tr>
<tr>
<td>c) Particulars of BO mentioned in AOF &amp; Sanction Screening</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Ensure Sources of Income/ Fund.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Ensure Proper Introduction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Screening Business Information &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Ensure REHAB Membership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Enhanced Due Diligence(EDD)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) carrying out additional searches (e.g., verifiable adverse media searches)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Obtain Permission from CCU-AML</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Monitor Transactions Quarterly &amp; Queries TP Breaching</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art/Antique Dealers</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td>a) Enhanced Due Diligence(EDD)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) carrying out additional searches (e.g., verifiable adverse media searches)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Monitor Transactions Quarterly &amp; Queries TP Breaching</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurant/Bar/Night Club/Residential Hotel Owners</td>
<td>Very Likely</td>
<td>Major</td>
<td>Extreme High</td>
</tr>
<tr>
<td>Enhanced Due Diligence(EDD)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Complete KYC/ TP &amp; Scrutiny Relevant Papers along with BO mentioned in AOF.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) obtaining additional identifying information from a wider variety or more robust sources and individual customer risk assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) carrying out additional searches (e.g., verifiable adverse media searches)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) commissioning an intelligence report on the customer or beneficial owner to understand better the risk that the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Verifying the source of funds or wealth involved in the business relationship to be satisfied.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Walk in Customers**

<table>
<thead>
<tr>
<th>Walk in Customers</th>
<th>Unlikely</th>
<th>Minor</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Draft (beneficiary is application other than government/semi government/body /bank &amp; NBFI)</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Wholesale Banking Product</td>
<td>Likely</td>
<td>Minor</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Development of new product & service of NCC BANK**

<table>
<thead>
<tr>
<th>Development of new product &amp; service of NCC BANK</th>
<th>Likely</th>
<th>Mode-rate</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Identify ML &amp;TE risk of the product, assess the risk and devise action plan to treat the risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Obtain ( by the concerned department) vetting from CCU</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment received from unrelated third parties</th>
<th>Un-likely</th>
<th>Mode rate</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Receive payment only from the distributors, agents and suppliers of the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Obtain the relationship of the parties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Complete short KYC of depositor / withdrawing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Monitor the transaction report regularly</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Likely Mode rate**

| a) Obtain the product Walk in Customer and source of fund |     |           |        |
| b) Obtain complete and accurate information of applicant |     |           |        |
| c) Complete short KYC. |     |           |        |

**Medium Mode rate**

| a) Perform CDD |     |           |        |
| b) Complete KYC TP & Scrutiny Relevant |     |           |        |
| c) Identify & Screen Remitter |     |           |        |
| d) Ensure Purpose of Remittance |     |           |        |
| e) Ensure Beneficiary Exchange guideline where applicable |     |           |        |

**High Mode rate**

| a) Customer Due Diligence (CDD) with Bank Prescribed 'Walk-in Customer KYC' |     |           |        |
| b) Ensure Customer Identity / Photo ID |     |           |        |
| c) Ensure Purpose of Remittance |     |           |        |
| d) Ensure Short KYC |     |           |        |

| a) Obtain the purpose of transaction and source of fund |     |           |        |
| b) Verify the source of funds involved in the business relationship to be satisfied |     |           |        |
| c) Obtain complete and accurate information of applicant |     |           |        |
| d) Monitor the transaction report regularly |     |           |        |
| High Value FDR | Very / Likely | Minor | Medium | a) Perform CDD  
b) Obtain documents in support of source of fund |
|----------------|---------------|-------|--------|------------------------------------------------|
| Term loan, SOD (FO), SOD(G-work order), SOD(Garments), SOD(P0), Loan General, Lease finance, Packing Credit, BTB L/C | Likely | Minor | Medium | a) Perform CDD  
b) Preparing comprehensive credit memo and analyze customer’s creditworthiness  
c) Visit customer’s office, factory and mortgaged properties  
d) Monitor end use of fund. |
| BG(bib bond), BG(PG), BG(APG) | Likely | Major | High | a) Perform CDD  
b) Verify the work order from concerned authority  
c) Ensure assignment of bill from concerned authority  
d) Obtain margin  
e) Obtain sufficient collateral |
| L/C subsequent term loan, DP L/C | Likely | Moderate | Medium | a) Ensure proper verification of the price of the imported items from market  
b) Obtain certificate from the respective country's chamber of commerce  
c) Obtain undertaking from the customer regarding the fair price |
| C.C (H), SOD(G-Business)STL | Likely | Moderate | Medium | a) Keep transactions under monitoring  
b) Ensure physical verification of sales register and stock report  
c) Verify the credit worthiness of the customer  
d) Verify the other source of income |
| Off-Shore Banking Unit OBU | Likely | Major | High | a) Perform EDD  
b) Preserve the permission obtained by customer from competent authority  
c) Obtain information about the customer from market, media, web etc  
d) Obtain credit report of the customer  
e) Ensure that advance is allowed considering the category |
| Syndication Financing | Likely | Major | High | a) Perform EDD  
b) Verify the value of plant & machinery and imported items  
c) Obtain certificate from the respective chamber of commerce  
d) Take undertaking from customer regarding the price |

### SME Banking Customers

| Customer with complex accounting and huge transaction | Very / Likely | Moderate | High | a) Obtain documents in support of income and accounting (i.e. balance sheet, sales register etc)  
b) Monitor the transactions and check whether it commensurate with source of fund |
<table>
<thead>
<tr>
<th>Category</th>
<th>Likelihood</th>
<th>Probability</th>
<th>Action/Notes</th>
</tr>
</thead>
</table>
| Receipt of donor fund, fund from foreign source (MFI)                  | Likely     | Major       | High | a) Obtain information about the donor and check with UNSCR sanction list  
b) Identity the source of fund with supporting document approval from appropriate authority  
c) Monitor the account transactions  
d) Identity beneficial Owner (if needed) |
| Customer which is a the NCC Bank under MLP Act 2012 appears not complying with the requirements (MFI) as per reliable source | Unlikely   | Moderate    | Low  | a) Complete KYC of the customers  
b) Obtain written declaration whether the customer follows MLP Act-2012 and respective guideline as the NCC Bank. |
| Women Entrepreneur Medium Size business                                | Unlikely   | Moderate    | Low  | a) Complete KYC of the customers  
b) Obtain written declaration whether the customer follows MLP Act-2012 and respective guideline as the NCC Bank. |
| Want to open FDR where source of fund is not clear                     | Likely     | Moderate    | Medium | a) Obtain document in support of source of fund, if not satisfied, do not open FDR.  
b) Perform CDD. |
| Early encashment of FDR                                                | Very likely| Minor       | Medium | a) Obtain declaration of specific reason of early encashment |
| Repayment of loan EMI from source that is not clear                    | Likely     | Moderate    | Medium | a) Monitor transaction and check whether it commensurate with source of fund  
b) Obtain source of fund repayment |
| Repayment of full loan amount before maturity                           | Likely     | Moderate    | Medium | a) Ensure source of fund of repayment before early adjustment of loan  
b) Obtain the reason behind early adjustment in writing |
| Loan amount utilized in sector other than the sector specified during availing the loan | Unlikely   | Major       | Medium | a) Monitor the utilization of loan  
b) If found suspicious, raise STR |
| In case of fixed asset financing, sale of asset purchased immediately after repayment of full loan amount | Unlikely   | Moderate    | Low  | a) Ensure source of fund of repayment  
b) If found suspicious, raise STR |
| Source of fund used as security not clear (FDR-NCC) at the time of availing loan | Unlikely   | Moderate    | Medium | a) Ensure source of fund of FDR keeping as security before sanctioning loan |
| Supplementary Credit Card Issue                                         | Very Likely| Major       | Extreme | a) Collect required documents as per Product Program Guideline(PPG) and bank’s policy  
b) Collect relationship of supplementary |
<table>
<thead>
<tr>
<th>Activity</th>
<th>Frequency</th>
<th>Likelihood</th>
<th>Severity</th>
<th>Risk Mitigation Measures</th>
</tr>
</thead>
</table>
| Frequent use of Card Cheque                  | Very Likely | Major     | Extreme  | a) Perform EDD  
b) Obtain the purpose of transaction  
c) Obtain relationship with the account holder, the account where the fund is transferred  
d) Keep transactions under monitoring |
| BEFTN cheque or pay order as mode of payment instead of account opening at bank(Merchant) | Un Likely | Minor     | Low      | a) Allow the facility only to renowned and selected merchants  
b) Conduct CDD.  
c) Obtain HO Permission |
| Credit card issuance against ERQ and RFCD accounts | Likely | Major     | High     | a) Collect required documents as per product program Guideline (PPG) and bank’s policy  
b) Collect relationship of supplementary cardholder with customer  
c) Complete KYC  
d) Collect & check CIB report  
e) Address Contact number verification (CPV) through third party  
f) UNSCR sanction list check  
g) Check whether customer is already availing NCC BANK credit card  
h) Ensure that transactions are conducted as per Foreign Exchange guideline and FEPD circulars |
| Large amount withdrawn from ATMs              | Likely    | Minor     | Low      | a) Generate report on high value ATM transactions from the system and monitor the transactions  
b) Apply transaction restriction policy (transaction limit)  
c) Inform issue bank if possible  
d) Follow Central Bank and International payment Association ML rules  
e) Inform the cards payment Association (i.e. Visa, Master Card) |
| Large amount transaction from different location and different time (mid night) through ATM | Likely     | Moderate  | Medium   | a) Generate report on high value ATM transactions along with time from the system and monitor the transactions, if irregularities found, inform relevant branch or department  
b) Obtain justification from the customer regarding the timing of Transaction  
c) If found suspicious, raise STR |
### Wholesale Banking Customer

<table>
<thead>
<tr>
<th>Customer</th>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer who changes static date frequently</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Credit Card customer</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Customer doing frequent transaction through card (Prepaid &amp; Credit card) and making quick adjustments</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Prepaid Card customer</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Entity customer having operation in multiple location</td>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Customer about whom BFIU seeks information (large corporate)</td>
<td>Likely</td>
<td>Moderate</td>
<td>Medium</td>
</tr>
<tr>
<td>Owner of the entity</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
</tbody>
</table>

**Wholesale Banking Customer**

- **Customer who changes static date frequently**: Likely, Major, High
  - a) Address & contact number verification (CVP) through third party.
  - b) Obtain documents in support of change information.
  - c) Customer acknowledgements obtain by sending letter to old and new address.
  - d) Keep transaction under monitoring.

- **Credit Card customer**: Very Likely, Moderate, High
  - a) Collect required documents as per Product Program Guideline (PPG) and bank's policy.
  - b) Complete KYC.
  - c) Collect & check report.
  - d) Address & contact number verification (CPV) through third party.
  - e) UNSCR sanction list check.
  - f) Check whether customer is already availing NCCB Credit card.
  - g) Keep transaction under monitoring.

- **Customer doing frequent transaction through card (Prepaid & Credit card) and making quick adjustments**: Very Likely, Moderate, High
  - a) Compare transactions with customer’s income.
  - b) Keep transaction under monitoring.
  - c) If suspicious, raise STR.

- **Prepaid Card customer**: Very Likely, Moderate, High
  - a) Collect required documents as per Product Program Guideline (PPG) and bank’s policy.
  - b) Complete KYC.
  - c) Collect & check CIB report.
  - d) Address & contact number verification (CPV) through third party.
  - e) UNSCR sanction list check.
  - f) Check whether customer is already availing NCCB Credit card.
  - g) Keep transaction under monitoring.

- **Entity customer having operation in multiple location**: Very Likely, Moderate, High
  - a) Obtain justification from customer regarding operations in various locations.
  - b) Analyze the annual report/balance sheet.
  - c) Keep transaction (especially on line transaction) under monitoring.

- **Customer about whom BFIU seeks information (large corporate)**: Likely, Moderate, Medium
  - a) Update customer information and KYC.
  - b) Check whether there is negative information about the customer in media/other reliable sources.
  - c) Keep their transaction under close monitoring.

- **Owner of the entity**: Likely, Major, High
  - a) Conduct Enhanced Due Diligence.
### A new customer who wants to carry out a large transaction (i.e., transaction amounting 10 million or above)

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>

- a) Perform CDD by obtaining necessary documents in support of identity apart from Trade License, Partnership Deed, Memorandum of Association, Article of Association, Certificate of Incorporation, Board Resolution, From XII, by laws and source(s) of fund.
- b) Identity the beneficial owner and obtain complete and accurate information of beneficial owner.
- c) Check whether TP of customer commensurate with the nature.
- d) Check the cash flow statements (audited/unaudited), sale register and previous bank statement.
- e) Visit the client’s business premises, prepare call report and visit web-site.

### A customer or a group of customers making lots of transactions to the same individual or group (wholesale)

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>

- a) Generate statement/report from system and review transactions.
- b) Making sure that Transaction Profile (TP) provided by the customer is proportionate with the nature of business and source of fund supported by necessary documents.
- c) Monitoring the one-line transaction exceeding the limit declared in the TP.
- d) Obtain justification from the customer regarding the transaction.
- e) Obtain the purpose of transaction.

### A customer whose identification is difficult to check

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
</tbody>
</table>

- a) Verify the identity of the customer (CVP) through third party or physical verification by bank official with call report.
- b) If not satisfied, do not open account. In case of existing account, close account with prior notice to customer.
- c) Obtain information about the customer from public media or other reliable sources or peer group.

### Owner of the entity that are Politically Exposed Persons (PEPs) or Chief/Senior officials of International NCC Bank and their family members and close associate

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
</tbody>
</table>

- a) Conduct Enhanced Due Diligence.
- b) Obtain approval from CCU before establishing relationship.
- c) Keep transaction under monitoring.
- d) Follow foreign exchange guideline and circular of FEPD.
- e) Check whether the source of fund commensurate with the designation.

### Charities or NPOs (especially operating in less privileged areas)

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
</tbody>
</table>

- a) Perform CDD.
- b) Identify the beneficial owner of the account.
- c) Obtain documents in support of source of fund.
- d) Obtain the permission/license.
received by customer from competent authority
e) Obtain information about the customer from media. Peer group and other reliable sources
f) Keep transactions under monitoring

<table>
<thead>
<tr>
<th>International Trade Customer</th>
<th>Likely</th>
<th>Moderate</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>A new customer (Outward remittance through SWIFT)</td>
<td>Likely</td>
<td>Moderate</td>
<td>Medium</td>
</tr>
<tr>
<td>a) Perform CDD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Perform UNSCR sanction screening</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Ensure the purpose of the remittance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Follow foreign exchange guideline and FEPD circulars</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) In case of new customer of other bank; obtain certificate from previous bank on “no overdue or outstanding bill of entry”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A new customer who wants to carry out a large transaction (Import/Export)</td>
<td>Likely</td>
<td>Moderate</td>
<td>Medium</td>
</tr>
<tr>
<td>a) Perform CDD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Obtain certificate from previous bank on “no overdue or outstanding bill of entry”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Ensure the purpose of the remittance with supporting documents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Follow foreign exchange guideline and FEPD circulars</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A new customer who wants to carry out a large transaction (Inward/Outward remittance)</td>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
<tr>
<td>a) Perform CDD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) In case of new customer; confirm that respective IRC issued mentioning NCCB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Follow foreign exchange guideline and FEPD circulars</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A new customer who wants to carry out a large transaction (Inward/Outward remittance)</td>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
<tr>
<td>a) Perform CDD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Check whether the transaction pattern matches with the nature of business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Follow foreign exchange guideline and FEPD circulars</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner/director/Shaholder of the customer is influential person(s) or their family member or close associates</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>a) Perform Enhanced Due Diligence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Obtain approval from CCU before establishing relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Keep transaction under monitoring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Check whether the source of fund commensurate with the designation/position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correspondent Bank</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>a) Follow BFIU Circular No. 10 while establishing relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Gather sufficient information to understand fully the nature of the business of the correspondent/respondent bank.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Obtain justification from the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Review KYC periodically.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Money services business (remittance house, exchange house) | Likely | Major | High |
| a) Follow BFIU Circular No. 10 while establishing relationship |        |          |        |
| b) Gather sufficient information to understand fully the nature of the business of the correspondent/respondent bank. |        |          |        |
| c) Ascertain publicly available information |        |          |        |
| d) Review KYC periodically. |        |          |        |

all Banking Product

**International Trade Services**

NCC Bank ML and TF Risk Management Guideline- 2016
<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Risk Score</th>
<th>Treatment/Action</th>
</tr>
</thead>
</table>
| International Trade - Import /Export form or to sanction Country    | Un Likely  | Major  | Medium     | a) Sanction screening through SWIFT System  
b) NITS Immediate Action for cancellation of LC  
c) Inform CCU immediately  
d) Have procedure in place to treat such situation. |
| International Trade - Import /Export form or to sanction Entity or Firm | Un Likely  | Major  | Medium     | a) Sanction screening through SWIFT System  
b) NITS Immediate Action for cancellation of LC  
c) Inform CCU immediately  
d) Have procedure in place to treat such situation. |
| Transshipments, container, flag vessel etc. under global sanction   | Un Likely  | Major  | Medium     | a) Perform sanction screening  
b) Inform CCU immediately  
c) Have procedure in place to treat such situation. |
| Establishing correspondent relationship with sanction bank and /or country | Un Likely  | Major  | Medium     | a) Perform sanction screening  
b) Inform CCU immediately  
c) Have procedure in place to treat such situation  
d) Perform EDD. |
| Establishing correspondent relationship with poor AML practice country | Un Likely  | Major  | Medium     | a) Obtain KYC from the correspondent bank.  
b) Ensure the specific purpose for establishing correspondent relationship  
c) Perform EDD |
| Customer belongs to higher-risk geographic locations such as high Intensity Financial Crime Areas | Un Likely  | Major  | Medium     | a) Obtain KYC from the correspondent bank.  
b) Ensure the specific purpose for establishing correspondent relationship  
c) Perform EDD |
| Customer belongs to countries or geographic areas identified by credible sources as providing funding or support for terrorist activities, terrorist NCC Bank's operating within their country | Un Likely  | Major  | Medium     | a) Obtain KYC from the correspondent bank.  
b) Find, Risks Factors in their KYC  
c) Ensure the specific purpose for establishing correspondent relationship  
d) Perform EDD |
### NCC Bank ML and TF Risk Management Guideline - 2016

| Customer belongs to High Risk countries of the Basel AML index. | Un Likely | Major | Medium | a) Obtain KYC from the correspondent bank.  
b) Ensure the specific purpose for establishing relationship  
c) Perform EDD |
| --- | --- | --- | --- | --- |
| Customer belongs to the countries identified by the bank as higher-Risk because of its prior experiences or other factors. | Likely | Major | High | a) Perform EDD  
b) Ensure the specific purpose for transaction. |
| Accounts for students where large amount of transactions are made (students file) | Likely | Major | High | a) Perform CDD for students, guardian (if minor) and beneficiary owner (BO), Birth certificate must be obtain as identity proof (for minor)  
b) Obtain documents in support of source of fund  
c) Obtain justification from the customer regarding large transaction  
d) Make sure that Transaction Profile (TP) provided by the customer commensurate with the source of fund |
| Locker Service | Very Likely | Major | Extreme | a) Ensure customer’s maintaining CASA with NCCB  
b) Perform CDD of the link account  
c) Update KYC annually  
d) Monitor customer’s activity |
| Foreign Currency endorsement in Passport | Very Likely | Moderate | High | a) Endorse as per foreign exchange guideline and FEPD circular  
b) Complete TM form |
| Large transaction in the account of under privileged people | Unlikely | Major | Medium | a) Conduct CDD  
b) Obtain documents in support of source of fund  
c) Obtain justification from customer regarding the purpose from customer regarding the purpose of transition |
| FDR (less than 2 million) | Very Likely | Minor | Medium | a) Perform CDD  
b) Obtain documents in support of source of fund |
| FDR (2 million and above) | Likely | Moderate | Medium | a) Perform CDD  
b) Check whether the customer is maintain multiple FDRs with NCCB  
c) Obtain documents in support of source of fund is not justified, raise STR |
| Special; scheme deposit accounts opened with big installment and small tenure | | | | a) Obtain documents in support of source of fund  
b) Complete Short KYC  
c) Check other relationship of the customer with bank |
| Personal Loan / Small business Loan / House | Very Likely | Moderate | High | a) Obtain accurate and complete information of customer  
b) Arrange face to face interview with loan |
| Repairing Loan etc.                      |  |  | customer  
c) Record the purpose of loan  
d) Verify information obtained from other financial institution  
e) Obtain corroboration of information in employer letters, reference, pay slips or credit card(s) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple deposit scheme accounts opened by same customer in a branch</td>
<td>Very Likely</td>
<td>Minor</td>
<td>Medium</td>
</tr>
</tbody>
</table>
| a) Obtain documents in support of source of fund  
b) Complete Short KYC |
| Multiple deposit scheme accounts opened by same customer in a different location | Likely | Moderate | Medium |
| a) Obtain documents in support of source of fund  
b) Obtain written justification from the customer regarding opening scheme deposit in multiple location  
c) Complete Short KYC  
d) Checking other relationship of the customer with bank  
e) Monitor on-line transaction |
Legal & Regulatory Risks

Legal & Regulatory risk is linked with not to meet up all obligations of Banks under the Money Laundering Prevention Act, 2012, Anti Terrorism Act, 2009 (including all amendments 2013), the respective Rules issue under these two acts and Circulars issued by BFIU & Govt. SRO -No. 325-Law3/2013 by Ministry of Home Affairs on the Anti Terrorism Act 20019; SRO No-357-Law/2013 by Ministry of Finance on Anti Money Laundering.

Following are some of ML&TF risk the bank may face in terms of non compliance of regulations and the possible ways to reduce and manage those risks.

<table>
<thead>
<tr>
<th>Risks (Having Not or Failure to Comply)</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Risk Score</th>
<th>Treatment/Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having no AML/CFT Policy guideline</td>
<td>Un Likely</td>
<td>Major</td>
<td>Medium</td>
<td>a) Develop bank’s own AML/CFT guideline</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b) Update the guideline from time to time</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>as per amendment of law &amp; imposition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of Circular from BFIU</td>
</tr>
<tr>
<td>Not forming a Central Compliance Unit (CCU)</td>
<td>Un Likely</td>
<td>Moderate</td>
<td>Low</td>
<td>a) information and TOR of CCU in</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>guideline &amp; confined the TOR</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b) Constitution CCU as per the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>requirement of BFIU</td>
</tr>
<tr>
<td>Risk Area</td>
<td>Probability</td>
<td>Likelihood</td>
<td>AML &amp; CFT Risk Management</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------</td>
<td>------------</td>
<td>---------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Having no an AML &amp;CFT Compliance Officer</td>
<td>Unlikely</td>
<td>Moderate</td>
<td>Low</td>
<td>a) Nominate AML &amp;CFT Compliance Officer as per requirement of BFIU.</td>
</tr>
<tr>
<td>Having no Branch Anti Money Laundering Compliance Officer</td>
<td>Unlikely</td>
<td>Moderate</td>
<td>Low</td>
<td>Nominate and devise TOR for Branch Anti Money Laundering Compliance Officer (BAMLCO) as per BFIU instruction.</td>
</tr>
<tr>
<td>Having no an AML &amp;CFT program</td>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
<td>Develop AML&amp;CFT program and review from time to time</td>
</tr>
</tbody>
</table>
| Senior management Not commitment to comply with MLP and AT Act.          | Un Likely   | Moderate   | Low                        | a) Provision of commitment of senior management to be included in the AML &CFT policy guideline  
|                                                                           |             |            |                            | b) Communicate the senior management commitment with all bank official at least on yearly basis                                                                                                                                                                                                                       |
| Failure to follow the AMLD/BFIU circular, circular letter, instructions etc. | Un Likely   | Major      | High                       | Follow the AMLD/BFIU circular, circular letter, instructions issued from time to time.                                                                                                                                                                                                                                                   |
| Unique account opening form not followed while opening account.          | Un Likely   | Moderate   | Low                        | Develop/revise account opening form for the bank in line with the unique account opening form prescribed by BFIU                                                                                                                                                                                                                   |
| Not screening of new and existing customers against UNSCR Sanction and OFAC lists | Likely     | Moderate   | Medium                     | Ensure that business units screen all new and existing customers against UNSCR Sanction lists                                                                                                                                                                                                                                                   |
| Violation of Foreign Exchange Regulation Act, 1947 while dealing with NRB accounts. | Likely   | Moderate   | Medium                     | Ensure the bank follows the Foreign Exchange Regulation Act, 1947 while dealing with NRB accounts.                                                                                                                                                                                                                                         |
| Complete and accurate information of customer not obtained               | Likely      | Moderate   | Medium                     | a) Obtain complete and accurate information of customer as per BFIU Circular No.10  
|                                                                           |             |            |                            | b) Develop control mechanism to check whether business units are collecting complete and accurate information of customer and review & update the same from time to time.  
|                                                                           |             |            |                            | c) If fails, close the account with prior notice to customer                                                                                                                                                                                                                     |
| Failure to verify the identity proof document and address of the customer | Likely      | Major      | High                       | a) Verify (business unit) the identity proof document and address of the customer  
|                                                                           |             |            |                            | b) Develop control mechanism to check whether business units are  
|                                                                           |             |            |                            | c) Verify the identity proof document with the support of database from concerned authority  
|                                                                           |             |            |                            | d) Verify address by sending thanks letter or conduct CPV or physical verification by bank official and receive, record supporting document with AOF                                                                                                                                 |
| Beneficial owner identification and                                       | Likely      | Major      | High                       | a) Identify beneficial owner and obtain information as per BFIU Circular No.10  
<p>|                                                                           |             |            |                            | b) Check whether business units identify                                                                                                                                                                                                                                                                                               |</p>
<table>
<thead>
<tr>
<th>Risk Events</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verification not done properly</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Customer Due Diligence (CDD) not practiced properly</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Failure to perform Enhanced Due Diligence (EDD) for high risk customer (i.e., PEPs, family members and close associates of PEPs and influential person and senior official of international NCC Bank)</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Failure to complete KYC of customer including walk in customer</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Failure to Update TP and KYC of customer</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Keep the legacy accounts operate without completing KYC</td>
<td>Un Likely</td>
<td>Major</td>
<td>Medium</td>
</tr>
<tr>
<td>Failure to assess the ML &amp; TF risk of a product or service before launching</td>
<td>Un Likely</td>
<td>Major</td>
<td>Medium</td>
</tr>
<tr>
<td>Failure to complete the KYC of Correspondent Bank</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>Senior management approval not obtained before entering into a Correspondent Banking relationship</td>
<td>Unlikely</td>
<td>Major</td>
<td>Medium</td>
</tr>
</tbody>
</table>

### Controls:

- a) Perform CDD as per BFIU Circular No.10
- b) Develop control mechanism to check whether business units are performing Conduct Customer Due Diligence (CDD) as per BFIU instruction

- a) Perform EDD for high risk customer without fail
- b) Check whether business units are obtaining Senior Management approval before opening such account
- c) Check whether business units are conducting both CDD & EDD for high risk customers as per BFIU instruction

- a) Complete KYC of customer including walk in customer as per BFIU Circular No.10.

- a) Update TP and KYC as per BFIU Circular No.10.
- b) Develop control mechanism to check whether business units are updating TP & KYC as per instruction of BFIU

- a) Assess the ML & TF risk of a product or service, device action plan to manage the same before launching the product or service
- b) Check whether all the PPGs approved by CCU before launching

- a) Complete the KYC of Correspondent Bank reciprocally
- b) Obtain update KYC of Correspondent Bank from time to time.

- Obtain senior management approval not obtained before entering into a Correspondent Banking relationship
<table>
<thead>
<tr>
<th>Issue</th>
<th>Likelihood</th>
<th>Severity</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to comply with the instruction of BFIU by NCC BANK Foreign subsidiary</td>
<td>Likely</td>
<td>Major</td>
<td>Medium</td>
</tr>
</tbody>
</table>
| a) Monitor the AML & CFT activity of foreign subsidiary  
| b) Obtain confirmation from the subsidiary on compliance |
| Failure to keep record properly | Likely | Major | High |
| a) keep records as per BFIU instruction  
| b) Check compliance status during audit/inspection.  
| c) Fix up the responsibility who will be the custodian of Records |
| Failure to report complete and accurate CTR on time | Unlikely | Major | Medium |
| a) Rectify the limitation of information in Flora UBS (CBS)  
| b) Ensure uniformity of CTR submitted through goAML web and CD media (FIU software)  
| c) Submit complete and accurate CTR on time |
| Failure to Generate CTR | Likely | Major | High |
| a) Generate CTR from system  
| b) Monitor the transactions report in CTR by both branch & CCU on monthly basis and identify whether there is suspicious transition |
| Failure to identify and monitor structuring | Likely | Major | High |
| a) Generate structuring from system  
| b) Identify and monitor structuring on monthly basis  
| c) Trained Cash Teller how to detect & prevent Structuring |
| Failure to provide sufficient controls and monitoring systems for the timely detection and the of suspicious activity | Likely | Major | High |
| a) Devise system to generate report that facilitate identifying STR  
| b) Generate high value transition report ,TP exceed report , structuring report from the system to analyze and detect STR |
| Failure to conduct | Unlikely | Moderate | Low |
| a) Conduct quarterly meeting at branch in line with the agenda and instruction of BFIU Circular No.10.  
| b) Send the meeting minutes to CCU |
| Failure to report suspicious transitions(STR) | Likely | Major | High |
| a) Close Monitor account transaction and customer activity and report when find suspicious  
| b) Monitor the transactions reported in CTR by both branch & CCU on monthly basis and identify whether there is suspicious transition |
| Failure to conduct self assessment properly | Likely | Moderate | Medium |
| a) Conduct self assessment properly  
| b) Portray the actual strength, weakness and position of the branch in self assessment  
| c) Cross check (CCU) the self assessment report with independent testing report and inspection report. |
| Failure to submit statement/report to BFIU on time | Unlikely | Major | Medium |
| a) Submit statement/report to BFIU timely  
<p>| b) Check submission status during audit/inspection |
| Submit erroneous statement/report to | Likely | Major | High |
| a) Check minutely the statement before submitting the same to BFIU |</p>
<table>
<thead>
<tr>
<th>Issue</th>
<th>Likelihood</th>
<th>Severity</th>
<th>Action</th>
</tr>
</thead>
</table>
| Not complying with order for freezing or suspicious of transition issued by BFIU or BB | Unlikely   | Major    | a) Comply with the order for freezing or suspicious of transition issued by BFIU or BB instantly.  
                        b) Check the compliance of freezing order by CCU.                                    |
| Not submitting accurate information or statements ought by BFIU or BB | Unlikely   | Major    | Provide accurate information to BFIU on time                                                                                           |
| Not submitting required report to senior management regularly        | Unlikely   | Moderate | Submit all the report to senior Management timely                                                                                        |
| Failure to rectify the objections raised by BFIU or NCC BANK inspection teams on time | Likely     | Major    | a) Regularize the objections raised by BFIU or NCC BANK inspection teams on time and submit compliance report  
                        b) CCU to follow up to rectify or regularize the irregularities                        |
| Failure to obtain information during wire transfer                    | Likely     | Major    | a) Obtain information during wire transfer based on the threshold as per BFIU Circular No.10.  
                        b) Inspection team to check compliance status during audit /inspection.              |
| Failure to comply with the responsibilities of ordering, intermediary and beneficiary bank | Likely     | Major    | Comply with the responsibilities of ordering, intermediary and beneficiary bank as per BFIU instruction |
| Failure to scrutinize staff properly                                  | Unlikely   | Major    | a) HR to screen the applicant’s details before recruitment  
                        b) Conduct reference check                                                                                                                     |
| Failure to circulate BFIU guidelines and circulars to branches        | Unlikely   | Major    | a) Update the branches circulars/ circular letter /instructions received from BFIU  
                        b) Issue instruction circulars as required                                                                                                      |
| Inadequate training/workshop arranged on AML&CFT                     | Unlikely   | Major    | a) Arrange workshop on MLP &CFT for employees to build up awareness and conduct evaluation test  
                        b) Check whether all the employees of the bank has received training on AML &CFT  
                        c) Keep MIS on training                                                                                                                        |
| No independent audit function to test the AML program                | Unlikely   | Major    | ICC to test the AML program and conduct independent testing procedure                                                                       |
CHAPTER- X

SOME IMPORTANT ISSUES ON RISK MANAGEMENT:

10.1 Risk Management Strategies of NCC Bank

NCC Bank must adopt the following components where appropriate to the nature, size and complexity of its business, among others, as part of its risk management strategy:

a) Reviews at senior management level of the bank’s progress towards implementing stated ML&TF risk management objectives

b) Clearly defined management responsibilities and accountabilities regarding ML & TF risk management

c) Adequate staff resources to undertake functions associated with ML&TF risk management

d) Specified staff the lines from ML&TF risk management system o senior management level or board level, with direct access to the board member(s) or senior manager(s) responsible for overseeing the system

e) Procedural controls relevant to particular designated services

f) Documentation of all ML&TF risk management policies

g) A system, whether technology based or manual, for monitoring the bank’s compliance with relevant controls

h) Policies to resolve identified non-compliance

i) Appropriate training program(s) for staff to develop expertise in the identification of ML&TF risk(s) across the Bank’s designated services
An effective information management system which must:

i) Produce detailed and accurate financial, operational and compliance data relevant to ML & TF risk management

ii) Incorporate market information relevant to the global AML& CFT environment which may assist the Money Laundering The Officers to make decisions regarding its risk management strategy

iii) Enable relevant, accurate and timely information to be available to a relevant officer (for example, the AM L& CFT Compliance Officer) within the Money Laundering The Officers

iv) Allow the Money Laundering The Officers of the Bank to identify, quantify, assess and monitor business activities relevant to ML&TF risk(s)

v) Allow the Money Laundering the Officers of the Bank to monitor the effectiveness of and compliance with its internal AML&CFT systems and procedures.

vi) Allow the Money Laundering the Officers to regularly assess the timelines sand relevance of information generated, together with its adequacy, quality and accuracy.

NCC Bank will adopt other strategies in addition to taking into account of, of the above factors where relevant, if considers the approach appropriate in accordance with its risk management framework.

10.2 Ongoing Risk Monitoring of NCC Bank

Bank’s ongoing monitoring of its risk management procedures and controls will also alert the bank to, potential failures including but not limited to:

a) Failure to include all mandatory legislative components

b) Failure to gain board and/or executive approval of the AML&CFT program

c) Insufficient or inappropriate employee due diligence

d) Frequency and level of risk awareness training not aligned with potential exposure to ML&TF risk(s)

e) Changes in business functions which are not reflected in the AML & CFT program, for example, the introduction of a new product or distribution channel

f) Failure to undertake independent review at an appropriate level and frequency of the content and application of the AML & CFT program

g) Legislation incorrectly interpreted and applied in relation to a customer identification procedure

h) Customer identification and monitoring systems, policies and procedures that fails to:

i) Prompt, if appropriate for further identification and/or verification when the ML & TF risk posed by customer increases

ii) Detect where a customer has not been sufficiently identified and prevent the customer from receiving the designated service

NCC Bank ML and TF Risk Management Guideline- 2016
iii) Take appropriate action where a customer provides insufficient or suspicious information in relation to an identification check

iv) Take appropriate action where the identification document provide is neither an original no recertified copy

v) Recognize foreign identification documentation issued by a high-risk jurisdiction

vi) Record comprehensive details of identification documents, for example, the date of issue

vii) Consult appropriate resources in order to identify high-risk customers

viii) Identify when an expired or old identification document, for example, a driver’s license has been used

ix) Collect another name(s) by which the customer is known

a) Lack of access to information sources to assist in identifying higher risk customers and the jurisdictions in which they may reside, such as PEPs, terrorists and narcotics traffickers

b) Lack of ability to consistently and correctly train staff and /or third parties, particularly in areas with high turnover in:

   i) Customer identification policies, procedures and systems

   ii) Identifying potential ML&TF risks

k) Acceptance of documentation that may not be readily verifiable.

10.3 Higher Risk Scenario of NCC Bank

Assessing the money laundering and terrorist financing risks relating to types of customers, countries or geographic areas, and particular products, services, transactions or delivery channels, examples of potentially higher-risk situations will include the following:

a) **Customer Risk Factors**

   □ The business relationship is conducted in unusual circumstances e.g. significant unexplained geographic distance between the financial institution and the customer

   □ Non-resident customers

   □ Legal persons or arrangements that are personal asset-holding vehicles

   □ Companies that have nominee shareholders or shares in bearer form

   □ Business that are cash-intensive

   □ The ownership structure of the comp, appears unusual or excessively complex given the nature of the comp,’s business

b) **Country or Geographic Risk Factors**
Countries identified by credible sources, such as mutual evaluation or detailed assessment reports or published follow-up reports, as not having adequate AML&CFT systems

- Countries subject to sanctions, embargos or similar measures
- Countries identified by credible sources as having significant levels of corruption or other criminal activity
- Countries or geographic areas identified by credible sources as providing funding or support for terrorist activities or that have designated terrorist NCC Bank’s operating within their country

C) **Product, service, transaction or delivery channel risk factors**

- Private banking
- Anonymous transactions (which may include cash)
- Non-face-to-face business relationships or transactions
- Payment received from unknown or un-associated third parties.

**10.4 Lower Risks Scenario of NCC Bank**

There are circumstances where the risk of money laundering or terrorist financing may be lower. The Bank, when assessing the money laundering and terrorist financing risks relating to types of customers, countries or geographic areas, and particular products, services, transactions or delivery channels, examples of potentially lower risk situations include the following:

a) **Customer risk factors**

- Where subject to requirements to combat money laundering and terrorist financing consistent with the FATF Recommendations, the Bank has effectively implemented those requirements, and are effectively supervised or monitored in accordance with the Recommendations to ensure compliance with those requirements
- Public companies listed on a stock exchange and subject to disclosure requirements either by stock exchange rules or through law or enforceable means, which impose requirements to ensure adequate transparency of beneficial ownership
- Public administrations or enterprises.

b) **Product, service, transaction or delivery channel risk factors:**

- Financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes.

c) **Country risk factors**

NCC Bank ML and TF Risk Management Guideline- 2016
Countries identified by credible sources, such as mutual evaluation or detailed assessment reports, as having effective AML & CFT systems

Countries identified by credible sources as having a low level of corruption or other criminal activity. In making a risk assessment, the Bank must, when appropriate, also take into account possible variations in money laundering and terrorist financing risk between different regions or areas within a country.

Having a lower money laundering and terrorist financing risk for identification and verification purposes does not necessarily mean that the same customer poses lower risk for all types of CDD measures, in particular for ongoing monitoring of transactions.

10.5 Risk Variables

When assessing the money laundering and terrorist financing risks relating to types of customers, Countries or geographic areas, and particular products, services, transactions or delivery Channels risk, NCC Bank must take into account risk variables relating to those risk categories since these variables, either singly or in combination, may increase or decrease the potential risk posed, thus impacting the appropriate level of CDD measures. Examples of such variables include:

- The purpose of an account or relationship
- The level of assets to be deposited by a customer or the size of transactions undertaken
- The regularity or duration of the business relationship.

10.6 Counter Measures for Risk

10.6.1 Enhanced Due Diligence (EDD) Measures

NCC Bank must examine, as far as reasonably possible, the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. Where the risks of money laundering or terrorist financing are higher, Bank must conduct enhanced due diligence (EDD) measures for higher-risk business relationships include:

- Obtaining and verifying additional information on the customer e.g. Occupation, volume of assets, information available through public databases, internet, etc., and updating more regularly the identification data of customer and beneficial owner
- Obtaining and verifying additional information on the intended nature of the business
Obtaining and verifying information on the source of funds or source of wealth of the customer

Obtaining and verifying information on the reasons for intended or performed transactions

Obtaining and verifying the approval of senior management to commence or continue the business relationship

Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination

Requiring the first payment to be carried out through an account in the customer’s name with the Bank subject to similar CDD standards.

10.6.2 Simplified Due Diligence (SDD) Measures

Where the risks of money laundering or terrorist financing are lower, NCC Bank must conduct simplified CDD measures, which must take into account the nature of the lower risk. The simplified measure must be commensurate with the lower risk factors e.g. the simplified measures could relate only to customer acceptance measures or to aspects of ongoing monitoring. Examples of possible measures are:

- Verifying the identity of the customer and the beneficial owner after the establishment of the business relationship e.g. if account transactions rise above a defined monetary threshold
- Reducing the frequency of customer identification updates
- Reducing the degree of on-going monitoring and scrutinizing transactions, based on a reasonable monetary threshold
- Not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring the purpose and nature from the type of transactions or business relationships established. Simplified CDD measures are not acceptable whenever there is a suspicion of money laundering or terrorist financing, or where specific higher-risk scenarios apply.

10.7 Ongoing Due Diligence

NCC Bank must ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher-risk categories of customers.

-------------------------------------------------------------------------------------------------------------------