

DELTA BRAC HOUSING FINANCE CORPORATION LTD.

Customer Acceptance Policy

1.0 PREAMBLE

A good customer base is the key to success for a financial institution but dealing with one unscrupulous customer can bring lots of trouble for that financial institution. So it is important to accept customers after proper scrutiny and due diligence. Manager of banks and financial institutions around the world are increasingly recognizing the importance of ensuring adequate controls and procedures in place for accepting their customers, so that they know very well with whom they are dealing. Adequate due diligence measures for new and existing customers are key part of these controls. Without due diligence, Financial Institutions can lose its credibility due to reputational, operational, legal and concentration risks, which may result in significant financial costs or losses. DBH realizes the need for a well defined customer acceptance policy to ensure prompt and inclusive services to all customers within the prescribed regulatory framework as well as well defined operational guidelines of DBH. In this regard, the management of DBH has also included certain important parameters under the guidance of Bangladesh Bank which have been incorporated to design the policy towards comprehensive coverage and implementation of customer acceptance policy in DBH.

2.0 OBJECTIVES OF THE POLICY:

The primary objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by illegal or criminal elements for money laundering or terrorist financing activities.

The broad objectives of the Customer Acceptance Policy are:

- i) To prevent illegal or criminal elements from using DBH for money laundering activities
- ii) To enable DBH to know and understand its customers and their financial dealings in better manner, which in turn would help the company to manage the associated risks prudently
- iii) To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws or laid down procedures.
- iv) To comply with applicable laws and regulatory guidelines.
- v) To ensure that the concerned staffs are adequately trained in KYC, AML & CFT procedures

3.0 Application of the Policy

This Policy will be applicable to all Branches/offices of DBH and is to be read in conjunction with related operational guidelines issued from time to time.

Employees of DBH are advised to follow detailed and accurate customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.

4.0 Customer Acceptance Policy

It is very much essential to have a customer acceptance policy based on which a customer will be accepted at DBH. DBH has developed a customer acceptance policy and procedures, laying down explicit criteria for acceptance of customers including a description of the types of customer that are likely to pose a higher than average risk to a financial institution. In preparing such policies, factors such as customer's background, country of origin, public or high profile position, linked accounts, business activities or other risk indicators have been considered.

The following Customer Acceptance Policy indicating the criteria for acceptance of customers shall be followed in DBH. The Branches and Head office shall accept customer strictly in accordance with the DBH Customer Acceptance Policy as laid down below.

- 1) No account should be opened in anonymous or fictitious name or nickname in DBH.
- 2) No account will be opened without necessary documents which is required for that particular nature of account. In case of identification copy of National ID card will be preferred. Branch/Head Office shall verify the identity of the customer using reliable sources, documents, etc. and it must retain copies of all references, documents used to verify the identity of the customer.
- 3) No account under numeric title shall be opened.
- 4) Account opening form, customer registration form, KYC form must be properly filed up to gather adequate information about the client
- 4) Customer's risks must be assessed as per parameters of risk perception mentioned in the KYC form in relation to the source of fund, the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, service offered, social and financial status, source of the business, etc.

5) The Branches/ Head Office shall collect documents and other information from the customer depending on perceived risk and keeping in mind the instructions contained in AML Circular No 2 dated 17.06.2002, AML Act, 2012 and other circulars and guidelines issued by Bangladesh Bank from time to time.

6) No account shall be opened where DBH is unable to apply appropriate due diligence measures. That is where Branch/Head Office is unable to verify the identity and/or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of the data/information furnished to DBH.

However, in case the account is required to be closed on this ground, the Branch/Head Office shall do so only after approval of Managing Director/Head of Operations/Head of Deposit Operations. Also, the customer should be given a prior notice wherein reasons for closure of his account should also be mentioned.

7) In case of opening a Politically Exposed Person's (PEP) account, the branch shall comply the instructions contained in AML Circular No. 14 dated 25.09.2007 issued by Bangladesh Bank. Such type of accounts will be classified as high risk and will require approval of Managing Director.

8) At the time of opening new account the concerned person of Head office/branch must only seek such information from the customer which is relevant and not intrusive. It has to be remembered that the customer profile is confidential document and details contained therein shall not be divulged for any other purpose.

9) Circumstances in which a customer is permitted to act on behalf of another person/entity should be clearly spelt out in conformity with the established law and practices.

10) The Branch/Head Office shall make necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations and person and organization as mention in UN sanction list.

11) Source of Funds, income or wealth and complete information on the actual or beneficial owners of the accounts holding 20% or more share of the account must be obtained at the time of opening any account.

12) The Branch/Head Office shall monitor customer's activities after establishment of the relationship to the end of the relationship.

The nature and extent of due diligence shall depend on the risk perceived by the branch. The branches/Head Office should continue to follow strictly the instructions issued by the company regarding secrecy of customer information. The branches/Head Office should bear in mind that the adoption of Customer Acceptance Policy and its implementation does not become too restrictive and should not result in denial of financial services to general public, especially to those, who are financially or socially disadvantaged.

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