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# Addendum to Global Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT), Countering Proliferation Financing (CPF) & Know Your Customer (KYC) Policy

HBL Sri Lanka

# Addendum to Global Anti-Money Laundering, Combating Financing of Terrorism, Countering Proliferation Financing & Know Your Customer Policy - HBL Sri Lanka

## Sign Off Sheet

Document Owner: HBL Sri Lanka Compliance

Implementation Responsibility: Regional Head of Compliance - Sri Lanka and Maldives

Custodian: HBL Sri Lanka - Compliance

Operating Jurisdiction: HBL Sri Lanka

Review Frequency: 01 Year or as per the revision of Global Policy

Review Responsibility: HBL Sri Lanka Compliance

Last Approval Date – 22 September 2022

Approval Date:

Effective Date: Date of Publication

Next Review Date: 01 Year after approval date or as per the Expiry date of Global Policy

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## Version Control Sheet

This section records the history of changes to this Document.

Version	Date	Author / Owner	Reviewer	Approver	Description of Change
1.0	2016	HBL Sri Lanka Compliance	Regional Head of Compliance Sri Lanka & Maldives	Chief Compliance Officer	Aligned with HOK Policy.
2.0	2019	HBL Sri Lanka Compliance	Regional Head of Compliance Sri Lanka & Maldives	Board of Directors	As per Head Office Instructions, only addendum will be made in reference to Global Policy in case if regulatory requirement differ.
3.0	2021	HBL Sri Lanka Compliance	Regional Head of Compliance Sri Lanka & Maldives	Board of Directors	Addendum was made in light of Global AML/CFT/CPF & KYC Policy approved by Board on July 01, 2021.
4.0	2022	HBL Sri Lanka Compliance	Regional Head of Compliance Sri Lanka & Maldives	Board of Directors	Addendum is being made in light of Global AML/CFT/CPF & KYC Policy approved by Board .....
5.0	2023	HBL Sri Lanka Compliance	Regional Head of Compliance Sri Lanka & Maldives	CCO	Addendum is being made in light of Global AML/CFT/CPF & KYC Policy approved by Board .....

**This addendum is specifically for HBL Sri Lanka and will be used and read in conjunction with Global Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT), Countering Proliferation Financing (CPF) & Know Your Customer (KYC) Policy**

As per HBL HOK instructions, HBL Sri Lanka has adopted the approved Global Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT), Countering Proliferation Financing (CPF) & Know Your Customer (KYC) Policy of Head Office. The purpose of this addendum is to make amendments to the exiting Global AML, CFT, CPF and KYC Policy as per applicable local regulatory requirements and Operations of Sri Lanka.

The changes made through this addendum to Global AML, CFT, CPF and KYC Policy of HBL HOK is specific and applicable only to HBL Sri Lanka.

- 1- State bank of Pakistan – SBP needs to be read in addition to Central Bank of Sri Lanka (CBSL).
- 2- Global Compliance / FCC/ CFT Desk means Compliance Department of HBL Sri Lanka being 2<sup>nd</sup> line of defence, which is headed by Regional Head of Compliance HBLSL.
- 3- FMU to be replaced with Financial Intelligence Unit of Sri Lanka (FIU).
- 4- “Bank” or “the bank” means HBL Sri Lanka as applicable.
- 5- HBL Sri Lanka does not have Board or BCNCC, however, the policy and its amendments are ultimately being approved by Head of Compliance, Regional General Manager, Head of International Compliance & Assurance, Head of FCC and Chief Compliance Officer (CCO).

Further, the below details only cover those sections which requires changes as per the requirements of Central Bank of Sri Lanka.

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
1.Overview	HBL is licensed by the State Bank of Pakistan (SBP) as a commercial bank and is registered with the Securities and Exchange Commission of Pakistan. It is also listed on the Pakistan Stock Exchange. HBL’s compliance structure is based on a strong foundation of the local and international regulatory requirements and best practices. Accordingly, HBL ensures meticulous compliance with all applicable laws and regulations governing AML / CFT activities including but not limited to:	<p>Addition to the Global Policy clause - The Habib Bank operates as a Licensed Commercial Bank in Sri Lanka with the approval of Central Bank of Sri Lanka (CBSL) under the Banking Act, No. 30 of 1988. While the Banking Act provides the statutory framework, the CBSL issues prudential regulations/ guidelines to the banks from time to time.</p> <p>Following are the main legislations / regulations which form the basis for AML/CFT regulatory framework of Sri Lanka.</p> <p>1. <u>Prevention of Money Laundering Act No 5 of 2006 and the Prevention of Money Laundering Amendment Act</u></p>	Legislative framework of Sri Lanka is incorporated to the section. Wherever there is a stringent requirement as per the Global policy, same will be adopted in Sri Lanka subject to identifying “nil” conflicts with local regulations. Relevant AML & CFT laws in Sri Lanka are added.

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<ul style="list-style-type: none"> <li>• AML Act 2010 including the Anti-Terrorism Act (ATA) 1997,</li> <li>• Second Amendment made in ATA act during 2020,</li> <li>• SBP's AML/CFT/CPF regulations including guidelines on Customer Due Diligence (CDD), Correspondent Banking, Wire Transfers/Fund Transfers, Reporting of Transactions (STRs/CTRs), Record Keeping, Internal Controls, Policies, Compliance, Audit and Training,</li> <li>• AML/CFT Guidelines on Risk Based Approach,</li> <li>• AML/CFT Sanctions Rules - 2020 (as covered under Sanctions Compliance Policy),</li> <li>• High Risk Jurisdiction rules 2020,</li> <li>• Framework for Managing Risks of Trade Based Money Laundering and Terrorist Financing,</li> <li>• National Risk Assessment (NRA)</li> </ul>	<p><u>No 40 of 2011.</u></p> <p>The PMLA provides the necessary measures to combat and prevent money laundering in Sri Lanka. The applicability of the law has been expanded to cover the Money Laundering and Terrorism as predicate offences under PMLA.</p> <p>2. <u>Convention on the suppression of Terrorist Financing Act No 25 of 2005 and subsequent amendments of Act No 41 of 2011 and Act No 3 of 2013</u></p> <p>This was enacted to give effect to Sri Lanka's obligations under the International Convention for the Suppression of Terrorist Financing adopted by the United Nations.</p> <p>3. <u>Financial Transaction Reporting Act No 6 of 2006</u></p> <p>The detailed responsibilities of the financial institutions in relation to customer identification, transaction monitoring, training etc., are covered under the FTRA. Section 14(1) (b) of the FTRA also requires the Branch to establish and maintain procedures and systems, inter alia, to implement the customer identification and process of monitoring requirements contained in the FTRA.</p> <p>4. <u>Customer Due Diligence Rule No 01 of 2016 and subsequent amendment Gazette No. 2092/02 dated October 08, 2018</u></p>	

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
		<p>5. <u>Regulations, Circulars, Guidelines, and Instructions issued by the Regulators time to time based on the above acts.</u></p> <p>6. <u>National Risk Assessment of 2021/2022</u></p>	
1.3 Dispensations & Waivers (Global policy)	Exception(s) to this policy must be recommended by Head - FCC with concurrence of the Chief Compliance Officer (CCO) and President & CEO, through the Board Compliance and Conduct Committee (BCNCC) for Board approval.	Exception(s) to this Policy will be recommended by Country Compliance Head in concurrence with Country Head, Head of International Compliance & assurance and approval of Chief Compliance Officer (CCO).	To align with HBL Sri Lanka's approval structure.
<b>2 Roles and Responsibilities</b>  2.3 Compliance Committee of Management	The CCM is responsible for: <ul style="list-style-type: none"> <li>• Implementation of an enterprise-wide Financial Crime Compliance (FCC) program</li> <li>• Ensuring senior management focuses on the AML/CFT/CPF issues and their resolutions</li> <li>• Promoting high level compliance culture and addressing the weaknesses if any</li> <li>• Ensuring required ownership from first line of defense and other functions</li> <li>• Monitoring the implementation of time bound action plan developed for mitigation of governance, risks and control weaknesses identified in the IRAR.</li> </ul>	Country Compliance Committee of Management-CCM is responsible for: <ul style="list-style-type: none"> <li>• Oversee the management of Country-wide Money Laundering, Terrorist Financing, Proliferation Financing, Trade Based Money Laundering risks of HBL Sri Lanka and ensure that Senior Management understands these risks to which the Bank is exposed to.</li> <li>• Promote a high-level compliance culture and address the weaknesses giving rise to non-compliance.</li> <li>• Understand the drivers/sources of compliance risk in Business functions /departments and devise targeted strategy to bridge the shortcoming as and when identified by Compliance.</li> <li>• To get the required ownership from first line of defense and from other functions.</li> <li>• Ensure Business functions/departments take full ownership of compliance risks and subsequent impact of instances of non-compliance on individual performance.</li> </ul>	Incorporating responsibilities of local CCM pertaining to AML-CFT & Sanctions

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		<ul style="list-style-type: none"> <li>• Review and discuss compliance risk issues faced by HBL Sri Lanka at cross functional /departmental level and/or in any department/ function, as the case may be.</li> <li>• Assist Compliance and HR department in developing and implementing an Country wide training program on compliance risk matters to ensure that relevant staff maintains a satisfactory level of knowledge of laws, rules and regulations including Money Laundering, Terrorist Financing, Proliferation Financing, Trade Based Money Laundering risks emanating from general banking as well as trade operations.</li> <li>• Ensure effective implementation of AML/CFT controls including Targeted Financial Sanctions (TFS) related to Terrorist Financing, Proliferation Financing, STRs and CTRs.</li> <li>• Capturing risks emanating from Money Laundering, Terrorist Financing, Proliferation Financing, Trade Based Money Laundering threats, and vulnerabilities related to NGOs, NPOs &amp; INGOs accounts, effectiveness of available controls on quarterly basis including significant internal control gaps and critical violations and accordingly recommend for remedial measures. This will be performed as per the approved compliance review plan of Sri Lanka.</li> <li>• Review the consolidated financial crime risk assessment report comprising of assessment on Money Laundering, Terrorist Financing, Proliferation Financing and Trade Based Money Laundering</li> </ul>	

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
		risks and monitor the implementation of time bound action plan developed for mitigation of governance, risks and control weaknesses identified in the Bank's financial crime risk assessment report.	
2.4.1 Head of Compliance – Sri Lanka	CCO is responsible for evaluating the adequacy and effectiveness of Compliance controls over AML/CFT/CPF & KYC risks. Independent monitoring and reviews based on findings noted in the IRAR, Advising the Board, through BC&CC, on adequacy and strength of the AML/CFT/CPF & KYC controls	Head of Compliance -HBL SL is responsible for evaluating the adequacy and effectiveness of Compliance controls over AML/CFT/CPF & KYC risks of Habib Bank SL. Based on Financial Crime Risk Assessment and independent monitoring and reviews.	Aligned as per SL Compliance Department Structure.  Read as section 2.4.1 of the Global Policy
3.3. Entity wide Internal Risk Assessment	Entire Section of Global Policy	Addition- Financial crime risk assessment (FCRA) of HBL SL was prepared by local compliance, last reviewed and updated for the year 2023 (Period 1 <sup>st</sup> July 2021 – 30 <sup>th</sup> June 2023) in line with regulatory changes and the National Risk Assessment (NRA) findings of CBSL.	Aligning as per the approved FCRA Sri Lanka 2022/2023
4.1 Identification & Verification (ID&V)	However, overseas branches may introduce more stringent process wherever local regulation require the same Identities of the customers (natural persons) and ultimate beneficial owners (UBOs-natural persons) of legal entities shall be verified from relevant authority's databases where required by regulations.  Non-face-to-face Identification and	Identities of the customers (natural persons) and ultimate beneficial owners (UBOs-natural persons) of legal entities shall be verified from relevant authority's databases i.e. DRP interface as and when required and practical.  Non-face-to-face Identification and verification using digital methods not applicable to HBL SL.	Aligned to SL framework. SL Regulations only permit to obtain official personal identification documents (Ex. NIC/Passport/Driving License) as identification documents.



Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	verification using digital methods may be applied, in accordance with home/host country regulatory standards.		
4.1.2 Identification & Verification of Beneficial Owners of Legal Entities & Arrangements	For this purpose, any natural person(s) who has ultimate effective control of 25% or more of a legal entity or arrangement. In case there is doubt as to whether the person(s) with controlling ownership interest is/are the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement shall be identified and verified through other means. Where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official shall be verified along with other due diligence measures.	<ul style="list-style-type: none"> <li>UBOs, in relation to a customer, are identified as those who ultimately own or control a customer or the person on whose behalf a transaction is being conducted including the person who exercises ultimate effective control over a legal person or a legal arrangement. Controlling ownership interest means an interest acquired by providing more than ten percent (10%) of the capital of a legal person.</li> <li>In case there is doubt as to whether the person(s) with controlling ownership interest is/are the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement shall be identified and verified through other means. Where no natural person is identified, the identity of the relevant natural person who exercises ultimate effective control over a person or a legal arrangement shall be verified along with other due diligence measures.</li> </ul>	<ul style="list-style-type: none"> <li>Aligned with the rule No. 49 &amp; 99 of CDD Rules 01 of 2016</li> <li>Aligning with SL regulatory framework of SL.</li> </ul>
4.1.3 Timing of Verification	Verification of the identity of the customers and beneficial owners must be completed before business relations are	Where the risk level of the customer is low according to the risk profiling at the customer onboarding and verification is not possible at the point of entering into the business relationship, the Bank may, subject to following will allow its customer and beneficial	To introduce Section 31, 32, 33 and 34 of Financial Institutions (Customer Due Diligence) Rules, No. 1 of

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<p>established. Hence, the process with respect to Annexure I &amp; II must be completed before the establishment of any business relationship. For accounts opened via branches, biometric verification needs to be performed before opening the account. However, for Digital Account Opening (DAO) SBP instructions need to be followed in line with section 4.1.5 "Customer Digital Onboarding."</p>	<p>owner to furnish the relevant documents after entering the business relationship and subsequently complete the verification. In any case where delayed verification is allowed the following conditions shall be satisfied:</p> <p>(a) verification shall be completed as soon as it is reasonably practicable but not later than fourteen working days from the date of opening of the account.</p> <p>(b) the delay shall be essential so as not to interrupt the Financial Institution's normal conduct of business; and</p> <p>(c) no suspicion of money laundering or terrorist financing risk shall be involved.</p> <p>Bank shall take measures to manage the risk of delayed verification which may include limiting the number, type and amount of transactions that can be performed.</p> <p>HBL Sri Lanka will entertain only over the counter transactions i.e. deposits and withdrawals as a risk mitigation measure during such time. No wire transactions are permitted.</p>	<p>2016 read after the Section 4.1.3 of the Global Policy. Schedule (Rule 27) attached to the CDD Rules No 01 of 2016 will be followed at HBLSL in replacement of Annexure I &amp; II.</p>
4.1.4 Dormant Accounts	<p>For activation, the bank shall review and update KYC where necessary. Bank may use the NADRA Verisys and a formal request (through any authenticated medium, including their mobile banking applications, internet banking portals, ATMs, call centers, postal address or email address or registered mobile</p>	<p>Before activation of Dormant accounts upon a written request from the account holder, the bank shall conduct identity verification of the account holder, review, and update KYC/ customer information file (CIF) in the system. Bank may use the DRP interface for ID verification and comply record keeping requirements (digitally or hard copy).</p>	<p>Aligning with SL regulatory framework of SL.</p>

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	number or landline number) for activation of dormant account by customers. Bank should retain the NADRA Verisys for record keeping requirements (digitally or hard copy). International Branches shall follow the dormant activation process as per regulatory guidelines in respective jurisdiction. However, a re-identification process should at minimum be in place before activation of account.		
4.1.5 Customer Digital Onboarding	In line with SBP BPRD Circular letter # 15 of 2022 "Customers' Digital Onboarding Framework" for opening of bank accounts digitally by Resident Pakistanis, HBL shall ensure effective compliance with AML Act, 2010 (particularly Sections (7A – 7I), AML/CFT/CPF Regulations and all other applicable laws/ regulatory instructions including but not limited to Foreign Exchange Regulations updated from time to time.	Digital Onboarding not applicable to HBL SL	To align with local procedure
4.2 Due Diligence Standards	CDD/EDD measures are applied when: <ul style="list-style-type: none"> <li>Establishing business relationship,</li> <li>Dealing with occasional/walk-in customers (in which case their CNIC numbers or local identity number in other countries shall</li> </ul>	In addition, <ul style="list-style-type: none"> <li>providing money and currency changing business for transactions involving an amount exceeding rupee two hundred thousand or its equivalent in any foreign currency;</li> <li>providing wire transfer services as referred to in Rules 68 to 83 (CDD Rules No. 01 of</li> </ul>	Customer Due Diligence Rules issued by the regulator time to time.  Read and comply in addition to the requirement of the Global policy.

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<p>be captured in the system),</p> <ul style="list-style-type: none"> <li>• There is suspicion of money laundering /financing of terrorism regardless of threshold, and</li> <li>• There are doubts about the veracity or adequacy of previously obtained customer identification information.</li> </ul>	2016)	
4.3	<p>Enhanced Due Diligence</p> <ul style="list-style-type: none"> <li>• Obtaining approval of the senior management (GM and above) to commence or continue the business relationship or execute the high-risk financial transaction.</li> <li>• Clearance from Compliance through CCO or his/her delegate wherever required, who may be Head FCC, Head Regulatory or any direct report to CCO in line with the Risk Appetite or any additional clearance requirement under this policy.</li> </ul> <p>Approval Matrix</p> <ol style="list-style-type: none"> <li>1. Approval level – Different combination of approvers for types of high-risk customers</li> <li>2. Type of Document &amp; Process</li> </ol> <p><b>I. Address Verification</b></p> <ul style="list-style-type: none"> <li>▪ Utility Bills, or</li> </ul>	<p>Enhanced Due Diligence</p> <ul style="list-style-type: none"> <li>• Obtaining approval of the senior management (Head of Business, Head of Compliance and Country Head) to commence or continue the business relationship or execute the high-risk financial transaction.</li> <li>• Clearance from Compliance through Regional Head of Compliance or his/her delegate wherever required, or any additional clearance requirement under Global policy and local regulations.</li> </ul> <p>1. Approval Matrix</p> <p>All the High-Risk Relationship needs to be approved as per the High-risk customer approval matrix covered under CRRM document of HBLSL.</p> <p>2. Type of Document &amp; Process</p> <p><b>I. Address Verification</b></p> <ul style="list-style-type: none"> <li>▪ Utility Bills not 3 months old, or</li> <li>▪ Rental Agreement, or</li> <li>▪ Property Document</li> </ul> <p><b>II. Source of funds/ Income</b></p> <ul style="list-style-type: none"> <li>▪ Bank statement &amp;</li> </ul>	Aligned with SL structure

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<ul style="list-style-type: none"> <li>Rental Agreement, or</li> <li>Property Document</li> </ul> <p><b>II. Source of funds/ Income</b></p> <ul style="list-style-type: none"> <li>Bank statement &amp;</li> <li>Assessment of the tax or Wealth Return</li> </ul> <p><b>III. First transaction through banking channel</b></p> <p><b>IV.</b></p>	<ul style="list-style-type: none"> <li>Assessment of the tax or Wealth Return</li> <li>Self-Declaration or</li> <li>Any supporting document</li> </ul> <p>II. First transaction through banking channel (as per latest SBP requirements and FATF Recommendation 10) – This is not applicable in SL hence removed</p>	
4.2.2 Politically Exposed Persons (PEPs)	<ul style="list-style-type: none"> <li>Domestic and foreign PEPs which include heads of state or of government, senior politicians, senior government officials, judicial or military officials, senior executives of state-owned corporations and important political party officials.</li> <li>middle ranking or more junior individuals in the above referred categories should not be included in the definition of PEPs.</li> <li>Family members of PEPs include direct family members, i.e. spouses, siblings &amp; lineal descendants and ascendants of the PEP.</li> <li>Close Associates of PEPs include:</li> </ul>	<p>Domestic and foreign PEPs which include heads of state or of government, politicians, senior government officials, judicial or military officials, senior executives of state-owned corporations and important political party officials.</p> <p>The PEP definition specifically excludes identifying middle ranking or junior individuals as PEPs. However, there should be awareness that middle ranking and junior officials could act on behalf of a PEP to circumvent AML/CFT controls. These less prominent public functions could be appropriately taken into account as customer risk factors in the framework of the overall assessment of risks associated with the business relationship in accordance with CDD Rules when they are acting on behalf of a PEP.</p> <p>Immediate family members of PEPs include any of the following relations:</p>	Replacement of PEP definition with Guidelines on Identification of PEPs No. 03 of 2019-FIU CBSL

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<ul style="list-style-type: none"> <li>○ Any individual(s) known to have joint beneficial ownership of a legal person or a legal arrangement or any other close business relations with a PEP;</li> <li>○ Any individual(s) who have beneficial ownership of a legal person or a legal arrangement which is known to have been set up for the benefit of a PEP;</li> <li>○ Any individual(s) who is reasonably known to be closely connected with the PEP for any other reason, including socially or professionally.</li> </ul>	<p>i. spouse (current and past).</p> <p>ii. siblings, (including half-siblings) and their spouses.</p> <p>iii. children (including stepchildren and adopted children) and their spouses.</p> <p>iv. parents (including stepparents).</p> <p>v. grand children and their spouses.</p> <p>Close associates of PEPs or their family members includes.</p> <p>i. a natural person having joint beneficial ownership of legal entities and legal arrangements, or any other close business relationship with any person identified in PEP guidelines 7 or 9; and</p> <p>ii. a legal person or legal arrangement whose beneficial owner is a natural person and is known to have been set up for the benefit of such person or his immediate family members identified in PEP guidelines 7 and 9.</p> <p>iii. a PEP's widely- and publicly known close business colleagues or personal advisors, in particular, persons acting in a financial fiduciary capacity.</p> <p>For complete details, please refer AML/CFT Procedure HBSL &amp; Guidelines on Identification of PEPs No. 03 of 2019</p>	
4.2.2.1 - PEP Categorization .	Complete section	Addition - PEP categorization to be in line with Annexure "A" of Guidelines on Identification of PEPs No. 03 of 2019	Replacement of PEP Categorization with Guidelines on Identification of PEPs No. 03 of 2019-FIU CBSL

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
4.2.2.3 Declassifying PEPs	<p>Upon being classified as a PEP, the classification must be retained:</p> <ul style="list-style-type: none"> <li>At least five years for Category A - Political PEPs after the individual ceases to hold office, and;</li> <li>At least three years for Category B – Service Level PEPs after the individual ceases to hold office.</li> </ul>	<p>While complying the requirements of the Global policy, handling of a customer who is no longer entrusted with a prominent public function should be based on an assessment of risk (periodic &amp; trigger-based review). and should not be limited to the time limits specified in Global Policy statement. Hence, Local regulatory guidelines must be complied primarily.</p>	<p>Incorporating the requirements of Guidelines on Identification of PEPs No. 03 of 2019</p>
4.4 NGOs/NPOs/ Charities	NIL	<p>The National Secretariat for Non-Governmental Organizations has informed that the Circular No. RAD/99/01 issued by the Secretary to the President on 06.02.1999 requires all international and national level foreign funded voluntary social services organizations/Non-Governmental Organizations (NGOs) to re-register with the National Secretariat for Non-Governmental Organizations.</p> <p>Accordingly, HBLSL is required to monitor and report any non-Governmental organization,</p> <p>a) not registered with the National Secretariat for Non-Governmental Organizations,</p> <p>b) registered with any other institution including the District Secretariat or the Divisional Secretariat or any other institutions and</p> <p>c) receives direct foreign funds / remittances into their accounts.</p> <p>Bank may submit such report to FIU in line with the prevailing regulatory requirement i.e., Section 7 of the Financial Transactions Reporting Act, No. 6 of 2006.</p>	<p>To comply with - Conducting Enhance Due Diligence with respect of the NGOs, NPOs or Charities under Financial Institutions (Customer Due Diligence).</p> <p>Should read in conjunction with Section 4.5</p>
4.5.1 Trade Based Money Laundering	Bank shall capture the relevant information about trade related	Bank shall capture the relevant information about trade related activities of the customer and	Replacement

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	activities of the customer and incorporate it in the Customer's Risk Profile giving due weightage to various risk factors. The assessment for risk profiling may include, but is not limited to the following:	<p>incorporate it in the Customer's Risk Profile giving due weightage to various risk factors. The assessment for risk profiling may include, but is not limited to the following in addition to a non-trade customer:</p> <ul style="list-style-type: none"> <li>• Countries of potential counterparties</li> <li>• Trade turnovers</li> </ul> <p>Approved TBML procedure of HBLSL to be referred in all TBML related matters in addition to this policy.</p>	
4.5.2 Government Accounts & Accounts of Autonomous Bodies	HBL shall open and maintain accounts of autonomous bodies, incorporated under an act of Parliament or the Companies Act 2017, after obtaining necessary approval/resolution from their respective board/governing bodies; or constituted through a cabinet resolution/notification of federal or a provincial government, after obtaining a no objection certificate (NOC) issued by the Finance Division or relevant finance departments of the provinces, as the case may be with respective Business Head sign-off.	HBL SL shall comply with the prevailing local requirements whereas applicable.	No specific regulation on how to handle the Govt accts. Also, there is no active relationship exists. Global Policy statement is not applicable.
4.5.4.	Branchless Banking (BB)	Not applicable to Sri Lanka	Not applicable to Sri Lanka as we do not provide such services currently.
4.5.5.1 Responsibility as an Ordering Institution	Include following information in the message or payment instruction which should accompany or remain with	Bank shall ensure that all cross-border wire transfers having a value more than or equal to Sri Lankan rupees one hundred thousand or its equivalent in any foreign currency	Aligned as per Rule 70 of CDD Rules No. 01 of 2016 (PART IV



Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
	<p>the wire transfer throughout the payment chain</p> <ul style="list-style-type: none"> <li>Beneficiary's applicable identity document number</li> </ul>	<p>to be always accompanied with the following.</p> <p>Include following information in the message or payment instruction which should accompany or remain with the wire transfer throughout the payment chain</p> <ul style="list-style-type: none"> <li>Originator's address</li> <li>beneficiary account number where such an account is used to process the transaction or in the absence of an account, a unique transaction reference number which permits traceability of the transaction.</li> </ul>	WIRE TRANSFERS)
5.1.2 Expired Identification Documents	<p>With respect to HBL Pakistan, SBP has issued Regulations that allow banks to block accounts without valid Identity Document (after serving one-month prior notice) for all debit transactions/withdrawals, irrespective of mode of payment, until the subject regulatory requirement is fulfilled. However, debit block from the accounts shall be removed upon submission of valid identity document and verification of the same. However, in case of expiry of CNIC or other ID documents in low-risk accounts, bank may allow continuity of relationship/operation in the account up to three months from the date of expiry. However, the Bank shall obtain the ID renewed CNIC/ID documents within the stipulated time period.</p>	<p>SL identity card does not carry an expiry date. Global Policy statement is only applied to Passport in case of foreign/non-resident customer. If the Passport or visa is expired, bank is not authorized to provide banking services as mentioned under Global Policy.</p>	<p>Replaced to align the document with SL operations</p>

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
5.1.4 Transaction Monitoring	<p>The current transaction monitoring system is FCCM Oracle 8.0.4 that provides risk-based transaction monitoring.</p> <p>A team of AML professionals under the AML Monitoring Department in FCC, Global Compliance has been given the task to handle the alerts as per Standard Operating Procedures of FCC</p>	<p>The current transaction monitoring system at HBLSL is FCCM Oracle Version 8.0.7.2.0</p> <p>Compliance team performs transaction monitoring as per the AML-CFT &amp; Sanctions procedure of HBLSL.</p>	Replaced to align the document as per HBL SL's compliance structure.
5.1.5 Reporting of Transactions (STRs/ CTRs)	<ul style="list-style-type: none"> <li>Comply with the provisions of Section 7 of the AML Act, rules and regulations issued for reporting suspicious transactions/currency transactions in the context of ML/TF &amp; PF.</li> <li>Ensure that STRs, including actual or attempted structured transactions, are reported regardless of the amount of the transactions; and the CTRs are reported for the transactions of rupees two million and above as per requirements of the AML Act.</li> </ul>	<p><b>Reporting of Transactions to FIU (STRs/CTR/EFTs)</b></p> <ul style="list-style-type: none"> <li>Comply with the provisions of Section 7 of the Financial Transactions Reporting Act No. 06 of 2006, rules and regulations issued for reporting suspicious transactions in the context of ML/TF &amp; PF.</li> <li>Further comply with Section 6 of the Act and subsequent rules and regulations for reporting of cash transactions and electronic fund transfers above the threshold of LKR 1 Mn to FIU.</li> <li>Ensure that STRs, including actual or attempted transactions, are reported regardless of the amount of the transactions; and the CTRs and EFTs are reported for the transactions exceeding rupees one million as per requirements of the FTRA.</li> </ul>	Aligned as per SL regulatory framework

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5.2 Combating Financing of Terrorism (CFT) Desk and List Management	The Combatting Financing of Terrorism (CFT) function is responsible for CFT related controls (preventive measures).	Compliance department HBL SL is responsible for all CFT related controls (preventive measures) and is required to ensure that Bank's internal risk assessment process for identification, assessment and understanding of TF risks including transnational TF risk is adequate, effective, and updated.	Aligned with the SL framework.
5.4 ML/TF Red Flags	NIL	Red flags communicated time to time by FIU shall also be considered.	Incorporating the red flags / new trends of ML/TF communicated by FIU.
6. Sharing Information at Group Level	Nil	Information sharing shall be done in compliance with the Section 77 (Declaration of Secrecy) of the Banking Act No 30 of 1988 and all applicable sections of the Financial Transactions Reporting Act. Further, country in coordination with local compliance should adhere to PERSONAL DATA PROTECTION ACT No 09 of 2022 CBSL while sharing information with HBL Head Office (International Compliance Department and Internal Audit Department based at Head Office) for AML/CFT purpose or with any other HBL Branches at different locations.	Aligned with the SL framework
7. Training & Development	Nil	Bank is required to conduct suitable training programs for all staff whether permanent, contractual or outsourced in order to effectively implement the regulatory requirements and internal policies and procedures relating to money laundering and terrorist financing risk management.	Aligned as per FTRA No. 06 of 2006 and CDD Rules No 01 of 2016. To be read after section 7 of the Global Policy

Section	Global Policy	HBL Sri Lanka Policy Statement	Rationale
Annex I & Annex II	Annex I & Annex II	Schedule (Rule 27) attached to the CDD Rules No 01 of 2016 will be applicable as detailed under AML/CFT Procedure of HBLSL.	Documents shall be obtained as per the Schedule to CDD Rules No 01 of 2016. Replacement of Annexure I & II
Definitions	Definitions	Definitions that are provided in Banking Act, CDD Regulations etc. will supersede definitions that are given in the Global AML/CFT and Sanctions Policy.	To enforce local regulatory requirements. Replacement as applicable.