

## **Note on KYC/ AML/ CFT Process**

HDFC Bank Limited gives utmost importance to compliance to regulatory guidelines.

The Bank has an established and independent Compliance Function which monitors and ensures compliance with regulatory guidelines, applicable laws, as well as internal code of conduct, policies and procedures. The Compliance Function also promotes and inculcates compliance culture in the Bank. The Bank's internal policies are reviewed periodically to ensure new regulations / guidelines / best industry practices are reflected in the respective policies.

Compliance Function of the Bank is subdivided into Core Compliance and AML Compliance. Core-Compliance function is primarily responsible for regulatory compliance, governance and enforcement. Any new product/process introduced in the Bank is reviewed by Core Compliance function in order to ensure adherence to regulatory guidelines. AML Compliance is responsible for transaction monitoring, reporting of suspicious transactions and other regulatory reporting to Financial Intelligence Unit of India (FIU-IND).

The Bank has a comprehensive Know Your Customer (KYC), Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) policy (in line with the RBI guidelines/provisions of the Prevention of Money Laundering Act, 2002) incorporating the key elements of Customer Acceptance Policy, Customer Identification Procedures, Risk Management and Monitoring of Transactions. This policy is subjected to an annual review and is duly approved by the Board.

The policy largely covers aspects such as:

- ❖ Regulatory Guidelines & International Principals
- ❖ Risk Management including Money Laundering (ML) and Terrorist Financing (TF) risk assessment
- ❖ KYC requirements
- ❖ Risk Categorisation
- ❖ Monitoring & reporting of transactions
- ❖ Operations in bank accounts
- ❖ PMLA framework and appointment of Money Laundering Officer, Principal Officer & Designated Director under PMLA
- ❖ Record Keeping
- ❖ Customer due diligence Procedure
- ❖ Awareness & Training

In addition to the above Policy, respective product / operation functions have their Standard Operating Procedures and internal guidelines detailing the process and compliance principals to be followed in day to day functioning.

The Bank has robust controls in place to ensure adherence to the KYC guidelines at the time of on-boarding of customer and also has a continuous review process in the form of transaction monitoring and on-going due diligence. The AML team carries out transaction reviews for identification of suspicious patterns/trends which helps to carry out enhanced due diligence and appropriate actions thereafter.

Every employee of the bank is expected to acquaint themselves with applicable policies, regulations and related code of conducts.