

## **The Global Anti Money Laundering/Combating the Finance of Terrorism; Anti-Fraud and Know Your Customer Policy and Principles of Eurocity Bank AG**

Eurocity Bank AG is committed to the highest standards of anti money laundering (AML) compliance and requires management and employees to adhere to these standards to prevent use of our products and services for money laundering purposes.

Eurocity Bank AG will examine its Anti Money Laundering strategies, goals and objectives on an ongoing basis and maintains an effective Anti Money Laundering program for the Bank's business that reflects the best practices for a diversified financial services provider.

Adherence to the Eurocity Bank AG Anti-Money Laundering Program is the responsibility of all employees. The program is formulated and directed by the AML-Officer. The program includes client screening and monitoring requirements, "know your customer" policies (including the requirement to establish the identity of beneficial owners), Embargo policies, record keeping requirements, the reporting of suspicious circumstances in accordance with relevant laws, and AML training.

The standards set out in this Policy are minimum requirements based on applicable legal and regulatory requirements. These requirements are intended to prevent Eurocity Bank AG, our employees and clients from being misused for money laundering, terrorist financing or other financial crime. This Policy establishes the general framework for the fight against money laundering and financing of terrorism.

The German Banking Act (KWG) and the German Anti-Money Laundering Act (GwG) regulate the principal requirements, obligations and penalties, intended to prevent the financial institutes, their employees and clients from being misused for money laundering, terrorist financing or other financial crime. In compliance with the above mentioned regulations, U.N. Security Council Resolutions, EU Directives, USA Patriot Act and according to the recommendations made by the Financial Action Task Force (FATF), the Eurocity Bank instituted appropriate procedures for controlling activities for the need to have adequate systems and controls in place to mitigate the risk of the firm being used to facilitate financial crime as follows:

### **Ascertainment of customer identity:**

- When entering into a lasting business relationship,
- When performing a single transaction or deal,
- Before accepting cash or physical values worth 15.000 EUR (or equivalent) outside an existing business relationship, also when performing a number of smaller payments adding up to this amount (smurfing)
- When performing transfer of funds outside an existing business relationship value worth 1.000,- Euro (or equivalent)

**Establishment of purpose of business relationship:** When entering into a lasting business relationship, Eurocity Bank must obtain information on kind and purpose thereof, if this is not clear from the business relationship itself.

**Identification of Ultimate Beneficial Owner:** Whenever the Eurocity Bank is required to identify a customer, it must establish and verify the identity of the ultimate natural person, - who owns or

- controls the customer or its assets or
- on whose behalf the transaction is carried out or the business relationship is established

**Client account monitoring:** A permanent monitoring of clients' accounts must be implemented to detect unusual/suspicious transactions. Monitoring must be effected for applicable business areas using adequate processes and systems. Furthermore, risk based controls, including AML software program that monitors ongoing transactions, account activities of customers and screens existing and prospective customers for AML and CFT purposes are implemented.

**Correspondent banking:** Special attention must be paid to correspondent banking business and adequate security measures must be implemented.

**Forbidden business:** Payable through accounts and relationships with shell banks are forbidden for correspondent banks.

**Reporting of suspicious circumstances / transactions:** Such circumstances/transactions must be reported to the competent authorities according to local law.

**Staff reliability:** Eurocity Bank must not employ staff, who is deemed not reliable. Commanding officers of each employee assess the employee's reliability on a one year cycle and give written opinion to the AML Officer and to the Board of Directors.

**Anti-Money Laundering controls:** The responsible Anti Money Laundering Officer must ensure by adequate customer- and business related controls that all applicable AML requirements are being adhered to and security measures are properly functioning.

**Anti-Money Laundering Training:** All employees (including trainees and temporary personnel) responsible for carrying out transactions and/or for initiating and/or establishing business relationships must undergo anti money laundering training. Initial training must be attended within three months after an employee has joined the Eurocity Bank and subsequently every year.

**Anti-Money Laundering Risk Analysis:** Eurocity Bank has set up a system to assess the level of risk exposure considering product and client risk and derive appropriate security measures from this analysis.

**Embargo Requirements:** Eurocity Bank will adhere to all applicable embargo requirements and will check clients and transactions against applicable embargo lists.

**Record Retention:** Records must be kept of all transaction data and data obtained for the purpose of identification, as well as of all documents related to money laundering topics (e.g. files on suspicious activity reports, documentation of AML account monitoring, etc.). Those records must be kept for a minimum of 6 years.

The procedures implemented and their execution is subject to internal audition and independent audit testing.