

Memorandum concerning the approval of suitable customers to prevent money laundering and the supervision at two levels with regards to the business relations and the operations.

(Approved by the Management Committee held on 9 December 2004)

1. It is the policy of the bank to accept only customers suitable to the activities of the bank to enable us to prevent any money laundering or financing of terrorism by an adequate knowledge of the customers and the operations and services required by them.
2. The bank will verify that the customers are not mentioned on the financing embargo lists published from time to time by the authorities. This supposes that a checking is operated from time to time to establish that the customers, their mandatory or proxies or their economical rightful claimants are not mentioned on the financing embargo lists.
3. The policy concerning the approval of only suitable customers is part of the policy of integrity, which should be regularly updated and approved by the Board of Directors.
4. Additional care should be exercised for the following category of customers who should obligatory be considered as more dangerous:
 - customers who are "politically exposed persons"
 - customers asking for a numbered account
 - customers asking for private banking services
 - customers residing in a country or territory qualified as non cooperative by the GAFI
 - customers who have been identified at distance with a copy of an official document.

"Politically exposed persons" are the persons who are or have been in Belgium or in another country:

- Head of State
- Member of Government
- Member of Parliament
- President of a Party represented in the government
- High civil servant, inclusive those in the army or the judicial power
- Chief Executive of public enterprises of national importance
- High political executive and high civil servants of international organizations like the European Union, NATO, UNO etc.

The husbands or wives, parents or descendants of these persons as well as the companies closely associates with these persons are also to be considered as "Politically exposes persons".

5. When the customer is a credit institution, the bank should:
- a) Exclude to enter into relationship with credit institutions that have no offices in the country where their statutory office is established and that are not affiliated to a financial group submitted to a regulation following the recommendations of the GAFI or that are not subject to an effective consolidated supervision.
 - b) Base its decision to enter relationship on a file containing:
 - The complete identification of the credit institution inclusive its type of activities.
 - The base elements of verification that this credit institution satisfies the previous paragraph.
 - All useful information to be found in public to establish the credibility of this institution and information over eventual enquiries or decisions of the local authorities about money laundering or financing of terrorism.
 - All useful information to be found in the public about the compliance with the 40 recommendations of the GAFI and the legal and regulatory measures against money laundering and financing of terrorism in place in the country where the credit institution is established.
 - c) Enter into relationship with correspondent banks only if:
 - The nature of relationship and the responsibilities are agreed in advance in writing.
 - The decision to start business relation who could expose the bank to particular risk with regards to money laundering or financing of terrorism, is based on a satisfactory evaluation of the control put in place by the credit institution of foreign law to prevent money laundering or financing of terrorism.
 - The payable-through accounts have been guaranteed in writing in advance that the identity of the customers have been established and disclosed.
 - d)
 - Proceed with a periodical examination in function of the risk and, if needed, an update of the information on which the decision to open the relation has been taken.
 - Proceed with a new examination when information are endangering the trust in the measures put in place by the authorities in the country of the foreign credit institution with regards to the prevention of money laundering and financing of terrorism.
 - Proceed with periodical tests and verification in function of the risk to insure the permanent respect by the foreign credit institution of its liabilities and in particular of the identification of the customers having direct access in the payable-through accounts.

6. The supervision at the first and the second level is organized as follows:

- The supervision at the first level is effected by Mrs. Christine Bienfait or her substitute in her absence.
The supervision at the second level is effected by Ms. Chang Hsiao-Lien, Deputy Managing Director, or by Mr. Chen Ta-Hu, Managing Director in her absence.
- The supervision at the first level must identify all atypical transactions and all operations that could be linked with money laundering or financing of terrorism and amongst others, the operations appearing as non coherent with the customer's usual activities, its professional activities, its risk profile and, if necessary, the origin of the funds.

For the criteria to identify the above mentioned operations, please refer to the document from GAFI "Guidance for Financial Institutions in detecting terrorist financing"

- In view of the size of the bank and the limited number of customers, the supervision at the second level will be identical to the supervision at the first level.
It will cover all operations without exception and will follow the same criteria from GAFI to identify suspected operations as mentioned here above.

