

**SAMPLEBANK**  
**CUSTOMER IDENTIFICATION PROCEDURES**

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It is the policy of SampleBank to determine and verify the identity of all of its customers in compliance with Section 326 of USA PATRIOT Act and Part 103.121 of the regulations under the Bank Secrecy Act, Customer Identification Program ("CIP") regulations. For the purpose of this compliance procedure, the following definitions as outlined in the USA PATRIOT Act apply:

*"Person"* means an individual or a legal entity such as a corporation, trust, partnership, etc.

*"U.S. Person"* means a U.S. citizen or a legal entity (corporation, partnership or trust, etc.) established or organized under the laws of a State or the United States.

*"Non-U.S. Person"* means a person other than a U.S. Person.

*"Account"* means each formal banking relationship established to provide or engage in services, dealings, or other financial transactions including but not limited to a deposit account, a transaction or asset account, a credit account, or other extension of credit, a relationship established to provide a safe deposit box or other safekeeping services, or cash management, custodian, and trust services. Individual transactions that create no ongoing relationship such as the sale of a cashier's check, sale of a traveler's check or the cashing of a third party check are not accounts. Accounts that the bank acquires through an acquisition, merger, purchase of assets, or assumption of liabilities are not considered as accounts.

Note: Do **not** provide occasional banking services such as this to non-customers without appropriate management approval and compliance with Bank Secrecy Act record keeping procedures. In the event senior management approves the provision of these services, an acceptable identification document as outlined in these procedures must be reviewed and identification information retained with the transaction documentation.

*"Customer"* means any person opening an account as noted on the account ownership matrix. In general, customer includes a person opening a new account and an individual who opens a new account for an individual lacking legal capacity such as a minor or an entity that is not a legal person (civic club, social club, etc.). Under Section 326, the following are exempt from CIP Identification procedures:

- A person who has an existing account with the Bank as of October 1, 2003 and has presented no reason to doubt the individual(s)' identity as presented;
- Domestic operations of a financial institution regulated by a Federal functional or state bank regulator;
- Domestic operations of readily identifiable entities as outlined in Section 326 including
  - ▶ Federal departments and agencies
  - ▶ State and local governments
  - ▶ Entities listed on a national stock exchange including their subsidiaries

These procedures shall apply to all persons who are new customers of the Bank and are not exempt as noted in the previous paragraph.

### **CIP Procedures Overview**

The procedures for CIP Compliance are summarized in [CIP Procedures Quick Reference Guide](#). The details supporting the procedural steps are discussed in this section of the manual to support greater understanding and enhance individual employees' decision-making capability.

### **Customer Identity Verification**

It is the policy of SampleBank to verify the identity of every new customer to the extent reasonable and practical, either at the time that an account relationship is established or as soon thereafter as possible. Customer identity verification procedures sufficient to enable the Bank to form a reasonable belief that it knows the true identity of the customer have been implemented in support of the Bank's board approved policy. Recommended verification steps are outlined in the [CIP Identification Verification Recommendations](#).

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At account opening or as soon thereafter as possible, the Bank will compare the verification information obtained to the information provided by the customer. If the verification information conflicts with the customer identity information, the Bank shall solicit additional information from the customer or from other sources to resolve the conflict. If the conflict cannot be resolved, the account relationship will be terminated. If it is believed that the customer provided false information, a Suspicious Activity Report will be filed in accordance with the BSA Compliance Program.

If a person has had an account relationship with SampleBank prior to the implementation of this policy but that customer's identity information and subsequent customer contact causes the Bank to question the customer's identity or other security concerns arise, the customer will be subject to the same procedures as new customers upon application for a new account relationship. Examples of reasons to question the customer's identity include, but are not limited to:

- Notification from the IRS of TIN mismatch;
- Returned mail when forwarding customer statements, brochures or other bank material;
- Accounts with no Taxpayer Identification Number;
- Increase in returned deposited items or insufficient funds checks written by the customer;
- Suspicious activity including transactions involving entities or individuals located in Countries of Concern.

Once all persons or entities required identity information has been obtained and verified, designate successful verification on the Customer Information File record (User Field X). Identity need not be verified again at application for additional account relationships. Every person requested to provide identity information or verification documentation must be provided with a notice that federal law requires the Bank to obtain the information and documentation that is being requested. This disclosure has also been posted in each bank office, on the Notarized ID Documents form, on our Internet website and through all other channels for establishing a new relationship (brokers, car dealerships, etc.).

#### **Comparison With Government Lists**

The names of all persons subject to this policy will be checked against current Office of Foreign Asset Control ("OFAC") control lists and against other lists of known or suspected terrorists or terrorist organizations provided to the Bank by a federal government agency. At this time the federal government has not designated a terrorist list for CIP purposes. All applicable bank regulatory directives issued in connection with such list shall be strictly adhered to.

#### **Countries of Concern**

Banking regulations mandate that we consider a customer's activities as it relates to countries and territories noted as high risks by various Federal and international organizations. The list is updated as needed when organizations announce changes. The updates occur sporadically and therefore require immediate distribution of updated lists. The BSA Officer or a designee will distribute updated Countries of Concern lists immediately upon receipt. If potential individual customers are currently citizens of or were born in a Country of Concern we must consider that factor in our overall assessment of the Person. If an entity operates in or originated in a Country of Concern, we must consider that in our assessment of entities. Country of Concern relationship alone is not sufficient to warrant closing an account, denying account opening, or imposing account restrictions. It is one of many factors that should create our assessment of the customer's identity.

#### **Documentary Verification**

It is the policy of SampleBank to obtain identifying information about every new customer or representative of an account owner **prior to** opening the account unless the Person is exempt per the USA PATRIOT Act CIP requirements. Refer to the Account Ownership Matrix for the list of required documents appropriate for the type of Ownership (individual versus entity). In accordance with USA PATRIOT Act requirements, SampleBank will request evidentiary documents and information appropriate to the nature of the person's taxpayer type and organization if a non-individual. Documentation required is generally based on status as a US Person or not a US Person as defined in the regulation and the type of account being requested when a new customer contacts the Bank. The minimum required identification information for each Customer is outlined below.

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**Individual U.S. Person considered a “customer” as defined in the Account Ownership Matrix:**

- a. Individual’s name.
- b. Date and place of birth. (Place of birth is optional but is useful in verifying the SSN’s issuance compared to the year of birth. Place of birth may be entered in User Field X of the CIF record.)
- c. Physical address **at a minimum**. Obtain mailing address if different from physical address.
  - Active US Armed Forces personnel may provide an APO (Army Post Office Box) or FPO (Fleet Post Office Box) address as an acceptable physical address. An unexpired military identification document must be recorded on the Account Owner / Representative CIP Information form.
  - Individuals without a physical residence may provide the physical address of a person that is listed as the next of kin or primary contact of the individual. You must verify the physical address of the individual noted and obtain his or her written authorization to be used as primary contact for the new customer. Use the Notarized ID form to obtain information and authorization from the primary contact if not present in the Bank.
- d. Telephone number including residence number, work number or cell phone number, if available. A minimum of residence telephone number or primary contact telephone number is required.
- e. Social Security Number.
- f. Acceptable identification documents in accordance with the Account Ownership Matrix. Contact the Bank Secrecy Act Officer or designee if unfamiliar documents are presented by the individual, to obtain a ruling on the acceptability of the document as identification.
- g. Refer to the [Recommended Account Restrictions](#) to determine if holds, account freezes or other appropriate actions are required.

**Individual Non-U.S. Person considered a “customer” as defined in CIP procedures:**

- a. Individual’s name. If necessary, translated information must be obtained from a trusted source to detail required ID information.
- b. Date and place of birth (Country of birth will be useful in identifying potential links to Countries of Concern or in justification of international account activity for anti-money laundering review purposes. Country of birth may be entered in User Field X on the CIF record).
- c. Physical address **at a minimum**. Obtain mailing address if different from physical address.
- d. Telephone number including residence number, work number or cell phone number, if available. A minimum of residence telephone number is required.
- e. U.S. Taxpayer Identification Number, if available, in addition to any of the following available but at least one of the following: passport number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard. Taxpayer identification number for a Non-US Person; a Social Security Number (SSN), an Individual Taxpayer Identification Number (ITIN) if not eligible for SSN, or an Employer Identification Number if Non-US Person is engaged in a trade or business as a sole proprietor and have employees or a qualified beneficiary plan.
  - In the event the Non U.S. Person is a minor, the Bank will accept the verification of either a parent or legal guardian of the minor in lieu of verification of the minor’s identity. Appropriate legal documentation must be provided to support parental or guardian status.
- f. Acceptable identification documents in accordance with the Account Ownership Matrix and the [Acceptable Identification Documents](#) list. Contact the Bank Secrecy Act Officer or designee if unfamiliar documents are presented by the individual, to obtain a ruling on the acceptability of the document as identification.
- g. Refer to the [Recommended Account Restrictions](#) to determine if holds, account freezes or other appropriate actions are required.

**U.S. Entity, Non-Individual considered a “customer” as defined in CIP procedures:**

- a. Entity’s principal place of business and, if different, the customer’s mailing address. Obtain the customer’s local address if different from the address of its principal place of business (i.e. home office of local satellite office).

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- b. Telephone number including principal place of business number and local business number, if different. Cell phone number(s) of business owners or principals are desired, if possible.
- c. Employer Identification Number (EIN) if entity is required to obtain an EIN. If an EIN is not required, obtain the Social Security Number(s) of the principal(s) of the customer. An EIN is required if Non-US Person is engaged in a trade or business as a sole proprietor and have employees or a qualified beneficiary plan
- d. Official documentation evidencing the legal status of the entity establishing the account. This could include, as appropriate to the entity's type of organization, local business license, state incorporation papers, trust agreement, organization minutes, partnership agreement or other legal documents representing the basis upon which the entity was founded. Refer to the Account Ownership Matrix for the documents required according to entity type.
- e. Name and address of a US Financial Institution with which the customer has or has had in the recent past a financial relationship, if any.

**Non U.S. Entity, Non-Individual considered a "customer" as defined in CIP Procedures:**

- a. Entity's principal place of business and, if different, the customer's mailing address. Obtain the customer's local address if different from the address of its principal place of business (i.e. home office of local satellite office). If necessary, translated information must be obtained from a trusted source to detail required ID information.
- b. Telephone number including principal place of business number and local business number, if different. Cell phone number(s) of business owners or principals are desired, if possible.
- c. Employer Identification Number (EIN) if entity is required to obtain an EIN. If US Taxpayer Identification Numbers are not available, obtain an equivalent Taxpayer Identification Number issued by the country of the customer's residence.
- d. Official documentation evidencing the legal status of the entity establishing the account. This could include, as appropriate to the entity's type of organization, local business license, state incorporation papers, trust agreement, organization minutes, partnership agreement or other legal documents representing the basis upon which the entity was founded. Refer to the Account Ownership Matrix for the documents required according to entity type.
- e. Name and address of a U.S. Financial Institution with which the customer has or has had in the recent past a financial relationship, if any.

It is the policy of our organization that it will not maintain an account relationship with a Person or allow a Person to become a joint owner or representative of an owner until the required information about the individual is obtained. The information will be reviewed and adequately verified within a reasonable period of time appropriate to the risk category of the account.

SampleBank will not establish an account relationship with a person who is an entity until the required taxpayer identification number information for the entity is obtained with only one temporary exception.

- If the customer is a newly formed entity or organization and has already requested a TIN from the SSA but has not yet received it, the customer must complete a W-9 as proof of the filing. The customer must complete the W-9 certification and write "Applied For" in the space for the TIN in Part I on the form. The account may be opened on a probationary basis if the required documentation is on file. Mark the CIF record Field XX as "Pending TIN."
- If the customer has not yet applied for a TIN for the entity or organization, Bank Employees will assist the customer in applying for a TIN immediately via Internet or Telephone. Refer to the instructions for this application. The customer must provide its TIN within six weeks of the date that the account is opened. The customer information file (portfolio record) will be tagged to note that the TIN is pending in Field XX.

The customer is required to submit the TIN and certify its accuracy on the account signature card or a W-9 for other accounts within six weeks of opening the account. The BSA Officer or a designee will monitor the accounts opened without TIN's on a temporary basis to ensure procedures are followed. If the taxpayer identification number is not provided within the time period, the account will be closed. The BSA Officer and management representatives will determine if a Suspicious Activity Report is warranted.

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**Non-Documentary Verification**

As required by the USA PATRIOT Act, our non-documentary verification procedures are established as additional protection when identification documents are obtained and/or when traditional identification documents are not available or when inconsistencies in documents require further research. To minimize the Bank's risk, certain scenarios may or may not warrant non-documentary verification procedures.

Samples of non-documentary methods of verification are briefly outlined in the CIP Identification Verification Recommendations. In the event discrepancies are noted, resolution must be accomplished or the account is considered suspended or terminated. Refer to the Recommended Account Restrictions to determine appropriate action. All discrepancies and resolution or decision to terminate account must be accurately and completely noted on the Account Owner / Representative Information form and supporting documentation.

**Adverse Action Notices**

In accordance with Fair Credit Reporting Act (FCRA), deposit adverse action notices are required for consumers (non-business purpose accounts) if the denial is based on information contained in credit reports. Verification reports through ChexSystems, Telecheck or similar negative databases are considered credit reports for FCRA compliance purposes. Provide the denied consumer applicant the information upon confirming the decision. File a copy of the adverse action notice with the Account Owner / Representative form completed for the applicant(s). Deposit adverse action notices are not required for entities. Consult detailed deposit compliance procedures for complete details on deposit adverse action notices.

Loan adverse action notices are required for consumers and small businesses under FCRA and Equal Credit Opportunity Act (ECOA) laws and regulations. If necessary, you may use the following statement as the reason for denial in the "Other" section of the form:

- Lack of sufficient identification verification to authorize new customer relationship

Consult detailed loan compliance procedures for complete details on loan adverse action notices.

Attach a copy of the adverse action notice to the Account Owner/Representative Information form and forward the primary bank copy to the department as noted in compliance procedures.

**Record Retention**

The completed Account Owner/Representative Information form is to be filed alphabetically by month for permanent record retention. Each banking office is to retain its own records for the current calendar month. Forward a complete month's records to the Operations Department for scanning. It is bank policy to maintain customer identification program records for a period of five years after the record was created at initial account opening. The records shall include:

- Initial account application and supporting items documenting the identity information obtained from the person and from external sources;
- A record of all information obtained to verify a person's identity including credit report, confirmation of prior bank relationships, Internet search engines, and other tools used by SampleBank. If there was a conflict between the identity information that a person provided and the verification information obtained, the Bank will maintain a record of how the conflict was resolved.
- In the event the account is closed due to unresolved conflicts in information or other appropriate reasons, copies of customer communication will be retained with the identification records. If appropriate, adverse action notices will be prepared and forwarded to the denied applicant.
- If applicable, a copy of the adverse action notices prepared to notify the applicant of the denied account(s).

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