

TIRANA BANK  
ANTI MONEY LAUNDERING AND TERRORISM  
FINANCING  
INTERNAL PROCEDURE

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**PROCEDURE  
ON  
MONEY LAUNDERING PREVENTION**

**1. GENERAL**

1.1. The Tirana Bank's procedure "On Money Laundering Prevention" is issued based on the following laws, regulation and instruction:

1. Law no. 9917 dated 19.05.2008 "On Money Laundering Prevention and terrorism financing"
2. Law no. 9662, dated 18.12.2006 "On banks in the Republic of Albania"
3. Bank of Albania regulation no. 44, dated 10.06.2009 "On Prevention of Money Laundering and Terrorist Financing";
4. Ministry of Finance Guideline-regulation no.12, dated 05.02.2009 "The methods and procedures for reporting of the reporting institutions subject of law nr 9917 dd 19.05.2008 -On Prevention Money Laundering and Financing of Terrorism".
5. Piraeus Group AML Policy .
6. Bank of Greece , Decision nr.281-17/03/2009 Prevention of Money laundering and Terrorist Financing , and , 285 -09/07/2009 , Indicative Typology of unusual or suspicious transactions.

1.2. The purpose of this procedure is to prevent the use of the bank for money laundering and terrorism financing, and to prevent the economic and financial sector from criminal activities.

The objective is to protect Tirana Bank and Piraeus Group 's prestige and reputation and to prevent the imposing of sanctions against them due to actions which can end up in the bank being used for the legalization of the revenue from criminal activity and terrorist financing.

This procedure is also assisted by the use of information systems for the constant monitoring of transactions and reporting .

Money laundering and terrorism financing can seriously damage the reputation of the bank and the Group. To avoid such consequences, it is essential for the bank to continuously apply the highest standards on detecting and preventing cases of money laundering or terrorism financing.

**2. DUE DILIGENCE - IDENTIFICATION PROCEDURES**

1. For the prevention of money laundering and terrorism financing, it is essential that the bank knows its customers. To this end, the bank shall apply internal procedures for

identifying the customer and for understanding its financial activity, defined in Tirana Bank's policy "Know Your Customer".

2. The Bank carries out the identification procedures in accordance with Article 4 of Law "On Money Laundering Prevention and Terrorism financing". The Bank shall also have the right to ask for additional information on the customer's identification, if it deems necessary. The bank shall identify their customers and verify their identities by means of identification documents in a complete and accurate manner:

a- Before establishing a business relationship

b- cases different from that referred to in a), when an occasional client asks for the execution of:

- A direct transfer within or out of the country;

- A transaction at an amount equal to:

(i) Not less than 200,000 lek or its equivalent in foreign currency for buying or selling of gambling coins or their electronic equivalent, such as the case of games of chance, casinos and hippodromes of any kind;

(ii) Not less than 1,500 000 lek or its equivalent in foreign currency, such as the case of a sole transaction or various transactions linked to each other. If the amount of the transaction is unknown at the time it is executed, the identification shall be made as soon as the amount is made known and the limit is reached.

c) When there are doubts about the identification data previously collected

d) In all cases when there is sufficient doubt for money laundering or terrorism financing.

e) The subjects must identify the beneficial owner.

"**Beneficial owner**" means the physical or legal person who owns or is the last to control a client and/or the person for whose interest a transaction is executed. This also includes the persons executing the last effective control on a legal person. Control is the relationship in which a persons:

- ❖ owns, through direct or indirect ownership, the majority of stocks or votes in a legal person,
- ❖ owns by himself the majority of votes in a legal persons, based in an agreement with the other shareholders or partners,
- ❖ de facto controls the decisions made by the legal person,
- ❖ in any way controls the selection, appointment or release of the majority of administrators of the legal person.

3. The Bank must apply **Customer Due Diligence** (CDD) measures both at commencement and in the duration of a business relationship .These measures must comprise at least :

- Identification and verification of customer's identity on the basis of documents , data or information obtained from reliable and independent sources .
- Identifying the Beneficial Owner(s) of legal persons and entities , continuously updating the information and taking reasonable , risk based measures to verify the identity so that the Bank knows who the beneficial owners are .
- Obtain information on the purpose and intended nature of the business relationship or of important transactions or activities of the customer or the beneficial owner.
- Establishing the economic/transacting profile of the customer ( individual and corporate), including at least :
  - the purpose for which an account is opened or a business relationship is concluded;
  - the anticipated operation of the account;
  - the kinds of transactions that may be carried out;
  - the anticipated source of the funds credited to the account;
  - the anticipated destination of outgoing remittances or payments;
  - the size and sources of the customer's assets and revenue; and
  - a description of the customer's professional or business activity.
- Before carrying out a transaction with the bank , each customer/individual must present the identity document .The bank will not carry our any transaction with the clients that does not present any identity document described above.

3.1 For the purposes of identification and confirmation of the identity of clients, the Bank must register and keep all the following data:

**For physical persons :**

- ❖ Full name, father's name, last name,
- ❖ Date of birth, place of birth,
- ❖ Place of permanent residence and of temporary residence,
- ❖ Type and number of identification document, as well as the serial number and the issuing authority, and all changes made in the moment of execution of the financial transaction,
- ❖ Occupation and business address ,
- ❖ Contact phone number
- ❖ Customer's signature specimen .

The legal documents for identification of the individuals will be :

**Albanian citizens under 16 years old :**

- ❖ Birth certificate with photo , issued within the existing month or within the validity period in case it is specified.
- ❖ Valid Passport

**Albanian citizens older than 16 years old:**

- ❖ Id Card
- ❖ Valid passport
- ❖ Birth certificate with photo , issued within the existing month or the validity period in case it is specified. **This document will be accepted until 31.12.2009. After this period this document must be replaced with one of the other identification document.**
- ❖ The new driving license .
- ❖ Certification by an employer in case they are employed or other self occupation certificate/license (for verification of occupation).

**Citizens of a foreign country under resident's status :**

- ❖ A valid permit of stay and work permit .
- ❖ ID Card
- ❖ Valid passport.

**Citizens of a foreign country under non resident status :**

- ❖ Same documents as for other resident status ,
- ❖ Valid Passport and a personal identity card ( if applicable) issued by the origin authorities,
- ❖ A domicile address certification on annual basis.

**Legal representatives for individuals**

Except of the same documents as above , they must present identification documents for the individual they represent and power of attorney or a representation letter duly certified by the competent authorities . In case these documents will be not presented , the bank will not carry out any transaction.

**For physical persons that carry out for-profit activity ( Person Fizik):**

- ❖ Name, last name,
- ❖ Number and date of registration with the National Registration Center,
- ❖ Number and date of court decision related to registration as physical person(if any),
- ❖ Documents certifying the object of activity,

- ❖ Number of Identification as Taxable Person (NIPT),
- ❖ License for the Activity , if required by the law.
- ❖ Address and all changes made in the moment of execution of the financial transaction.
- ❖ Signature specimen and stamp (if any)
- ❖ All the documents required for identification of the individuals.

**For private legal persons that carry out for-profit activity ( Person Juridik):**

- ❖ Full name,
- ❖ Number and date of registration with the National Registration Center
- ❖ issued during last month ,
- ❖ Number and date of court decision related to registration as legal person(if any),
- ❖ Statute and the act of foundation ,
- ❖ Documents certifying the object of activity,
- ❖ Number of Identification as Taxable Person (NIPT),
- ❖ Identification documents for the legal entity administrators ( or General Manager's Identity documents in cases of S.A)
- ❖ Identification documents of the legal entity partners ( in case of SHPK- limited liability companies )
- ❖ The power of attorney ( in case it is represented )
- ❖ Assembly decisions for particular transactions .
- ❖ Address and all changes made in the moment of execution of the financial transaction certified by a valid document ( bill of electricity , telephone ,or any other payable expense ) ,
- ❖ Signatures specimen of the legal entity representatives.
- ❖ Legal Entity stamp,
- ❖ Telephone and contacts
- ❖ Identification documents of the physical person .
- ❖ Expected financial activity with the bank

d) **For legal representatives of a client:** name, last name, date of birth, place of birth, permanent and temporary residence, type and number of identification document, as well as the issuing authority and power of attorney.

e) **Non profit organizations ( OJF):**

- ❖ The name , number and date of the court decision for registration as legal person
- ❖ Statute
- ❖ Incorporation Act
- ❖ The permanent address of the legal private person , contact telephone numbers
- ❖ The tax identification number (NIPT)
- ❖ The purpose – object if the organization.
- ❖ Source of funds .
- ❖ Expected financial activity with the bank

**Branches / representative offices of foreign companies in Albania**

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- ❖ Incorporation Act of the foreign company and the branch.
- ❖ Statute
- ❖ The name , number and date of the court decision for registration as legal person in Albania (if any)
- ❖ Registration extract from the National Registration Center
- ❖ Tax identification Number ( NIPT)
- ❖ Signature specimen and identity documents of the representatives
- ❖ Legal Entity Stamp

**Non residential companies**

- ❖ Act of incorporation ( foundation)
- ❖ Statute
- ❖ Decision of Court Registration as a juridical person issued by the local Office of the Commercial register
- ❖ Certification by the tax authorities for the current year and the extract of registration as a commercial company. . For the off-shore companies , this document must be issued by the local tax authorities where they exercise their business activity .
- ❖ Decision by the competent authority of the company for opening the account and the representatives and authorized persons .
- ❖ Permanents and temporary location , addresses , contact numbers.
- ❖ Identity documents of the representatives and authorized persons.
- ❖ Signature specimen
- ❖ Legal entity stamp

**Individuals acting as investors**

- ❖ Identification documents
- ❖ Tax Identification Number (NIPT)
- ❖ Source of funds
- ❖ The purpose of opening the account
- ❖ Relevant contracts
- ❖ Permanent and temporary address.
- ❖ Signature specimen..

**Embassies \ Diplomatic foreign representative offices in Albania**

- ❖ Authorization issued by the subject's official –holder for the individual/s authorized signature/s in the account.
- ❖ Identification documents for the Authorized signature individual/s.

**Foreign grant projects**

- ❖ Agreement between two states for the project.
- ❖ The nomination act of the Project Manager
- ❖ Authorization from Project Manager for the individual/s authorized signature/s in the account.
- ❖ Identification documents for the individual/s authorized signature/s.
- ❖ NIPT(Tax Identification Number)

**State/governmental entities /institution.**

- ❖ The nomination act of the Head of the Entity.
- ❖ Written request for opening the account with the Bank signed by the Head of the Institution.
- ❖ Authorized persons /signatures for the account.
- ❖ Their nomination act .
- ❖ NIPT ( Tax Identification Number)
- ❖ Identification documents for the authorized signatures

3.2 The subjects, for the purpose of gathering data according to this article, shall accept from the client only original documents or their notarized authentic copies. For the purposes of this Law, the subject shall keep in the clients' file copies of the documents submitted by the client in the above form sealed with the subject's seal, within the time limits of their validity. They must inform the client /client to be for the documents required to open the account or to carry out any financial transaction in their first presentation .

3.3 When it is considered necessary, the subjects should ask by the client other identification documents, with the purpose of verifying the data given by them.

For example:

1. Familiar certificates in order to verify the fatherhood /paternity.
2. Bill of electricity , telephone , water supply , etc
3. House Rent bill/contract
4. Any house ownership contract/document
5. Occupation certificate issued by the employer.

In order to have a full and clear profile of the client , the following information must be included and fulfilled in the application form :

- ❖ The purpose of opening of the account or beginning of the relationship with the bank
- ❖ The financial transactions expected to be performed with the bank
- ❖ The source of funds for amounts over 1.500.000 LEK for new clients
- ❖ In case of outgoing transfers , the expected destination and reason .
- ❖ The assets of the client
- ❖ A short description of the activity or profile of the client.

This information must be included for the existing customers too.

3.4 Opening of a banking account, even in case it shall be used for transactions carried out electronically (e-banking account), shall be conducted only upon the physical presence of the customer.

3.5 In the event a customer is represented by a third person through a representation certificate, subjects shall request the data for the identification of customer and his representative, and maintain in the customer's file all the documentation submitted from the third person, including the original or a notarized copy of the representation certificate. In such cases, subjects do not open the account without the physical presence of customer meanwhile the following operations after the account opening may be carried out from his representative.

3.6 Subjects, prior to establishing a business relationship and/or to carry out transactions on behalf and for the account of the customer, shall consult the updated list of persons declared as terrorist financing distributed to the branches by compliance .

3.7 The bank shall refuse to open a customer's account and shall not enter into business relationships, in the event of failure of meeting the requirements regarding customer' identity.

3.8 In case of suspicion at any time regarding the customer's identity, the branch suspends immediately every operation with this latter and inform immediately the Compliance Office .

3.9 For Customers that have business relationship with banks and branches of foreign banks, transactions on their account are carried out in any case through the account of the customer/customers.

4. When a person is not a bank customer, but is presented there for the first time and requests to open an account with the bank, the bank shall effect the customer identification through the legal documents submitted. If the bank has suspicions, regardless of the transaction amount, it shall verify the submitted information, double-checking it with other documents such as another banking document, pass book, driving license, etc. or by consulting possibly any public register.

5. When a person is not a bank customer, but is presented there for the first time and requests to effect only one (occasional) transaction with the bank, the same identification procedure as in the paragraph 2.3 of this article should be applied in the event the transaction amount exceeds lek 1.5 million, or in the event the individual transaction is one of several connected transactions which together exceed 1.5 million lek.

6. In case a person is not a bank customer who wants to carry out a deposit transaction in cash in favor of our bank customers, for an amount which is over 1.5million lek or the equivalent in any other foreign currency, the teller prior to the [execution of the cash transactions shall identify such a customer by filling out the attached customer identification form](#) .

7. . The bank is not allowed to open anonymous accounts, numbered accounts or accounts with fictitious names of the customers.

8 . When a customer is represented by a legal representative, (legal authorization), the bank shall require data for identifying the legal representative, as in other usual cases, and the authorization by the customer to act on his behalf. The bank shall keep a copy of the authorization. In such case, the bank shall not open the account without the physical presence of the person ordering the account, while the legal representative carries out other operations.

9. The bank must undertake continuous monitoring of business relationship with their clients , in order to make sure that they are in conformity with the information provided , the object of their activity and their categorization according to the risk level .They must update periodically the clients data, and immediately when they have reason to suspect that the actual situation of them is changed.

10. The bank shall not carry out financial transactions if the customer does not declare the source of the transaction amount of money for the categories specified by law and/or the beneficiary's identity.

11. The Bank identifies the client and informs the "Responsible Authority" about those cases when there is information about money laundering, notwithstanding the amount be under the limit as prescribed by law.

### **3 .ENHANCED DUE DILIGENCE**

1. In order to implement the extended due diligence, the subjects should require the physical presence of clients and their representatives,:

- a) before establishing a business relationship with the client;
- b) before executing transactions in their name and on their behalf.

#### **2. Non Resident's accounts.**

Customers having their residence abroad shall be subject of the same identification requirements and verifications as the residents. Specifically , non residents shall be requested to present their passports or identity cards issued by their home countries ,

plus a temporary stay permit or other equivalent document, entry visa or seal .When there is any doubt on the identifications data , the bank shall seek verification and authentication of these documents by the embassy or the consulate of the issuing country . The number , date , and country of issuance of the customer's passport or identity card shall always be recorded.

### **3. Politically Exposed persons.**

The bank must verify on the list of the PEP persons provided by Compliance if a client or a beneficiary owner is a Politically Exposed person, and if so :

- a) Obtain the approval of the higher instances of administration and direction (Compliance Unit) before establishing a business relationship with the client;
- b) Obtain a declaration on the source of the client's wealth that belongs to this financial action;
- c) Perform an increasing and continuous monitoring of the business relationships.
- d) When an existing client becomes a politically exposed person, the measures provided in the above paragraphs (a,b,c,) shall be applied.

### **4. Non Profit Organizations**

With respect to non profit organizations , public benefit agencies , organizations, associations, societies and unions , the bank must verify the legitimacy of incorporations and objects requiring the submission of a certified copy of their establishing deed , certificate of incorporation, certificate of registration , number of registration , by the competent public authority . When such an entity has appointed more then one authorized signatures to operate its accounts , the identities of all authorized signature shall be verified according to the identification procedures . They must :

- a) Gather sufficient information about them, in order to completely understand the financing sources, the nature of the activity and well as their method of the administration and management;
- b) Verify the client's reputation by using public information or other means;
- c) Obtain the approval of the higher instances of administration/ direction(Compliance Unit) before establishing a business relationship with them;
- d) Perform extended monitoring of the business relationship;

### **5. Cross Border correspondent banking relationship.**

With regard to correspondent cross border banking services provided by banks subject to this law, before establishing a business relationship banks should:

- a) Gather sufficient information about the correspondent institution, in order to fully understand the character of its activity;
- b) Establish the reputation of the correspondent institution and the quality of its supervision through public information;
- c) Assess the correspondent institution's AML/CFT controls;

- d) Take into account the country assessment reports of FATF, the IMF and the World Bank, as well as other independent and reliable sources, to evaluate the adequacy of the AML/CFT system in place in the correspondent institution's country of establishment;
  - e) Obtain from the correspondent institution a completed and signed questionnaire, such as, indicatively, the Wolfsberg Group questionnaire, describing the CI's AML/CFT policies and procedures;
  - f) Evaluate whether the internal controls of the correspondent institution against money laundering and financing of terrorism, are satisfactory and effective;
  - g) Obtain the approval of the higher instances of administration/ management and Compliance Unit and document the respective responsibilities of every institution.
  - h) Subjects draft special procedures for the constant monitoring of direct electronic transactions.
- i) he subjects shall not carry out corresponding banking services with banks whose accounts are used by shell banks. The subjects shall interrupt any business relationship and report to the competent authority, if they notice that the accounts of the corresponding bank are used by the shell banks.

#### **6. Accounts of off- shore companies and special purpose vehicles (SPV)**

When the customer is a company that has no commercial or productive activity in the place of its establishment , such as an Off shore company , the bank must apply at least the following measures:

- a. They shall take appropriate measures to fully verify the ownership structure and control of the company and to identify the beneficial owners. In order to identify the beneficial owners, bank shall require either (i) a declaration in writing by the legal representative of the company together with certified copies of certifications and verifications of the beneficial owners' identities; or (ii) certification and verification of their identity by an officer of the branch or corporate , following approval by a member of senior management, on the basis of documents, data or information from a reliable and independent source. In the latter case, the bank(branch, corporate, legal, compliance) shall keep a file of the offshore company, in which all relevant documents shall be kept, which shall be updated and communicated, if officially requested, to Bank of Albania or FIU ( General Directorate of Prevention of Money laundering and terrorism fighting) .
- b. They shall obtain from the legal representative of the company a declaration in writing to the effect that, if the shares of the beneficial owners are transferred to a

third party or there is any material change in the company's status, he shall immediately inform the Bank. If there is any change in the beneficial owners of the company, the bank shall consider whether or not to continue the business relationship.

- c. • They shall compare regularly the actual transactions through the account with those expected on the basis of the company's economic/transacting profile. Any significant divergences shall be scrutinised and the findings shall be entered in the company's file.

### **7. Countries that do not comply adequately with the FATF recommendations**

The Bank shall examine with particular attention transactions and conduct additional ongoing monitoring of business relationships and transactions with natural persons or legal entities, including CIs and FIs, from non-cooperative or non-compliant countries.

All transactions with natural persons or legal entities from these countries shall be examined with particular attention and, if such examination gives rise to doubts about the legitimate origin of funds, a report shall be submitted to Compliance . The results of the examination shall be recorded and kept on file for at least five years, including all the documentation.

To assess country risk for AML/CFT purposes, the Bank may use the following criteria:

- ❖ announcements by FATF concerning countries or territories that do not comply or comply inadequately with its recommendations , sent by Compliance;
- ❖ country assessment reports issued by FATF, regional bodies that have been established and operate according to its standards (e.g. Council of Europe Moneyval Committee), the International Monetary Fund and the World Bank , sent by Compliance;
- ❖ list of countries or jurisdictions which, according to the Common Understanding of the Committee for the Prevention of Money Laundering and Terrorist Financing, which assists the European Commission, have equivalent AML/CFT systems to the EU;
- ❖ countries characterized by FATF as non cooperative or tax havens;
- ❖ inclusion in the EU, UN and OFAC lists;
- ❖ FATF membership;
- ❖ implementation of EU directives;

- ❖ implementation of the Wolfsberg principles; and
- ❖ ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.

## **8. Accounts of companies with bearer shares**

The bank shall apply at least the following CDD measures to companies with bearer shares;

- (a) Before opening the account, they shall certify and verify the identity of the beneficial owners, legal representatives and the persons authorised to operate the bank accounts of the company on the basis of reliable and independent sources and/or by visiting the company's offices for this purpose.
- (b) They shall compare regularly the actual transactions through the account with those expected on the basis of the company's economic/transacting profile. Any significant divergences shall be scrutinised and the findings shall be entered in the company's file.
- (c) They shall obtain from the legal representative of the company a declaration in writing to the effect that, if the shares of the beneficial owners are transferred to a third party or there is any material change in the company's status, he shall immediately inform the Bank, unless the same commitment is made in an agreement with the company. If there is any change in the beneficial owners of the company, The Bank shall consider whether or not to continue the business relationship.
- (d) They shall consult the web database in order to verify any changes in the ownership of the company or any other material changes (such as dissolution, liquidation etc.).
- (e) They shall examine whether the company asking to open an account has established its central management, branches or subsidiaries or is otherwise active in any other countries.

## **9. Trusts**

Trusts are not separate legal entities and, therefore, business relationships are established through trustees acting on behalf of the trust. The Bank shall take reasonable measures, on a risk-sensitive basis, to comprehend the ownership and control structure of trusts.

When they establish such relationships, The Bank shall verify the name and date of establishment, the identities of trustors, trustees and beneficial owners, the nature,

objects and activities of the trust, as well as the source of its funds. The Bank shall obtain copies of the establishing documents of the trust and any other necessary information on the beneficial owners, and shall keep the relevant data and information in the customer's file.

#### **10. Portfolio management accounts of important clients**

The Bank shall take the following additional CDD measures where they undertake the management of portfolios of important clients:

- A member of senior management in charge of accepting new important customers that open portfolio management accounts shall grant his approval.
- The Bank shall verify the identity of all the beneficial owners of such accounts.
- The Bank shall verify whether the owner of the account is a PEP.
- The Bank shall establish the source of the assets managed and the expected use of the account by the owners.
- The Bank shall examine whether the operation of the account is consistent with its purpose and the owners' economic/transacting profiles.

#### **11. Non-face-to-face transactions**

The Bank that provide their customers with the possibility of carrying out non-face-to-face transactions, s (phone banking, e-banking etc.), shall adopt specific and appropriate organisational, operational and technological procedures that ensure their compliance with the requirements of Law 9917 dd 19.05.2008 , Decision nr 12 dd 05.02.2009, Decision nr 44 ff 10.06.2009 of Bank of Albania , in relation to the verification of customers' identity, in order to tackle the higher risk from such transactions, and shall in particular implement all or any of the following measures:

- (a) ensure that the customer's identity is verified through additional evidence, data or information;
- (b) take supplementary measures to control or certify the documents submitted or require confirmation by a CI or FI established in an EU Member State or a state with an equivalent supervisory regime;
- (c) ensure that the first payment in the context of the business relationship or individual transactions be made through an account in the name of the customer kept with a CI operating in an EU Member State or a state with an equivalent supervisory regime;

- (d) obtain verification of the customer's full name, address and signature from a CI operating in his home country;
- (e) obtain a letter of recommendation from a third obligated person applying the certification procedures referred to in Law 9917 ; and
- (f) require the customer to send to the Bank certified photocopies of identification documents, e.g. passport, identity card.

The requirements for natural persons set forth hereinabove shall also apply to companies or organisations requesting the on line service

## **12. Cash transactions**

The Bank shall examine with particular attention cash transactions of a considerable amount in order to verify the origin of cash and whether the amount and nature of the transaction are compatible with the customer's economic/transacting profile. In addition to taking the CDD measures described above the Bank shall obtain all documents and data required for proving the need to carry out a considerable cash transaction.

If a customer requests to withdraw a big amount in cash (please refer to Tirana Bank Treasury Procedures for cash withdrawals) , it is recommended that the money be delivered to the customer by cheque or an order for payment to a bank account, unless there are specific and adequately proved reasons that warrant a cash withdrawal.

## **13. Performance by third parties**

The Bank must apply enhanced due diligence to business relationships and transactions carried out by clients in the name of third parties, including the representation documents with which third parties have authorized the transactions

## **14. Complex transactions.**

The Bank must examine with the enhanced due diligence all complex transactions and all types of unusual transactions that do not have a clear economic or legal purpose. In these cases the branch must require to the client , except of the necessary relevant transaction documents:

- ❖ The source of funds

- ❖ The legal purpose
- ❖ Additional information on value date of transaction, place and
- ❖ The Nature of transactions

15. The Bank must adopt policies or take the appropriate measures according to the circumstances, in order to prevent the misuse of new technological developments for the purposes of money laundering or terrorism financing.

If the Bank cannot fulfill enhanced due diligence obligations, as prescribed above, then it should:

- a) not establish or carry on business relationships with the client,
- b) report to the Competent Authority its inability to fulfill its enhanced due diligence obligations and declare the reasons for this.

#### 4. WIRE TRANSFERS

The bank shall apply the requests of the Law nr 9917 , Decision nr 12 of the Ministry of Finance , Decision nr 44 of Bank of Albania , Regulation (EC) nr 1781/2006 of the European Parliament and of Council of 15 November 2006 on information of payer accompanying transfer of funds .

- ❖ The Bank must ask for and verify first name, last name, permanent and temporary residence, number of identification document and account number if there is one, including the name of the financial institution from which the transfers is made. The information must be included in the form of the message or payment attached to the transfer. In case there is no account number, the transfer shall be accompanied by a unique reference number.
- ❖ The Bank transmits the information together with the payment, including the case when they act as intermediaries in a chain of payments.
- ❖ If the subject referred to in paragraph 1 receives money or value transfers, including direct electronic transfers, that do not include the necessary information about the ordering person; it must request the missing information from the sending institution or the beneficiary. If it does not register the missing information, it should refuse the transfer and report it to the Competent Authority.
- ❖ In case of incoming transfers shall require information related to the sender of money as provided in the Law, "On Prevention of Money Laundering". In case this information is not complete, the bank shall refuse the conduction of transaction and shall inform the responsible authority. The complete identifying information shall accompany the transfer at the phases of its transmission from original sender to the beneficiary.

## 5. RECORD - KEEPING PROCEDURES

1. The Bank should keep and store the documentation used for the identification of the client and the client's beneficiary owner for 5 years from the date of the termination of the business relationship between the client and the subject. When requested by the Competent Authority, the information is kept for longer than 5 years.

2. The Bank should keep data registers, reports and documents related to financial transactions, national or international, regardless of whether the transaction was executed in the name of the client or of third parties, together with all supporting documentation, including account files and business correspondence, for 5 years from the date of the execution of the financial transaction. With the request of the Competent Authority, the information is stored for longer than 5 years, even when the account or the business relationship has been terminated.

3. The Bank should keep the data of the transactions, with all the necessary details to allow the reconstruction of the entire cycle of transactions, with the aim of providing information to the Competent Authority in accordance with this Law and its applicable regulations. This information is stored for 5 years from the date of performance of the last financial transaction. With the request of the Competent Authority, this information is stored for longer than 5 years.

4. The Bank should ensure that all client and transaction data, as well as the information kept according to this article, are immediately made available, on the request of the Competent Authority.

The Bank shall keep at least the following records for a period of at least five years after the business relationship with their customer has ended or a transaction has been executed, unless they are required by law to keep such records for a longer time period: the customer's identification and verification data as at the time of conclusion of every agreement;

- authorizations, copies of customer identification and verification documents, as well as the originals or copies of documentation of any transactions;
- internal documents such as approvals or findings or recommendations on matters relating to the investigation of the offences referred to the Law 9917 dd 19.05.2008, whether or not they have been reported to the AML/CFT Commission, as specified ;
- the relevant correspondence with customers.

At any request from Authorities , communicated via Compliance , the Bank ( Branch and/or other departments) , must be capable of reproducing the following information:

- ❖ data certifying the identity of the owners of an account;
- ❖ data certifying the identity of the beneficial owners of an account;
- ❖ data certifying the identity of the persons authorized to operate an account;
- ❖ the authorizations of natural persons of any nature;
- ❖ data certifying the identity of managers and legal representatives authorized to operate the account of a legal person;
- ❖ the original records and documentation of transactions ( specimen files, copy of swift transfers, copy loan documents , copy of deposit certificates , etc);

- ❖ data on the volume and value of transactions through the account;
- ❖ data of all the other accounts of the account owner and the related persons/companies
- ❖ the source of funds;
- ❖ the nature and currency of each transaction;
- ❖ the manner of deposit or withdrawal of funds (cash, cheques, wire transfer etc.);
- ❖ the identity of the person who carried out the transaction;
- ❖ the destination of funds;
- ❖ customers' written instructions and authorizations; and
- ❖ the nature and number of the account involved in the transaction.

5. The bank shall record data and report to the Responsible Authority on any financial transaction carried out below the values specified in law when the bank, based on concrete facts and circumstances, has reasons to believe or suspects that a transaction may involve money laundering or financing of terrorism. The bank shall ensure this information through customer identification. Recording of data shall be made in accordance with the requirements specified by the Responsible Authority.

6. If after the recording of the transactions there will be suspicious elements on money laundering, the bank reports to the Responsible Authority immediately, but not later than 72 hours after the transaction is recorded in compliance with the "Suspicious Activity Report".

7. The bank shall have the right to ask for clarifications and to make verifications about any transaction in order to become clear about the source of the money used for the transaction and the beneficiary of the transaction. The bank must keep a record of this information.

## **6. REPORTING TO RESPONSIBLE AUTHORITY**

1. The Bank when they suspect that the property is proceed of a criminal offence or is intended to be used for the financing of terrorism, are required to immediately, within the time limit specified in the applicable regulations of the law, submit a suspicious activity report to Compliance Unit which transmits it to the Competent Authority in which they state their doubts despite of the amount of transaction. In emergency cases the report may be sent to Authorities via email , fax or telephone.

2. When the Bank is instructed by the client to carry out a transaction and suspects that the transaction may be related to money laundering or terrorism financing, it should immediately report the case to Compliance Unit which reports it immediately to the Competent Authority .After that they shall request instructions as to whether it should execute the transaction or not. The Competent Authority is obliged to respond within 48 hours.

3. The Bank is obliged to report to the Competent Authority within 72 Hours( 3 working days) from transaction time :

- a) all cash transactions, equal or greater than 1,500,000 Lek or its equivalent in other currencies,

- b) all non-cash transactions, equal or greater than 6,000,000 Lek or its equivalent in other currencies executed as a single transaction or as series of linked transactions.

The reporting to the Competent Authority is not required for:

- a) interbank transactions, except the ones performed on behalf of their customers;
  - b) transactions between subjects of the law and the Bank of Albania;
  - c) transactions performed on behalf of public institutions and entities;
4. Compliance Unit will report to the Authorities , at their request , with the Self-Control report , for the measures taken by the Bank to apply the Law and the relative By laws.
5. Compliance Unit should prepare at the beginning of each working day the report for the transactions over 1.5 million lek or the equivalent in foreign currency through the internal reporting soft Tirana Bank AML . Compliance Manager after checking the reports for all transactions of the bank, prepares and signs the accompanying letter and delivers it to the Responsible Authority. The file report is transmitted automatically through the security transmitting soft provided by FIU in collaboration with Tirana bank IT department. During his absence the report would be signed from the representative of Management Committee of the Bank.
6. In the branches , the Assistant Branch Manager and Branch Manager must check regularly and process within 4 days ,the alerts produced by Norkom soft according to Norkom procedures . in respect of their duties in the branch , the Assistant Branch Manager is the Branch contact person for operational issues of Compliance Office and Branch manager is the responsible person in Branches for general AML issues and suspicious reports and also contact person of Compliance Office.
7. The bank must inform the responsible authority about all suspicious money laundering cases and about the transactions exceeding the limits specified in the Law “On Money Laundering Prevention and Terrorism Financing” and its by laws , in the banking activities presented in Annex 1 of this Procedure.
8. Regarding e-banking incoming transfers, the bank must collect information about the individual (account number, name or address), from whom the money has originated. In the event this information is not complete, the bank shall inform the responsible authority.
- 9 . When the bank is asked, either by a regular customer or an occasional customer, to carry out a transaction and the bank has reason to believe or suspects that the transaction may involve money laundering or the financing of terrorism, it shall immediately inform the Responsible Authority and shall seek guidance as to whether to proceed with the transaction or not. The bank shall refuse to effect the transaction if the Responsible Authority so instructs and prepare and send the suspicious activity report .

10. In any such case, when the bank has reason to believe or suspects that a transaction may involve money laundering or the financing of terrorism, it should retain all records of the case and report them immediately to the Responsible Authority, but no later than 72 hours, in accordance with the reporting procedures specified by the Responsible Authority. A copy of the "Suspicious Activity Report" should be sent to the Bank of Albania (Supervision Department) for information.

11. The bank should immediately inform the Responsible Authority in any case when they have information or suspicions that a transaction has as its source, derives from, or is used, or is intended to be used to increase support, facilitate, protect, incite, or hide terrorist acts or financing of terrorism or performing of criminal offences in economic and financial area.

12. The bank shall not carry out a transaction when it has reasons to suspect or proofs, which make it believe that the transaction is involved in money laundering. In such cases the bank shall inform the Responsible Authority immediately, but in any case no later than 72 hours.

13. Should it be requested by the Responsible Authority, the Bank shall provide any additional, information which is related to the identification of the customer or its representative, of the persons on behalf of which the accounts are opened or the transactions and income sources are directed.

14. The subjects or supervising authorities, their directors, officials or employees who are in good faith reporting or submitting information in compliance with the stipulations of the law, are exempted from penal, civil or administrative liability arising from the disclosure of professional or banking secrecy.

15. The employees of the Bank are prohibited to inform the client or any other person about the verification procedures regarding suspicious cases, as well as any reporting made to the Competent Authority.

## **7. RELEVANT BANKING STRUCTURES AND RESPONSIBILITIES**

1. Based on article 8, of law no 9917 dated 19.05.2008 "On Money Laundering Prevention and terrorism financing ", The Compliance Officer is assigned as Tirana Bank's person in charge to communicate data to the Ministry of Finance "Responsible Authority". All Tirana Bank's staff members are obliged to report to him/her the data concerning suspicious transactions on money laundering. Tirana Bank's structure relating to the prevention of money laundering is composed of the following Departments:

1. Compliance
2. Internal Audit
3. Risk
4. Operations
5. Credit
6. Treasury

7. Financial Control
8. Branches network

2. All Tirana Bank's departments which are part of the structure relating to the prevention of money laundering should exercise their control on bank transactions on daily basis in order to take the necessary actions on preventing money laundering activities by checking carefully suspicious transactions as defined in the Annex 1 attached to this Procedure, but always being in compliance with their internal department functions.

3. In case a suspicious transaction is identified by a Bank department/branch, the latter must notify immediately in writing the Compliance Officer or in his absence the representative of Management Committee, who will inform not later than 72 hours from the moment the transaction is recorded the "The Responsible Authority" at the Ministry of Finance by sending the "Suspicious Activity Report".

4. Tirana Bank's branches that operate in Republic of Albania record all the financial transactions with regard to each customer for the amount over Lek 1.5 million or its equivalent in any other currency. The Administration of Tirana Bank keeps consolidated data of its network in Albania.

5. Based on the internal procedure of "Money Laundering Prevention", the Compliance Officer shall prepare the annual training program of the Tirana Bank staff on this issue. A copy of this program along with the procedure of "Money Laundering Prevention" should be sent to the Ministry of Finance and the Bank of Albania, once they are approved.

6. The bank through its Compliance Officer informs its employees periodically about alterations in legal procedures of criminal offence of money laundering and about their personal obligations under the law.

7. The bank should inform the Bank of Albania and the Responsible Authority about the name of the person in charge to report data to the Responsible Authority.

8. The bank has established and maintained a database about its customers, providing information about their economic and financial characteristics, to assist its employees in assessing and identifying transactions that are potentially linked with illegal activities.

9. The bank shall pay attention to cases when certain branches demand cash supply, or when cash transactions exceed the usual demands by a great amount, on the basis of the characteristics of the area and of the customers served.

10. The bank employees are bound to keep the confidentiality of the reporting process in relation to money laundering and terrorism financing and must not disclose to anyone, including the suspected customer, the procedures of verifying suspicions and the report sent to the Responsible Authority.

11. This procedure "On Money Laundering Prevention" is applicable to all customers and is effective immediately. The Tirana Bank Procedure "On Money Laundering Prevention" approved on 2004, is out of force.

**ANNEX 1****General Guide of Suspicious Banking Transactions**

The bank shall make a full analysis of all available information and assess the operations to check whether there is a need for signaling a suspicious account or transaction to the Responsible Authority. The assessment shall be made on the basis of the analysis of data, which to a professionally careful examiner should give rise to a doubt about the illegal origin of the money, wealth, or material assets, which are object of their operation or use to support, incite, or hide terrorist acts or terrorism financing.

The operations, which display objective anomalies, might ultimately prove to be justified and unsuspecting if seen in the light of the data possessed by the bank.

The following list comprises a number of operations, which the bank should look at carefully, because they could be suspicious transactions. However, it is not a final list and should be used only for guidance.

**1. Supply of insufficient or suspicious data on customer identification**

- 1.1. In concluding an agreement with a credit institution, the customer refuses to present the required identification documents; submits documents of questionable authenticity; provides insufficient or inaccurate information; or is found to have provided information that is too difficult or costly to verify.
- 1.2. The customer is reluctant to provide data as necessary for establishing his economic/transaction profile.
- 1.3. A representative of a legal entity, who attempts to conclude an agreement on behalf of that legal entity, refuses to provide information or provides insufficient or inaccurate information about the nature and the purpose of the entity's activities, location, ownership or control, identity of the natural persons who are the true beneficiaries, expected volume of account activity or other information requested, or, although invited by the credit institution to do so, fails to furnish the appropriate verification documents.
- 1.4. The customer fails to provide details on the third party on whose behalf he is acting.
- 1.5. The customer intends to purchase securities traded on a regulated market and is reluctant to meet the identification requirements and to furnish the relevant verification documents.
- 1.6. The customer carries out frequent or large transactions that are not consistent with his economic/transaction profile.

- 1.7. The customer receives credit transfers to his account from several third parties, which is not justified by the nature of his business activity.
- 1.8. In fund transfers, the payer resists or tries to forestall compliance with the Recipient bank's demand to record and verify his identity details and transaction data.
- 1.9. The customer, natural or legal person, although advised of the identification requirements, refuses or is reluctant to provide the necessary data on his identity, or tries to dissuade or prevent the bank employee from recording such data, or refuses to complete the transaction documents or requests exemption from the requirement to make his details available for record-keeping.
- 1.10. Repeated deposits or withdrawals of amounts that are consistently just below the identification or reporting thresholds.
- 1.11. Frequent transfers of shares of an offshore corporation or a corporation with bearer shares, possibly leading to inability to identify the beneficial owner.
- 1.12. Sudden reactivation of a long inactive enterprise, especially in the case of Offshore or bearer share corporations.
- 1.13. A lawyer appears to use his personal accounts to carry out transactions on behalf of natural or legal persons represented by him.

## **2. Fund transfers**

- 2.1. Frequent small deposits into several accounts of the same customer are subsequently consolidated into a master account and transferred abroad, particularly to or through a country or territory that is considered a tax haven or does not sufficiently apply FATF recommendations or is considered as high-risk for money laundering and terrorist financing.
- 2.2. Accounts are opened in the name of natural or legal persons and do not show normal account activity consistent with the customer's economic/transaction profile, but are used exclusively for transferring funds abroad.
- 2.3. Frequent fund transfers for large amounts from/to tax or banking secrecy havens or from/to high risk territories, without a visible business purpose connected with the customer's activity and economic/transaction profile.
- 2.4. Many incoming low-value fund transfer orders or deposits are effected using bank cheques and remittances; almost immediately, all or most of the funds are transferred to another city or country in a manner incompatible with the customer's activity or history.
- 2.5. Incoming large-value fund transfer orders are collected by a third party having no apparent family, business or professional ties with the beneficiary of the payment

order.

- 2.6. A customer account systematically shows credit or debit entries that have no apparent connection with lawful transactions, goods or services.
- 2.7. Funds are remitted or received by the same person to and from different accounts without any apparent economic purpose.
- 2.8. Successive fund transfers, without any apparent purpose, which could imply an attempt to prevent the tracing of beneficial owners.
- 2.9. Unusual fund transfers between accounts held in the name of legal persons under the same ownership (e.g. offshore corporations belonging to one beneficial owner).
- 2.10. Repeated fund transfers to a beneficiary who is located abroad and does not hold an account with the recipient foreign bank.
- 2.11. Fund transfers from abroad to a customer in Greece, who subsequently transfers the funds on to a third party.
- 2.12. Frequent low-value fund transfers to a customer who subsequently gives instructions for a large-value transfer.
- 2.13. Fund transfers are effected from one bank to another and ultimately the funds are transferred back to the former bank.
- 2.14. Large activity of fund transfers to and from foreign countries, by an enterprise not engaging in foreign trade.
- 2.15. Large-value fund transfers from abroad are received by a natural or legal person, without any apparent economic purpose.
- 2.16. A correspondent account is credited with amounts which are untypically large for that account.

### **3. Activities inconsistent with the customer's business activity and overall economic/transaction profile**

- 3.1. A significant increase in the deposits of an enterprise, not justified by a corresponding growth in its activity.
- 3.2. Large amounts of cash are deposited into an account, not justified by the customer's economic/transaction profile.
- 3.3. Transactions of a commercial firm are as a rule carried out in cash rather than the securities and other payment instruments that would normally be used to conduct commercial transactions.
- 3.4. A bank account held by a natural or legal person is debited or credited with

large amounts which are not justified by the customer's economic/transaction profile.

- 3.5. A large number of cheques or payment orders are deposited into an account or are issued out of the account, although such activity is not justified by the nature of the accountholders' business activity.
- 3.6. Cheques of significant amounts are deposited into an account without any apparent family or business relation between the accountholder and the last endorser.
- 3.7. An enterprise makes cash deposits in amounts that are much higher relative to enterprises of similar size in the same sector.
- 3.8. Extensive use of credit facilities and other types of trade finance, leading to large flows of capital between countries for which such trade transactions would not be expected, taking into account the customer's normal business activity.
- 3.9. Large balances are built up in deposit accounts and are subsequently transferred to accounts abroad, a pattern not justified by the customer's business activity.
- 3.10. A customer applies for asset management services regarding his portfolio of foreign exchange or securities, and the source of the funds is obscure or inconsistent with the customer's financial standing and business activity.
- 3.11. Substantial (in number and size) cash deposits by natural or legal persons without any apparent economic purpose, in particular if soon thereafter the deposited amounts are transferred from the customer's account to a destination not apparently connected with his activities.
- 3.12. Ship-owners or shipping companies engage in transactions or operations not related to shipping activities.
- 3.13. Transactions relating to large-value purchases on behalf of minors or incapacitated persons or persons lacking the economic or legal capacity to make such purchases.
- 3.14. Non-profit entities carry out transactions that are not typical for their purpose or normal activities.
- 3.15. Transactions carried out between parties which do not act on their own behalf but attempt to conceal the identity of the actual beneficiary.

#### **4. Cash transactions**

- 4.1. Large cash deposits and withdrawals not justified by the

customer's economic/transaction profile.

- 4.2. A deposit account is credited with large amounts of cash paid by third parties, without the physical presence of the accountholder.
- 4.3. Existence of a large number of movements in an account, with numerous cash deposits and withdrawals through the issuance of cheques, while the account balance is maintained at low levels.
- 4.4. Reactivation of dormant accounts, in particular by cash deposits through branches other than the branch keeping the account.
- 4.5. Large quantities of low-denomination banknotes are exchanged for banknotes of higher denominations.
- 4.6. Cash deposited into bank accounts denominated in foreign currency, where this behavior is untypical for enterprises in the given sector of activity.
- 4.7. Large numbers of small deposits into a single account which add up to a substantial sum.
- 4.8. Unexplained increase in the volume of cash transactions at certain bank branches.
- 4.9. A customer who has a history of presenting counterfeit banknotes, unpaid cheques or cheques presented to be cashed at a much later date than the date of issue.
- 4.10. A customer issues bank cheques against cash or purchases large-value travellers' cheques.
- 4.11. A customer holds several accounts with the same bank and deposit cash to each of these accounts, adding up to a substantial sum.
- 4.12. Several persons make payments into the same account held by a natural person, With no apparent economic purpose.
- 4.13. Large cash withdrawals from a previously dormant account or from an account which has just received a large credit from abroad.
- 4.14. Payment of a large amount of cash for the purpose of participating in a company's capital increase.
- 4.15. A customer uses his credit card for large-value transactions and subsequently repays the credit in cash, without adequate explanation as to the origin of funds.
- 4.16. A customer fails to furnish supporting documents for large deposits and explain the origin and use of funds.

**5. Other suspicious transactions or customer behavior**

- 5.1. The home or business telephone of the customer is disconnected or there are frequent and unexplained changes in fixed or mobile telephone numbers, as well as inactive company e-mail addresses.
- 5.2. A customer places his account under hold mail status, instructing the credit institution not to send account statements or other correspondence to his work or home address for a period of more than six months.
- 5.3. Unusually nervous behavior from customers during the transaction.
- 5.4. Accounts are closed soon after they are opened, in particular after the bank requires the submission of the necessary documents, and the relevant funds are transferred.
- 5.5. An account is opened in the name of a customer, natural or legal person, with address outside the region of the bank branch.
- 5.6. A large increase in cash shipments to and from a certain bank branch or branches in a certain region.
- 5.7. Transactions involving recently created legal persons, when the amount is large compared to their assets.
- 5.8. Transactions involving legal persons that have ceased operations or face financial difficulties.
- 5.9. A natural or legal person decides to close his/its accounts as a result of negative publicity.
- 5.10. There are rumors in the local community that the customer may be involved in illegal activities.
- 5.11. A customer shows unreasonably high profits from gambling or bets.
- 5.12. Customers hold accounts with several credit institutions operating in the same region, without an apparent economic purpose.
- 5.13. Customers insist on dealing with a particular employee at the bank even for routine transactions or suspend their transactions with the bank during the absence of that particular employee.
- 5.14. Frequent transfers of funds to an account held by a low-income individual.
- 5.15. Cheques in bearer form are issued and cashed in after several endorsements.

- 5.16.** A bank account is consistently credited with travelers' cheques denominated in foreign currency.
- 5.17.** Securities are purchased or sold repeatedly with no apparent economic purpose (e.g. at a loss to the investor).
- 5.18.** Regarding non-profit or charity organizations:
- ❖ The sources of funds are not consistent with the size of funds raised, e.g. large amounts are raised from communities whose members have a low standard of living.
  - ❖ A sudden increase in the frequency and size of transactions or the reverse, i.e. funds remain on the organization's account for a long time.
  - ❖ Donations come exclusively from non-residents of the country where the organization is registered.
  - ❖ Transfers of funds to various countries, in particular high-risk countries, when this is not justified by the purpose of the organization as specified in its statute.
  - ❖ Organizations without staff, offices, telephone numbers, etc.

**6. Use of safe-deposit boxes (when it will be applicable for Tirana bank)**

- 6.1.** Frequent use of safe-deposit facilities by joint tenants or their representatives, especially involving massive packages that can be used for the transport of large amounts of cash or other bulky objects.
- 6.2.** Increasingly frequent visits to safe deposit boxes at a certain bank branch, in particular by individuals who do not work or reside in the bank's service area, although similar services are available from a branch closer to their home or business address.
- 6.3.** Frequent change of joint tenants of safe-deposit boxes.

**7. Loans**

- 7.1.** Partial or full early repayment of a loan by the borrower, when the origin of funds is unknown.
- 7.2.** A guarantee for a loan is provided by a guarantor unknown to the bank and apparently unrelated to the borrower.
- 7.3.** A customer seeks a loan for no stated purpose and is willing to offer cash as guarantee.
- 7.4.** Sudden repayment of overdue loans.

- 7.5. Application for a loan backed by assets which are of unclear origin or incompatible with the financial position of the applicant.
- 7.6. A customer seeks to obtain credit, when the origin of own participation is obscure or unexplained.
- 7.7. A customer obtains a loan and does not use it but deposits the amount into an account for some time and subsequently withdraws the amount in cash.

#### **8. Suspicious behavior of bank employees**

- 8.1. An employee with a lavish lifestyle that cannot be supported by his salary.
- 8.2. An employee omits to comply with the established policies and procedures of the credit institution, in particular if he engages in asset management for important customers.
- 8.3. An employee is unwilling to take vacation time.
- 8.4. An employee socializing with customers more than usual.

#### **9. Trade-based money laundering**

- 9.1. Over- or under-invoicing of goods or services, using various techniques. .
- 9.2. Multiple invoicing of goods and services.
- 9.3. Over- and under-shipments of goods and services, i.e. the quantity is over- or understated and there are significant discrepancies between the description of the commodity on the bill of lading and the invoice.
- 9.4. The size of the shipment appears inconsistent with the scale of the exporter or importer's regular business activities.
- 9.5. The type of commodity being shipped is designated as "high risk" for money laundering activities, e.g. high-value, low-volume goods (e.g. jewelry) which have high turnover rates and present valuation difficulties.
- 9.6. The type of commodity being shipped appears inconsistent with the exporter or importer's regular business activities.
- 9.7. The commodity is shipped to (or from) a jurisdiction designated as "high risk" for money laundering activities.
- 9.8. The method of payment appears inconsistent with the risk characteristics of the transaction, e.g. prepayment to a new supplier located in a high-risk country.

**10. Money laundering through the real estate sector**

- 10.1. Sale of a property at a price much higher than its fair market value.
- 10.2. Sale of a property against payment in bearer cheques or in cheques endorsed in favor of a third party unrelated to the sale transaction.
- 10.3. Sale of a property against payment in several cheques issued on a single date and to the order of a single seller.
- 10.4. Sale of a property against payment in cash originating from the account of a third party unrelated to the person designated as purchaser in the sale agreement.
- 10.5. Sale of a property without the formalities required by the law, e.g. by a private contract.
- 10.6. According to the sale agreement, the property appears to have been acquired by the seller very recently.

**11. Money laundering through new payment methods**

- 11.1. A customer carries out large-value transactions using a prepaid card, taking advantage of the option to reload the card without physical presence at the bank, e.g. through ATMs, internet banking, etc.
- 11.2. A customer buys a large number of prepaid cards from the same bank.
- 11.3. Large balances of debit or credit cards are repaid in cash, without the origin of funds being clear.
- 11.4. A customer credits his account with large amounts almost exclusively through an ATM, possibly indicating his intention to avoid personal appearance at the bank.

**12. Money laundering through corporate vehicles**

- 12.1. Accounts are opened with one bank by several offshore corporations belonging to the same beneficial owner, and complicated or unusual flows of funds take place between such accounts.
- 12.2. Attempt to conceal the identity of the beneficial owner through complex structures of legal entities.

- 12.3. An account of a legal person receives a credit transfer from another legal person belonging to the same beneficial owner, using as a supporting document a private loan contract, stipulating unusual terms and conditions, e.g. unsecured or interest-free loan. .

**B. SUSPICIOUS ACTIVITIES WHICH MIGHT INDICATE TERRORIST FINANCING**

1. Transactions (by natural or legal persons) whose characteristics could suggest connection with proliferation of Weapons of Mass Destruction (WMD), including the diffusion of WMD production technology and production or sale of systems of WMD delivery:

- ❖ Transactions involving natural or legal persons from a country designated as high-risk for proliferation of weapons of mass destruction.
  - ❖ Purchases/sales of dual-use items within the meaning of Council Regulation (EC) 1334/2000 setting up a Community regime for export controls of dual-use items and technologies.
  - ❖ The purchaser has no history of purchases of the same or similar goods.
  - ❖ Routing goods or financial transactions through transshipment hubs.
  - ❖ The exporter has a history of administrative offences in his export activities.
2. Accounts of non-profit or charity organizations are used for transactions that are inconsistent with the goals of the organization as specified in its statute.
  3. A large number of remittances from and to high-risk countries, without a reasonable business or other economic purpose.
  4. Incomplete details regarding the payer of incoming remittances credited to accounts of non-profit or charity organizations.
  5. Fund transfers are split into small amounts, raising suspicions of an attempt to avoid customer identification or recording of the transaction.
  6. The bank is instructed to send a remittance abroad, in particular to high-risk countries, with incomplete or misleading information about the beneficiary.
  7. A customer is involved in commercial transactions with high-risk countries, when such transactions cannot be explained by logical business reasons.
  8. There is evidence of illegal/alternative money remittance mechanisms ("hawala"), e.g. large remittances by shop-owners not justified by their business activity, in particular in areas with strong presence of immigrants.

## **II. UNUSUAL OR SUSPICIOUS TRANSACTIONS WITH PARTICULAR REGARD TO FUND TRANSFER INTERMEDIARIES AND BUREAUS OF EXCHANGE**

### **1. Provision of insufficient or suspicious information and identification data**

- 1.1 A customer upon entering into a transaction refuses to furnish the relevant identification documents, or submits documents of questionable authenticity, gives insufficient or incorrect information or is found to have given information that is too difficult or costly to verify.
- 1.2 A customer carries out frequent or large transactions without providing sufficient data on his business or economic activity.
- 1.3 The customer, natural or legal person, although advised of the identification requirements, refuses or is reluctant to provide the necessary data on his identity, or tries to dissuade or prevent the bank employee from recording such data, or refuses to complete the transaction documents or requests exemption from the requirement to make his details available for record-keeping.
- 1.4 Transactions in which the identity of the beneficiary is unknown or insufficiently specified.
- 1.5 Transactions involving amounts just below the levels that would trigger identification or registration procedures.
- 1.6 The stated occupation of the customer does not justify the frequency and size of the incoming and outgoing remittances to and out of his account.

### **2. Wire transfers and cash transactions**

- 2.1. In incoming remittances, incomplete data on the payer are provided.
- 2.2. Remittances are received using a code without specifying the identity of the beneficiary.
- 2.3. Fund transfers from several individuals to a specific beneficiary, without sufficient explanation.
- 2.4. Fund transfer activity to or from tax havens or high-risk countries, without an apparent connection with the customer's business activity or economic/transaction profile.
- 2.5. Frequent fund transfers with no reasonable economic purpose from and to natural or legal persons originating in high-risk countries (e.g. countries designated by FATF as non-cooperative or countries that do not or insufficiently apply the FATF

recommendations).

- 2.6. A customer frequently receives large remittances from countries known for the production, processing or trafficking of narcotic drugs or countries considered to be harboring proscribed terrorist organizations.
- 2.7. Many small incoming fund transfers which are almost immediately transferred in full or in part to another city or country, in a manner incompatible with the business activity or the history of the customer.
- 2.8. Incoming large fund transfers are received in the name of a third party without a clear reason or satisfactory explanation.
- 2.9. Multiple small remittances are received in the name of a customer who subsequently gives instructions for a large cross-border transfer.
- 2.10. High cross-border fund transfer activity by legal persons not engaging in international trade.
- 2.11. Large transfers are executed at small intervals or fund transfers deviating from the normal transaction pattern of the customer.
- 2.12. Funds transfers to natural or legal persons active in a line of business totally different from that of the customer.
- 2.13. Numerous successive small transactions which add up to a considerable sum.
- 2.14. Large cash transactions, in particular in uncounted banknotes (wrapped in currency straps or elastic bands, making them difficult to identify and count).
- 2.15. Large amounts of low-denomination banknotes are exchanged for higher- denominations.
- 2.16. Unjustified increase in the volume of cash transactions at certain points of transactions.
- 2.17. Frequent conversions of banknotes from one currency to another.

## **II. UNUSUAL OR SUSPICIOUS TRANSACTIONS WITH PARTICULAR REGARD TO LEASING AND FACTORING COMPANIES**

1. Sudden repayment and termination of contracts (especially car leasing contracts) soon after they have come into effect.
2. A sudden repayment of long overdue obligations.

3. A guarantee is provided by a person having no apparent relation, business or personal, to the lessee/ factoree.
4. The customer refuses to provide additional financial or activity data when required to do so by the leasing company upon the initial approval of the financial leasing or upon the review of the customer's file.
5. An offshore corporation seeks to enter into a leasing agreement and there are doubts as to the identity of its true beneficiary.
6. An application is submitted for a financial leasing agreement when the origin of the own participation is unclear or unspecified.
7. An application is submitted for the leasing of equipment at a price different from the market value.
8. An obligation of a customer is repaid with large-value cheques to the order of a third party, endorsed in favor of the customer, without evidence of a family, business or other relation between that third party and the customer.
9. Detection of over- or under-invoicing.

## ANNEX 2

**IDENTIFICATION FORM  
FOR CUSTOMERS THAT CARRY OUT BANK TRANSACTIONS  
IN CASH<sup>1</sup> OVER 1.500.000 LEK**

Name	Surname
Father's name	
Type / Number of identification document	
Address	
Phone number	
Country	
Source of Funds Declared	
Signature of the client	

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<sup>1</sup> The customer identification form for cash transactions over 1.500.000,00 LEK must be filled out by the customer that is registered for the first time in Tirana bank as a client , or a client to be , or effects a cash transaction without an account opened in Tirana bank, or at any case that bank considers necessary.. This form must be attached to the cashier transaction bill .

**ANNEX 3**

Tirana Bank  
Branch.....

Date : \_\_\_\_\_

**DECLARATION OF A POLITICAL EXPOSED PERSON (PEP)**

I the undersigned \_\_\_\_\_ declare under my full personal and legal responsibility that :

1) Since ( date ) I am charged with one of the following public functions (please check) :

- The President of the Republic, deputies of the Assembly, the Prime Minister, the Deputy Prime Minister, the ministers and deputy ministers;
- Civil servants of the high and middle management level, according to the definition of article 11 of law nr. 8549 dated 11 November 1999 “Status of the Civil Servant”;
- Prefects, chairman of the regional councils, mayors of municipalities, of municipal units and of communes;
- Directors of directorates and commanders of the Armed Forces in the Ministry of Defense and in the State Information Service;
- Prosecutors, judges and enforcement officers [bailiffs] of all levels;
- Directors of independent public institutions;
- General directors, the directors of directorates and the chiefs of sectors (commissariats) in the center, districts and regions, of the General Directorate of the Police, the General Directorate of Taxation and that of Customs;
- Directors of all levels of structures for return of and compensation for property, of privatization and the registration of property;
- Directors of all levels of the CRTs [Commissions for the Regulation of the Territory];

- Officials who are elected and appointed by the Assembly, the President of the Republic, the Prime Minister, the ministers or persons equivalent to them;
- Directors of joint stock companies with the participation of state capital of more than 50 per cent and on the average more than 50 workers.

2) I am immediate member of a Political Exposed Person ( please check ) :

- The spouse
- Any partner considered by national law as equivalent to spouse
- Natural or adopted children and their spouses or partners
- The parents

3) I am a close associate of a Political Exposed Person (please check) :

- Have joint beneficial ownership of legal entities or arrangements , or any close business relationship with a person referred to in the first paragraph:
- Sole beneficial ownership of a legal entity or arrangement which is known to have been established for the benefit of a person referred to in the first paragraph:

4) I declare that starting from ..(date) .. I am no longer charged with one of the Political Exposed Persons functions described above.

5) I , declare under my own personal responsibility , that the funds deposited in Tirana bank , in my account nr \_\_\_\_\_ , derive from the following source (please circle) :

- Inheritance ( please provide specification)
- Mobile or real estate sales ( please provide proof specification)
- Savings
- Salary
- Pension
- Credits
- Others (please provide information and proof )

6) I , undertake to inform Tirana bank immediately on any amendment regarding my information provided , as soon as it will happen , undertaking my full responsibility for any prejudice brought to Tirana bank , branch \_\_\_\_\_ , due to my elision of announcing you of such changes .

PEP Customer signature

Branch Manager signature

## ANNEX 4

**General definitions in the Law nr .9917 used in the Procedure .**

The terms used in this law have the following meaning:

1. **“Competent authority”** is the General Directorate for the Prevention of Money Laundering that reports directly to the Minister of Finances, and serves as a Financial Intelligence Unit of Albania.
2. **“Shell bank”** means a bank that does not have a physical presence, including lack of administration and direction, and the lack of inclusion in any established financial group.
3. **“Correspondent bank”** means a bank that provides banking services in the interests of another bank (initiating bank) or its clients to a third bank (receiving bank) based on an agreement, or a contractual relationship reached between them for this purpose.
4. **“Financing of terrorism”** has the same meaning as provided by articles 230/a through 230/d of the Criminal Code.
5. **“Berarer’s negotiable instruments”** means an unconditioned order or a promise to pay an amount of money easily transferable by a person to another. The order or promise should fulfill conditions such as being signed by the maker or the holder, being a guaranteed and unconditional payment order or promise, being payable to the holder or upon request, immediately after request or after a specified time limit. This includes but is not limited to cheques, cambial, promise notes, credit cards and traveler’s cheques.
6. **“Client”** means every person, who is or requests to be party in a business relationship with one of the subjects referred to in Article 3 of this law.
7. **“Business relationship”** means any professional or commercial relationship, related to the activities exercised by the subjects of this law, which at the moment of its establishment is considered to be a continuous relationship.
8. **“Cash”** means banknotes (paper banknotes and coins, national and foreign) in circulation.
9. **“Laundering of proceeds of crime”** has the same meaning as provided by Article 287 of the Criminal Code.
10. **“Politically exposed persons”** means persons who are obliged to declare their properties in accordance with the law Nr. 9019, date 10.04.2003 “For the declaration and control of properties and financial obligations of elected officials and public employees”.
11. **“Proceed of a criminal offence”** has the same meaning as provided by Article 36 of Criminal Code.

**12. "Beneficiary owner"** means the physical or legal person who owns or is the last to control a client and/or the person for whose interest a transaction is executed. This also includes the persons executing the last effective control on a legal person. Control is the relationship in which a persons:

- a) owns, through direct or indirect ownership, the majority of stocks or votes in a legal person,
- b) owns by himself the majority of votes in a legal persons, based in an agreement with the other shareholders or partners,
- c) de facto controls the decisions made by the legal person,
- d) in any way controls the selection, appointment or release of the majority of administrators of the legal person.

**13. "Property"** means the right or property interest of any kind over an asset, movable or immovable, physical or non physical, material or non material, including those identified in an electronic or digital form including, but not limited to instruments such as bank loans, traveler's cheques, bank cheques, payment orders, all kinds of titles (government bonds), payment mandates and credit bonds, as well as any other interest, dividend, income or other value that derives from them.

**14. "Subject"** is the physical or legal person that law establishes business relationship with clients, during its regular activity or as part of his commercial or professional activity.

**15. "Service of the transfer of money or value"** means the business activity of accepting cash, or means, or other instruments of the money and/or payment market (bank drafts, bills, deposit bills, credit or debit cards, electronic payment cards etc.), titles, as well as any other document that proves the existence of a monetary obligation or any other deposited value, and of paying to the beneficiary of a corresponding amount in cash, or in any other form, by means of communication, message, transfer or by means of the clearing or disbursement service, to whom the service of the transfer of money or value belongs.

**16. "Transaction"** means a business relationship or an exchange that involves two or more parties.

**17. "Linked Transactions"** means two or more transactions (including direct transfers), in the case when each of them is smaller that the amount specified as threshold according to the article 4 of this law and when their total amount equals or exceeds the applicable threshold amount.

**18. "Direct electronic transfer"** means every transaction made in the name of a first mandating person (physical or legal) through a financial institution, by means of electronic or telegraphic equipment, with the purpose of placing a certain amount of money at the disposal of a beneficiary person in another financial institution. The mandating and the beneficiary can be the same person.

**19. "Trust"** means a good faith agreement, in which the ownership remains to the entrusted on behalf of the beneficiary.

**20. “Enhanced due diligence”** is a deeper control process, beyond the “Know your client” procedure that aims at creating the sufficient security in verifying and evaluation the client’s identity, in understanding and testing his profile, his business, and bank account activity profile, in identifying information and in evaluation the possible risk for money laundering/terrorism financing, according to decisions that are intended to provide protection from financial, regulatory or reputation risks, as well to achieve compliance with legal requirements.

**21. “Know your client”** procedure is a set or rules used by financial institutions, related to the client acceptance, identification policies and risk administration

**ANNEX 5****Branch** \_\_\_\_\_**Date** \_\_\_\_\_**Client no.** \_\_\_\_\_**DECLARATION****FOR****PERSONAL DATA PROCESSING AND LEGITIMACY OF FUNDS**

- 1) With respect to the collection and possession of my personal data provided voluntarily for the use of banking services offered by Tirana Bank S.A, according to Law no.9887, dd. 10.03.2008 "On personal data protection" I do herewith consent to the processing of my personal data concerning the services required by me or services required to Tirana Bank S.A, for communication purposes, to improve the existing banking services, for statistical or historical purposes as well as advertising, promotion and distance marketing of the products and services of Tirana Bank S.A and other companies member of Piraeus Bank Group, including the processing, for the same purposes stated above, by any third party that might support Tirana Bank activity on any aspect such as administrative, organizational, technical etc.

Furthermore, I admit that any removal of my consent in the future shall give the Bank the right to forthwith terminate the contract for opening of the bank account and close my bank account, without the need for prior notice of termination.

- 2) I declare under my full responsibility that funds used for opening of the bank account and other future financial transactions, does not derive from any illegal activity specified in the Law nr.9917, dd 19.05.2008 "On prevention of money laundering and terrorism financing".

I commit to submit any proof document required by Tirana Bank S.A for completing of my transactions in case they consider necessary.

Client's name and signature  
name and

Authorized bank staff  
signature

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**Paragrafi per tu shtuar ne aplikimin e klientit: ( paragraph to be added to client's application)**

I consent to the processing and particularly to the recording and storing in a file by the employees or agents of the competent services of the Bank, of the following information and personal data, as well as any information which may come to the possession of the Bank throughout our transaction activities, and I admit that the collection and processing of my data is necessary for the smooth keeping of my account, and any removal of my consent in the future shall give the Bank the right to forthwith terminate this contract, without the need for prior notice of termination.

## DECLARATION OF BENEFICIAL OWNERS

Dear Sirs,

**Re: ( Name of Company )** \_\_\_\_\_

I/we acting as the director/s hereby confirm that the beneficial owners who directly or indirectly control the above Company are the persons shown below for whom details of their identity and background have been provided to your Bank ( Copy of passport enclosed)

1.

Name	
Father's name	
Mother's name	
Nationality	
Full Residential Address	
Passport No	
Profession/occupation	

2.

Name	
Father's name	
Mother's name	
Nationality	
Full Residential Address	
Passport No	
Profession/occupation	

3.

Name	
Father's name	
Mother's name	
Nationality	
Full Residential Address	
Passport No	
Profession/occupation	

4.

Name	
Father's name	
Mother's name	
Nationality	

Full Residential Address	
Passport No	
Profession/occupation	

Furthermore I/we hereby confirm that to the best of our knowledge and belief the said ultimate beneficial owners are not directly and/or indirectly involved in any activity which is contrary to the laws of Albania relating to illegal commercial transactions and/or money laundering activities or in violation of any international criminal laws or conventions.

The main business activities of the company is/are: .....

.....

.....

.....

The purpose/reason for applying for the opening of an account is: .....

.....

.....

.....

The anticipated credit turnover in connection with all the above mentioned company's accounts will be:

.....

.....

In the event that there is any change in the above mentioned information and/or the ultimate beneficial owner/s of the Company we undertake to advise you immediately of any such change in writing.

Yours faithfully,

\_\_\_\_\_

( Signature )

Signature Verification