



PRODUCT & COMPLIANCE GUIDE

AIG Federal Savings Bank (“AIG Bank”) is a member company of American International Group, Inc. (AIG), a world leader in insurance and financial services. As a federally chartered thrift institution, our primary regulator is the Office of Thrift Supervision (“OTS”), a bureau of the U.S. Department of the Treasury. The OTS supervises AIG Bank’s compliance with various law and regulations as well as ensuring that we operate in a safe and sound manner. As an agent offering our certificate of deposits to your clients, it is important that you provide accurate product information and that you comply with regulatory requirements. Therefore, AIG Bank has developed this training guide to assist you in meeting your responsibilities.

PRODUCT INFORMATION

AIG Bank Certificates of Deposit are fixed-rate accounts with available terms of 6, 12, 18, 24, 36 and 60 months. Interest begins to accrue on the business day of deposit and compounds daily, crediting to the account monthly. The client has the option to let the interest remain in the account or they may opt to have it transferred to another account at AIG Bank or to another financial institution. This may be accomplished by check or through an Automated Clearing House (ACH) transaction. There is no charge for this service.

Typically, AIG Bank sets interest rates weekly. Financial Advisors may obtain the most current rates through a link on their Advisor websites, through our weekly rate e-mail service or by contacting us directly, toll free, at 1-866-AIG-4440.

If the funds are withdrawn prior to maturity, the client agrees to pay a penalty equal to 90 days of interest if the deposit term is 12 month or less, or 180 days of interest for terms greater than 12 month. If the CD has not yet earned enough interest to cover the penalty, the client could lose a portion of their initial deposit.

CD account statements generate quarterly and will reflect the beginning and ending balance of the account for the statement cycle, plus any interest earned and other account activity. Your client may also obtain account information from our automated phone line 24 hours a day, or the client may speak with a Service Representative during the hours of 8:00 AM – 5:00 PM ET, Monday – Friday.

COMPLIANCE

As an agent for AIG Bank, you do not open a deposit account, accept deposits or payments, cash checks, review applications except for completeness or make any decisions on the account. The account is not opened until AIG Bank has received the deposit and account application by mail, and has reviewed and accepted the application. However, because you are representing and marketing our products to your clients, it is important that you are knowledgeable on the following regulations as they pertain to your activities.

Regulation DD: Truth-in Savings

The purpose of this regulation is to enable consumers to make informed decisions about accounts at depository institutions. It requires depository institutions to provide disclosures so that consumers can make meaningful comparisons among depository institutions.

An institution must provide the following account disclosures by mail if the consumer is not present at the institution when the account is opened:

- ***Interest rate information:*** The annual percentage yield (APY) and the interest rate using those specific terms, must be provided.
- ***Compounding and interest crediting:*** The frequency with which interest is compounded and credited must be disclosed.
- ***Balance information:*** Minimum balance required to open the account.
- ***Fees:*** Fees that may be charged in connection with the account.
- ***Transaction limitations:*** Any limitations on the number or dollar amount of withdrawals or deposits.
- ***Features of Time Deposits:*** The maturity date, effects of withdrawing principal or interest prior to maturity and renewal policies.

AIG Bank will provide these disclosures to your client by mail following the account opening. However, when discussing interest rates with your client, you must also disclose the annual percentage yield (APY), using the specific term, not the abbreviation.

Regulation P: Privacy of Consumer Financial Information

Regulation P governs the treatment of non-public personal information about consumers by financial institutions. This regulation:

- Requires a financial institution to provide notice to clients about its privacy policies and practices;
- Describes the conditions under which a financial institution may disclose non-public personal information about consumers to nonaffiliated third parties; and
- Provides a method for consumers to prevent a financial institution from disclosing that information to most non-affiliated third parties by “opting out” of that disclosure.

Again, AIG Bank will provide our privacy policy to your client in the Welcome kit they will receive by mail. To view our privacy policy, click on [Privacy Policy](#) at the bottom of the AIG Bank web pages located on your Advisor website. The policy indicates they we may share non-public personal information about consumers with either affiliates or non-affiliated third parties. We have not shared this information in the past and it is not our practice to do so, but we have decided to retain the right to do so should a client not opt-out. Clients also receive a copy of the privacy policy annually in their account statement.

Deposit Insurance

AIG Federal Savings Bank is an FDIC-insured institution. The Federal Deposit Insurance Corporation (“FDIC”) is a United States government agency that protects a depositor against loss of their deposit should an institution fail. In general, your client’s accounts are insured up to \$100,000. You should be aware however that different ownership categories of accounts are separately insured up to \$100,000, which may allow your client to qualify for more than \$100,000 in FDIC insurance coverage. Please visit the FDIC’s website (www.fdic.gov/deposit/deposits/insuringdeposits) to obtain the most up-to-date insurance information to share with your client.

Anti-Money Laundering Procedures (“AML”)

As an agent for AIG Bank, you are responsible for assisting AIG Bank in meeting its Customer Identification Program requirements and for alerting AIG Bank to any suspicious activity relating to the client’s deposit account with AIG Bank. Please be aware that these requirements are in addition to the AML requirements of your broker/dealer.

Customer Identification program

On October 26, 2001 the USA PATRIOT Act was signed into law under Federal Register Vol. 67, and implemented by the OTS under 12 CFR Part 563. This Act adds several new provisions to the Bank Secrecy Act (BSA) requirements in reference to identifying our clients.

Client Identification Requirements:

The regulation requires the following information to be obtained prior to opening a new account or extending credit:

Individual

- Name
- Date of birth
- Residential or business street address and mailing address if different (PO Box alone will not be acceptable). An Army or Fleet PO Box number or residential address of next of kin or other contact may be substituted.
- If the individual is a U.S. person, the individual’s social security number. If the individual is a non-U.S. person all of the following that the individual possesses (minimum of one required): a U.S. Taxpayer Identification Number (“TIN”); a passport number and country of issuance’ and alien identification card number; number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Businesses

- Name
- The address of the principal place of business. Local office or other physical address and, if different, the client's mailing address.
- If the client is a U.S. person, an Employer Identification Number (EIN) or if a sole-proprietor, the social security of the business owner. If the client is a non-U.S. person, a U.S. TIN or if the client is not required to have a U.S. TIN, a TIN issued by the country of the client's residence.

Verification:

CIP also requires that the bank verify the identity of the new account customer. The verification process used by AIG Bank for accounts opened by mail is to match information against a public database to verify the information provided by the client. For an entity other than a person, evidence of legal status is used for verification (e.g., corporate resolution, partnership agreement, association resolution, business license). If the verification process does not provide AIG Bank with a reasonable belief that it knows the true identity of a client, the account will not be opened.

Client Notice:

AIG Bank is required to provide its identity verification procedures to new clients. This notice must be "reasonably designed to ensure that a client is able to view the notice, or is otherwise given notice, before opening an account." AIG Bank will provide notice to your client through a written notice on the account application.

For all methods of disclosure, the sample language included in the final CIP rules should be used. Any changes to the following model language must be approved by AIG Bank Compliance:

Important Information About Procedures For Opening A New Account

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Your Responsibilities in regard to CIP:

What CIP means for you is that you should review the account application to ensure that it is complete and signed. If your client does not have a US Taxpayer Identification Number, please contact us to determine if the account can be opened. Additional documentation may be required. In regard to providing the required notice, please make sure that you provide your client with both pages of the account application, as the notice is located on the second page.

Suspicious Activities

One must always be alert to situations which may lead to money laundering and other illegal activities. Money laundering involves disguising assets so that the illegal activity is not detected. Drug profits, for example, are extensively laundered. Potential abuses can occur with respect to deposit, wire transfer, and lending transactions. Under no circumstances should you accept cash for deposit into an AIG Bank Certificate of Deposit. In the event that a client attempts to deposit cash or the transaction seems suspicious, please alert your compliance department. Examples of other potential suspicious activity are as follows:

- Client engages in transactions that don't make apparent sense based on type of business or are inconsistent with stated investment strategy
- A large volume of official checks deposited into a client's account whose business would not justify this type of activity
- A large volume of deposits to several different accounts with frequent transfers of a significant portion of the balances to one account
- Client appears reluctant to provide proper identification and is unusually concerned with secrecy, especially in regard to their business, assets or dealings with other firms
- Client is disinclined to provide information necessary to complete a Currency Transaction Report (CTR) and withdraws transaction once they are aware a CTR must be filed.
- Structuring of transactions to avoid Currency Transaction Reporting appears to be occurring.
- The client does not appear to be concerned with the costs or risks associated with a transaction.
- The client is unable to describe the nature of his business or lacks general knowledge of his industry
- The client is from or has accounts in countries identified as havens for money laundering
- The client has multiple accounts under a single name or multiple names and large numbers of inter-account transfers.

- Purchase of securities with multiple cash equivalents of less than \$10,000 issued to third parties by numerous other financial institutions
- Significant number of wire transfers to/from offshore banks
- Wire transfers to/from countries known to be used to evade BSA rules
- Wire transfers involving currency exceeding \$10,000
- The account shows a high level of activity, but very low levels of securities transactions

If you have any questions about the information contained in this guide, please do not hesitate to contact AIG Bank at 1-866-AIG-4440. Thank you for your interest in AIG Bank's deposit products and we look forward to working with you!