

A n n o u n c e m e n t

on OTP Bank Plc's rules of customer identification

1. Customer identification obligation

In accordance with Act LIII of 2017 on the prevention and combating of money laundering and the financing of terrorism a financial institution can only establish a business relationship with or accept a transaction order for cash reaching or exceeding the amount of HUF three million six hundred thousand (HUF or foreign currency) as well as a currency exchange transactions reaching or exceeding HUF three hundred thousand from a customer presenting his/her personal identification document to the financial institution, and the identification of whom has been performed by the financial institution.

The identification obligation – for currency exchange – includes transaction order comprising several items made within one week and reaching HUF three hundred thousand when the order reached or exceeded HUF three hundred thousand.

Identification obligation also applies to the person authorized by the customer and all authorized representatives as well as the agent for service of process of a foreign person if there is such person assigned.

If the customer is a legal person or an organization without legal personality, or a natural person acting on behalf thereof or based on the assignment thereof, beyond identification of the natural person, identification of the legal person or organization without legal personality shall also be performed.

A financial institution can only accept an order for bank or financial transaction from a company with registered address in foreign country which is an organization registered as a financial institution according to the law of its own country and names its client.

The above provisions do not apply if the foreign financial institution gives the bank transfer order on its own behalf due to the nature of the transaction, or the foreign – non-financial institution – client acts at the financial institution on its on behalf.

As a result of customer due diligence the Bank shall record:

- regarding business relationships, the type, the subject matter and the term of the contract;
- regarding transaction orders, the subject matter and the value of the transaction
- the particulars of the execution (place, time, mode).

If the customer does not agree to perform the identification, no business relationship can be established therewith or the financial transaction shall be rejected.

1.1. Customer identification in case of natural person

For natural persons customer identification comprises the registration of following data by the financial institution:

- surname (family) and given name (first name)
- surname and given name at birth ,
- place and date of birth,
- mother's maiden surname and given name (family and first name),
- citizenship,
- address, in lack of this place of living
- number and type of the identification document.

Customer identification shall be performed based on presentation of the following official documents:

- For natural persons with Hungarian citizenship: personal identification card; ID card and official card certifying the address together; passport and official card certifying the address together; new type driving license card and official card certifying the address together.
- For foreign citizen natural persons: travel document (passport); personal identification card if it authorizes residence in Hungary; a document evidencing the right of residence or a valid residence permit.

1.2. For natural persons, in case of occasional transactions not reaching the amount of three million six hundred thousand forint the following data shall be recorded:

- a) surname and given name
- b) place and date of birth
- c) the title and amount of the transaction.

1.3. Customer identification in case of legal persons and organizations without legal personality

For legal persons and organizations without legal personality customer identification comprises the record of following data:

- name, short name;
- seat, the address of the branch in Hungary - if it exists - when the enterprise's seat is abroad;
- for legal person or organizations without legal personality registered by the Court of Registration, the registration number; for other registered legal persons or organizations without legal personality the number of decision on foundation (recording, registration) or the recording number of the legal person or organization without legal personality;
- the principal activity,
- tax number (if the customer has it)
- and name(s), position(s) of authorized representative(s);
- identification data of the agent for service of process .

Beyond the submission of documents needed to the identification of the person proceeding in the name or by the commission of legal persons and organizations without legal personality it is necessary to submit the following instruments:

The following official documents issued not more than 30 days before – shall be used for identification of legal persons or other organization without legal personality registered (or being registered) in Hungary:

- the inland business organization has been registered by the Court of Registration (decision or extract) or the business organization entitled to operate as a pre-company has submitted the application for registration (deed of foundation and the certificate proving the initiation of registration);
- for inland legal person, where official or court registration is required for the foundation; the legal person has been registered (decision or extract);
- for inland organization without legal personality the registration or recording has been performed;
- prior to submission of application for registration or booking by the Court of Registry, authority or court, to the Court of Registry, authority or court, in case of depositing the founding funds exclusively, deed of establishment (deed of foundation, articles of incorporation) of the legal person or organization without legal personality. The fact of registration or booking has to be attested with official documents within thirty days after the registration or booking.

For private entrepreneurs and other entrepreneurs, the presentation of the following documents is required:

- a) From private entrepreneurs, who pursue their activities according to Act CXV of 2009 on private entrepreneurs and one-person firms:
 - entrepreneur document or a notification (certificate) issued by the body keeping the records of private entrepreneurs
- b) From entrepreneurs, who pursue their activities independently according to other pieces of regulations:
 - copy of the document of the registration by the Hungarian National Tax and Customs Administration (NAV)
 - document or certificate of authorization for pursuing the activity (e.g. a document certifying a chamber membership and so on)
- c) From agricultural primary producers:
 - copy of the document of the registration by the NAV
 - agricultural primary producer's certificate with a sales interleaf
- d) Individuals with tax number
 - a copy of the document of the registration by the NAV

For a legal person or organizations without legal personality registered in a foreign country a certificate not older than 30 days certifying the registration or record of the organization in accordance with its own country with endorsement or Apostille and attested Hungarian translation of such documents is required. The National Agency of Translation and Translation Authentication (OFFI), a Hungarian specialised translator or a translator-lector can perform the official Hungarian translation of the

documents necessary for identification. To a translation completed by a specialised translator or a translator-lector the copy of the document certifying a translator or an interpreter qualification shall be attached.

1.4. For legal persons and organizations without legal personality, in case of occasional transactions not reaching the amount of three million six hundred thousand forint the following data shall be recorded:

- a) name, short name
- b) the address of the seat (the address of the branch in Hungary – if it exists – if the enterprise's seat is abroad)
- c) the title and amount of the transaction.

1.5. Declaration of the person of the beneficial owner

In case of customer identification the customer or the representative acting on the customer's authority shall make a written declaration in person on the beneficial owner of the customer.

If such declaration does not exist, the financial institution shall reject the establishment of business relationship or the transaction.

The customer's representative shall also provide a statement declaring whether the beneficial owner is a politically exposed person. If the beneficial owner is a politically exposed person, the aforesaid statement must also indicate the prominent public function under which the beneficial owner is considered politically.

Beneficial owner shall mean:

- a) the natural person who owns directly or – by way enacted in Section 8:2 (4) of Act V of 2013 on the Civil Code of Hungary – indirectly controls at least twenty-five per cent of the shares or voting rights in a legal person or business organization without legal personality, or who is able to exercise effective control over the legal person or business organization without legal personality via other means, if that legal person or business organization without legal personality is not listed on a regulated market and is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards;
- b) the natural person who has a dominant influence in a legal person or business organization without legal personality as defined in Subsection (2) of Section 8:2 of Act V of 2013 on the Civil Code of t Hungary
- c) the natural person on whose behalf a transaction is carried out or who is able to exercise effective control over the activity of a customer via other means in the case of natural persons; and
- d) in the case of foundations:
 - 1. where the future beneficiaries have already been determined, the natural person(s) who is the beneficiary of twenty-five per cent or more of the property of the foundation;
 - 2. where the individuals that benefit from the foundation have yet to be determined, the class of natural persons in whose main interest the foundation is set up or operates or

3. the natural person(s) who exercises control in the management of the foundation or exercises control over twenty-five per cent of the property of a foundation, or who is authorized to represent the foundation, furthermore
- e) in the case of fiduciary asset management (trust) contracts: the principal (settlor) and the ultimate beneficial owner thereof, the fiduciary (trustee) and the ultimate beneficial owner thereof, the beneficiary or class of beneficiaries, and the ultimate beneficial owner thereof, furthermore any natural person exercising effective control over the trust fund via other means, furthermore
- f) lacking a natural person defined in points a)-b) the executive officer of a legal person or business association lacking the legal status.

Majority control [Civil Code Section 8:2]:

(1) Majority control means a relationship where a natural or legal person (holder of a participating interest) controls over fifty per cent of the voting rights in a legal person, or in which it has a dominant influence.

(2) The holder of a participating interest is deemed to have dominant influence on a legal person if it is a member of or shareholder in that company and:

- a) it has the right to appoint and recall the majority of the executive officers or supervisory board members of the legal person; or
- b) other members of or shareholder in that legal person are committed under agreement with the holder of a participating interest to vote in concert with the holder of a participating interest, or they exercise their voting rights through the holder of a participating interest, provided that together they control more than half of the votes.

(3) Majority control is also deemed to exist if the entitlements referred to in Subsections (2)-(3) are ensured indirectly to the holder of a participating interest.

(4) Indirect control on a legal person means a relationship where a person is able to exercise influence on a legal person that has voting right in that legal person (intermediary legal person). The scope of indirect control means the percentage of control held by the intermediary legal person that correspond to the percentage of control the holder of a participating interest has in the intermediary legal person. If the holder of a participating interest controls more than half of the votes in the intermediary legal person, the control the intermediary legal person has in the legal person shall be taken into account in its entirety as indirect control held by the holder of a participating interest.

(5) The direct and indirect ownership interest and voting rights of close relatives shall be applied contemporaneously.

1.6. Announcement on the politically exposed person status

In case of customer identification the natural person customer shall make a written declaration in person to the service provider whether he/she is considered a politically exposed person and if he/she is considered a politically exposed person, he/she shall make a declaration on the source of his/her funds (cash and cash equivalents) as well.

Politically exposed person: the natural person having residence only outside Hungary, consequently not having official card certifying Hungarian address who is entrusted with prominent public functions or was entrusted with prominent public functions within one year prior to the customer due diligence measures and

immediate family member of such person and persons known to be close associate of such person.

Person entrusted with prominent public functions:

- a) heads of State, heads of government, ministers and deputy ministers, state secretaries, in Hungary the head of State, the Prime Minister, ministers and state secretaries;
- b) members of parliament or of similar legislative bodies, in Hungary members of parliament and spokesmen for the nationality;
- c) members of the governing bodies of political parties, in Hungary members and officers of the governing bodies of political parties;
- d) members of supreme courts, of constitutional courts or of other high-level judicial bodies, the decisions of which are not subject to further appeal, in Hungary members of the Alkotmánybíróság (Constitutional Court), of the courts of appeal and the Kúria (Curia);
- e) members of courts of auditors or of the boards of central banks, in Hungary the President and Vice-President of the Állami Számvevőszék (State Audit Office), members of the Monetáris Tanács (Monetary Council) and the Pénzügyi Stabilitási Tanács (Financial Stability Board);
- f) ambassadors, chargés d'affaires and high-ranking officers in the armed forces, in Hungary the head of the central body of law enforcement bodies and organizations and his deputy, Chief of Staff of the Hungarian Army and Deputy Chiefs of Staff of the Hungarian Army;
- g) members of the administrative, management or supervisory bodies of enterprises with majority state ownership, in Hungary the managing directors of enterprises with majority state ownership, including members of the management body exercising control or supervisory rights of such enterprises;
- h) directors, deputy directors and members of the board or equivalent function of an international organization.

Immediate family member of a politically exposed person: spouse or domestic partner of a politically exposed person; the biological and adopted children, stepchildren and foster children and their spouses or domestic partners, of a politically exposed person; the biological, adoptive, step- and foster parents of a politically exposed person.

Person being a close associate of the politically exposed person:

- a) any natural person who is known to have joint beneficial ownership of legal entities or unincorporated organizations, or any other close business relations, with a natural person who has been entrusted with prominent public functions;
- b) any natural person who has sole beneficial ownership of a legal entity or unincorporated organization which is known to have been set up for the benefit of person who has been entrusted with prominent public functions.

2. Obligation to give notice on changes of identification data

During the business relationship, the customer is required to notify the Bank concerning any change in the data and information supplied in course of identification or those concerning the beneficial owner within five working days of the day when such information is received.

3. Making copies of the presented documents

In the interest of prevention and combating money laundering and terrorist financing, for the purpose of appropriate compliance with the obligations set out in the AML Act, for the full execution of due diligence obligations and for the effective implementation of supervisory activities, the Bank makes copies of ID documents containing data set out in Paragraphs 1.1 and 1.3. for the purpose of verification of identity.

4. The rules of procedure for proving the source of funds

The Bank may request from the customer the information about the source of funds and for the verification of such information may request documents of proof.

- a) Cash payments reaching or exceeding the amount of fifty million forint (or equivalent in foreign currency) shall be executed solely in case of providing documents establishing the origin of funds.
- b) Currency exchange reaching or exceeding the amount of ten million forint (or equivalent in foreign currency) shall be executed solely in case of providing documents establishing the origin of funds.
- c) If a total amount of EUR 10,000 or USD 10,000 or in any other currency equal to this amount or above is intended to be paid per account within a calendar month into the retail foreign currency account held in EUR or USD of a national of a third country, then the order may only be complied with subject to the presentation of any of the certifications listed in the "Scope of certificates" Section. The certificate shall be presented upon order of cash deposits where the amount of cash deposits made reaches or exceeds EUR 10,000, USD 10,000 or equal to this amount in any foreign currency in the relevant calendar month, and then, after that, sources must be verified in the case of each payment in the calendar month concerned.

4.1. Scope of certificates

As verification of the source of funds, the presentation of the following original documents issued to the name of the person performing the transaction or of the account holder may be acceptable:

- a) a final judicial or administrative decision not older than 1 year (e.g. decision on grant of probate),
- b) official certificate not older than 1 year (e.g. by land registry office),
- c) other public deed not older than 1 year (e.g. about sale of property or vehicle),
- d) payment (bank) account statement and cash payment certificate not older than 3 months (if the client is unable to present a payment (bank) account statement in the absence thereof, then also the individual certificate on cash withdrawal may be accepted),
- e) a certificate not older than 3 months on behalf of the company engaged in the organisation of gambling services about the winnings,
- f) a certificate not older than 3 months on behalf of the employer about wages, dividends and bonuses,

- g) a Cash Declaration Form not older than 3 months to be completed upon entry into territory of the European Union (to indicate personal details, the data of the owner of the cash, the data regarding the cash, the origin and intended use thereof, and the transport details).

If the certificate is issued in a language other than Hungarian, the attested Hungarian translation thereof shall be attached, as well. Attested Hungarian translations may be performed by the National Office for Translation and Attestation (OFFI), by a Hungarian specialised translator or a translator-lector. In the case of translations made by a specialised translator or a translator-lector a copy of the document proving the qualification of the specialised translator or the translator-lector shall be attached, as well.

4.2. Refusal of order for cash deposit transaction

The cash deposit order detailed hereunder may be refused based on the notification on the Bank's rules of client identification if:

- a) the person performing the transaction fails to submit any of the certificates listed in the "Scope of certificates" Section or if the certificate submitted is inadequate (there is no attested Hungarian translation attached, it is not duly signed or issued to the name of other than the person performing the transaction/the account holder),
- b) the data of the certificate presented are fully identical with the recorded data of the certificate presented upon the cash deposit(s) made in the previous three months and the amount indicated in the certificate does not provide cover for the cumulative amount of the deposits made.
- c) with regard to the authenticity of the data submitted by way of the certificate there is doubt existing or the legal title indicated in the certificate is not contained in the "Scope of certificates" Section.

5. Blocking of bank accounts on grounds of inactivity

Where there is no debit or credit in the payment account of the Client maintained by the Bank over a period of two calendar years, the Bank will request the Client – within 30 days – to report the changes in his particulars, advising that no transactions will be executed on the account before the repetition of identification.

6. Closing provisions

With the entering into force of this announcement the announcement entitled OTP Bank Plc's rules of customer identification and published on 21.03.2016. and having been valid from 21.03.2016 expires.

OTP Bank Plc.

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