

## **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 (AML/CFT Act) the Bank can only establish a business relationship with or accept a transaction order for cash reaching or exceeding the amount of HUF four million five 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 Bank, and the identification and verification of the identity of whom has been performed by the Bank.

The identification for cash transactions includes transaction orders for which the same customer places an order within a period of one year under the same title for the same subject matter; as for currency exchanges comprising several items made within one year as well and reaching HUF three hundred thousand when the order reached or exceeded HUF four million five hundred thousand or three hundred thousand.

Identification obligation also applies to the person commissioned or authorized by the customer to act in the Bank and all authorized representatives. If a legal person or an organisation without legal personality has assigned an agent for service of process the identification obligation applies to the forename and surname (firm name) as well as to the address, in lack of that to the place of living (seat) .

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.

The Bank 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 provide the data of 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 own behalf.

In course of customer due diligence the Bank shall record the followings related to the business relationship:

- the type, the subject matter and the term of the contract;
- the risk level of the customer (medium, high or low)
- the particulars of the execution (place, time, mode)
- information on the purpose and features of the business relationship.

The Bank shall record the followings related to transaction orders:

- the subject matter and the value of the transaction,

- the particulars of the execution.

If the customer does not agree to perform the identification and the verification of the identity, no business relationship can be established therewith or the transaction order (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 of the customer by Bank:

- 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 Hungarian citizens: official document suitable for identification purposes (personal identification card;; passport; new type driving license card) and official card certifying the address (except when the official document suitable for identification purposes contains the Hungarian address as well) if his/her domicile or place of living is in Hungary r.
- For foreign citizen natural persons: travel document (e.g. passport); personal identification card if it authorizes residence in Hungary; a document authorising for residence or evidencing the right of residence and an official card certifying the address if his/her domicile or place of living is in Hungary..

### **1.2. 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);
- forename and surname (firm name) and address (seat) 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 being registered) or recorded 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.

**Recording in case of occasional transactions not reaching the threshold to apply Customer Due Diligence measures:**

Occasional transactions not reaching the threshold to apply Customer Due Diligence measures are transaction orders below four million five hundred thousand forint, as well as currency exchange reaching or above one hundred thousand forint, but not reaching three hundred thousand forint.

1.2.1. In these cases for natural persons the following data shall be recorded:

- a) family name (surname) and given name (forename),
- b) place and date of birth,
- c) the subject and amount of the transaction order.

1.2.2. In these cases for natural persons the following data shall be recorded:

- a) name, short name

the address of the seat (the address of the branch in Hungary – if it exists – if the enterprise's seat is abroad)

- b) the title and amount of the transaction.

**1.3. Declaration of the person of the beneficial owner**

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

The customer's representative shall also provide a statement declaring whether the beneficial owner is a politically exposed person or an immediate family member of a politically exposed person or a person being a close associate of the politically exposed person. If this is the case, the aforesaid statement must also indicate the relevant position held according to the AML/CFT Act.

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

***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 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,
  - 4. in lack of a natural person specified in point 1-3 the person acting as representative of the foundation, furthermore
- e) in the case of fiduciary asset management (trust) contracts:
  - 1. the principal (settlor) and – when the principal (settlor) is not a natural person - the ultimate beneficial owner thereof as defined in point a) or b),
  - 2. the fiduciary (trustee) and - when the fiduciary (trustee) is not a natural person - the ultimate beneficial owner thereof as defined in point a) or b),
  - 3. , the beneficiary or class of beneficiaries, and - when the beneficiary is not a natural person - the ultimate beneficial owner thereof, as defined in point a) or b)
  - 4. any natural person exercising effective control over the trust fund via other means, furthermore
  - 5. if it is the case the person controlling the asset management and - when the person controlling the asset management is not a natural person - the ultimate beneficial owner thereof, as defined in point a) or b), 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.

#### **1.4. 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 or an immediate family member of a politically exposed person or a person being a close associate of the politically exposed person and in this case, he/she shall make a declaration on the source of his/her funds (cash and cash equivalents) and wealth, furthermore the relevant position held according to the AML/CFT Act.

**Politically exposed person:** the natural person 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**

For the purpose of verification of identity the Bank is obliged to make copies of the presented official documents containing data set out in points 1.1 and 1.2., including all personal data recorded in the official document. (In the case of the official address card only the side "Lakcímet igazoló hatósági igazolvány" (official document proving the address) is allowed to be copied, copying of the side „Személyi azonosítót igazoló hatósági igazolvány" (official document proving the personal identification) is strictly forbidden, except when a law authorises to make copies.

## **4. The rules of procedure for proving the source of funds and wealth**

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. The following orders shall only be executed in case of establishing the origin of funds by providing a document:

- a) Cash payments reaching or exceeding the amount of twenty-five million forint (or equivalent in foreign currency) for natural person customers,
- b) Cash payments reaching or exceeding the amount of fifty million forint (or equivalent in foreign currency) for legal persons and organizations without legal personality,
- c) Currency exchange reaching or exceeding the amount of ten million forint (or equivalent in foreign currency).

- d) 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. 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.

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.

The Bank has the right to refuse a transaction order if the submitted certificate is not eligible or there is any doubt with the authenticity of that.

The Bank may request from the customer information about the source of wealth. In this frame the customer shall make a statement demonstrating the source of the customer's financial means - including tangible and intangible assets - of a value over three million forints.

## **5. Customer due diligence in case of blocked accounts because of inactivity**

If the bank account was previously evaluated by the Bank (If there is no debit or credit in the payment account of the Client maintained by the Bank over a period of two calendar years) as inactive, no transactions will be executed on the account before the repetition of customer due diligence.

## **6. Limiting of bank accounts in case of inaccessible customer**

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.

## **7. “Know Your Customer” questionnaire and declaration on source of wealth**

The Bank may request the completion of the “Know Your Customer” (KYC) questionnaire from the customer as a measure of enhanced due diligence. If the customer denies the completion of the KYC questionnaire or does not disclose the data required, the Bank may refuse the establishment of the business relationship.

The Bank – in order to comply with the law – may request the completion of the declaration on the source of wealth from the customer.

## **8. Data processing**

Related to the financial services (including the auxiliary financial services) and investment services (including the ancillary services) provided and any other services provided by the Bank (as Controller), based on the legal requirements stipulated by the AML/CFT Act and based on the legitimate interest of the Bank, the Bank processes personal and non-personal data in course of identification and verification of the identity of the customer and during the business relationship. Detailed information on the scope of personal data and the purpose of the data processing are available in Annex 5 on General Data Processing Information of the General Business Rules.

In order to discharge its duties stipulated by the AML/CFT Act (as well as by a regulation based on its authorisation) and based on the legitimate interest of the Bank, the Bank is required to identify and assess the money laundering and financing of terrorism risk factors relating to the nature and size of the business relationship or the type and value of the transaction, the customer, the product, the services, the geographic location and the delivery channel to which the Bank may request further data about the occupation of the customer, the expected turnover of the account, the sending and target countries of the wire transfers and the partners of the customer.

In the interest to fulfil the legal requirements laid down in the AML/CFT Act as well as by a regulation based on its authorisation personal data are processed exclusively for the purposes of activities to be performed with a view to combating and prevention of money laundering and terrorist financing, to the extent appropriate for such activities by the Bank. The Bank is authorized to process personal data and is obliged to keep non-personal data, including all data and information related to business relationship for a period of eight years after the end of the business relationship or after the date of carrying out the transaction order, the period of which may be extended up to ten years as a maximum provided that it is requested by an authority entitled to. The Bank is to delete or destroy the data upon the expiry of authorization or obligation to data processing.

In the period of data processing, in case of emerging information, fact or circumstance giving rise to a suspicion of money laundering, financing of terrorism, or that specific property is derived from criminal activity the Bank is obliged to pass on data possessed by it to the financial intelligence unit functioning in the organisation of the Nemzeti Adó-és Vámhivatal (National Tax and Customs Authority) which deals with the fight against money laundering and financing of terrorism, and promoting the prevention, detection and investigation of criminal activities. In order to be informed, when carrying out its analysing-evaluating activity, the financial intelligence unit is entitled to request any and all data from the Bank to the extent required for the performance of its tasks, which shall disclose the data and secrets requested to the financial intelligence unit. The Magyar Nemzeti Bank (the Central Bank of Hungary) is entitled to request documents when carrying out off-site inspection, and to copy and investigating data when carrying out on-site inspection.

In the interest of improving the effectiveness of the fight against money laundering and financing of terrorism after reporting to the financial intelligence unit the data related to the suspicion of money laundering, financing of terrorism, or that specific property is derived from criminal activity is allowed to be passed on between the credit institutions and financial institutions or between those institutions and their branches and majority-

owned subsidiaries located in third countries, provided that those branches and majority-owned subsidiaries apply requirements equivalent to those required by the Hungarian regulation.

With the aim of preventing money laundering and financing of terrorism, based on the consent of the customer or execution of contract, within the framework of the provision of payment services, and the processing, clearing and/or settlement of payment transactions the Bank may disclose personal and non-personal data to other financial institutions and payment service providers other than financial institutions participating in the processing, clearing and/or settlement of payment transactions.

The Bank passes on data to third countries outside the European Economic Area exclusively in that case when the third country or the service provider established, or having a branch or business establishment in the territory of that third country meets the requirements of Chapter V. of Regulation 2016/679 of EU on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

If the customer provides data related to a natural person to the Bank, the customer acknowledges that he or she is obliged to inform that natural person on the data processing.

## **9. Closing provisions**

With the entering into force of this announcement the announcement entitled OTP Bank Plc's rules of customer identification and published on 24.08.2018. and having been valid from 24.08.2018. expires.

**OTP Bank Plc.**

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