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Dear Customer,

based on the Section 79 of the Hungarian Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (hereinafter: AML Act), KDB Bank Europe Ltd. (hereinafter: Bank) must repeat its customer due diligence measures until the 26th of June, 2019.

We kindly please you to note that, **in case of missing the declaration with renewed contents described below, the Bank must refuse to carry out transactions** on the company's account represented by you or on any accounts belonging to you (as an authorized person) after the mentioned date. Considering this, we ask you to read this information letter attentively and fulfil the necessary measures, in order to avoid your account to be blocked.

In case of legal person or business association lacking the legal status, to declare about the beneficial owner of the organization during the customer due diligence process (typically at account opening, but at the latest before the initiation of the first transaction) is being prescribed by the AML Act¹. The new AML Act, which came into force on the 26/06/2017, is expected more data content and the following data must be given as well on the declaration of beneficial owner:

- the nature and extent of ownership interest³, as well as
- if the beneficial owner is a politically exposed person.

Based on the AML Act, declarations with expanded contents must be obtained in case of existing clients as well.

In the absent of the mentioned documents on 27th of June, 2019 the Bank will have to block the affected accounts.²

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In case of you have already made a statement with the extended content on the declaration, you have nothing to do.

Otherwise, we kindly ask you to

- either to come into any of the Bank's branches (location of our branches [can be found on our website](#)) personally, by bringing your valid ID documents and residence permit (if needed) with you, or
- download the declaration of beneficial owner from [our website](#), thereafter please fill all the points of it, sign it and send it back by post either to your managing branch or to the central address of the Bank (H-1054 Budapest, Bajcsy-Zsilinszky út 42-46.).
It is important to sign the declaration by a person, who represents the company at the Bank.

Regarding the necessary repeated customer due diligence measures, you can get further information by your branch, relationship manager or via the Call Center service (+36 1 473 4440 és +36 1 374 9990), where our colleagues will kindly provide answers for your additional questions.

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EXAMPLES

- In case the single owner of Deep Plowing Kft. is Jasper Sample, the nature and extent of ownership interest is direct, 100%.
- In case the single owner of Deep Plowing Kft. is High Flight Kft., whom single owner is Jasper Sample, the nature and extent of ownership interest of him in Deep Plowing Kft. is indirect, 100%.
- In case the owners of Deep Plowing Kft. are Julia Sample by 5%, Rachel Sample by 25% and High Flight Kft. by 70%, as well as the single owner of the latter one is Jasper Sample, the nature and extent of ownership interest in Deep Plowing Kft. is the following:
 - ✓ for Rachel Sample is direct, 25%
 - ✓ for Jasper Sample is indirect, 70%
 - ✓ (the ownership interest of Julia Sample is under 25%, for this reason she is not a beneficiary owner of Deep Plowing Kft.)

Referenced laws:

¹ AML Act Subsection (38) of Section 3. 'beneficial owner' shall mean:

a) any natural person who owns or controls at least twenty-five per cent of the shares or voting rights in a legal person or an unincorporated organization directly or - by way of the means defined in Subsection (4) of Section 8:2 of Act V of 2013 on the Civil Code (hereinafter referred to as "Civil Code") - indirectly, or who is able to exercise effective control over the legal person or unincorporated organization via other means, if that legal person or unincorporated organization is not listed on a regulated market and is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards,

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b) any natural person who has a dominant influence in a legal person or unincorporated business association as defined in Subsection (2) of Section 8:2 of the Civil Code,

c) any natural person on whose behalf a transaction is being conducted, or who is able to exercise effective control over the activity of a customer via other means in the case of natural persons,

d) in the case of foundations:

da) where the future beneficiaries have already been determined, the natural person who is the beneficiary of twenty-five per cent or more of the property of the foundation,

db) where the individuals that benefit from the foundation have yet to be determined, the natural person in whose main interest the foundation is set up or operates, or

dc) the natural person who exercises control in the management of the foundation or exercises control over at least twenty-five per cent of the property of a foundation, and/or who is authorized to represent the foundation,

e) in the case of fiduciary asset management contracts:

ea) the principal, and the beneficial owner referred to in Paragraph a) or b) thereof,

eb) the fiduciary, and the beneficial owner referred to in Paragraph a) or b) thereof,

ec) the beneficiaries or class of beneficiaries, and the beneficial owner referred to in Paragraph a) or b) thereof, furthermore

ed) any natural person exercising effective control over the trust fund via other means, furthermore

f) in the absence of the natural person referred to in Paragraphs a) and b), the executive officer of the legal person or unincorporated business association;"

² AML Act Section 79: „By way of derogation from Subsection (7) of Section 13, service providers must refuse to carry out transactions following 26 June 2019:

a) for customers with whom the business relationship was established before 26 June 2017;

b) for customers whose due diligence measures had not been carried out by 26 June 2019; and

c) if the outcome of the customer due diligence requirements specified under Sections 7-11 and Sections 19-20 is not fully available on 26 June 2019.”

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³ The nature of ownership interest - depending on the type of the organization - may be the following:

1. In case of **business organizations:** direct / indirect / dominant influence, in the absence of above: executive officer.
2. In case of **foundations:**
 - a. The natural person who is the beneficiary of 25% or more of the property;
 - b. The natural person in whose main interest the foundation is set up or operates (in the absence of a beneficiary);
 - c. The natural person who exercises control in the management of the foundation / exercises control over at least 25% of the property of a foundation and/or who is authorized to represent the foundation.
3. In case of **fiduciary asset management contracts:**
 - d. The principal;
 - e. The fiduciary;
 - f. The beneficiaries or class of beneficiaries;
 - g. Any natural person exercising effective control over the trust fund via other means.