

## KYC & AML Policy Compliance Statement

CEB RO is firmly engaged in the process of preventing money laundering, terrorism financing and other financial crimes, as well as in the process of protecting its reputation against possible damage that may occur as a result of these crimes. For this reason, it is vital to implement and maintain effective standards and procedures of know your customer, preventing and combating money laundering and terrorism financing.

This document represents the Credit Europe Bank (Romania) SA statement (hereinafter referred to as "CEB Ro" or "the Bank") regarding the Policy for the management and mitigation of the money laundering and terrorism financing risk applied within the Bank (hereinafter "Policy"). The Policy, together with the *Procedure for Know Your Customer and for Preventing and Combating Money Laundering and Terrorism Financing* and the *Policy on Sanctions and Restrictive Measures* ensure the internal regulatory framework in the area of know your customer and preventing and combating money laundering and terrorism financing.

The Policy aims to establish a general framework for the effective conduct of know your customer (KYC<sup>1</sup>), anti-money laundering (AML<sup>2</sup>) and countering terrorism financing (CTF<sup>3</sup>) activities, to ensure the proper management of money laundering and terrorism financing risk, compliance of the activity performed within Credit Europe Bank (Romania) SA with the relevant legislative and regulatory requirements, with the Group's policy, with the rules of a prudent and healthy banking practice, as well as to prevent the Bank's involvement through its clients , intentionally or unintentionally, in carrying out criminal activities.

The policy sets forth the general framework for governance, identification, assessment, monitoring, mitigation and reporting of money laundering and terrorism financing risk associated with the activities performed within the Bank, including related to the development of new products / services / activities or significant changes in the existing ones, as well as for ensuring an organizational culture regarding this risk.

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<sup>1</sup> KYC-Know Your Customer

<sup>2</sup> AML- Anti-Money Laundering

<sup>3</sup> CTF- Counter Terrorism Financing

**The policy includes the following minimum standards:**

- ✓ The permanent identification of the money laundering and terrorism financing risks relevant to CEB Ro activities;
- ✓ Customer due diligence process - which includes customer acceptance policy, KYC measures, customer identification policy, verification and assessment of the existing information, customers' classification in risk categories;
- ✓ UBO, legal representatives and shareholders' structure identification and verification;
- ✓ Screening of customers, UBOs and shareholders for adverse media;
- ✓ Applying a risk-based approach in assessing the risks of money laundering and terrorism financing related to clients and transactions and the appropriate allocation of resources, in order to mitigate these risks;
- ✓ Undertaking enhanced due diligence at least for the higher risk clients and transactions;
- ✓ Management approval for beginning business relations with high risk customers, PEP and correspondent banks;
- ✓ Denial to offer services to entities organized on the bearer shares system, customers whose status is unclear, corresponding banks located in countries that do not apply adequate KYC & AML standards;
- ✓ Compliance with the required KYC measures both at customer onboarding, as well as during the business relationship, as well as monitoring the customer's transactions throughout the relationship;
- ✓ Establishing, implementing and maintaining internal regulations and controls to ensure the mitigation of ML&TF risks;
- ✓ Monitoring the clients and transactions throughout the business relationship;
- ✓ Periodic update of the information regarding the customer and permanent update of the records drawn up at onboarding, as well as verification of the data;
- ✓ Keeping the documents related to clients and transactions for at least 5 years from closing of the business relationship with a client, namely 5 years from closing of an occasional transaction;
- ✓ Denial to offer services to customers subject to financial sanctions and / or restrictive measures;
- ✓ Establishing clear roles and responsibilities for all persons involved in the AML / CTF activity;
- ✓ Informing and permanently training the staff involved in the the AML / CTF activity;
- ✓ Using efficient IT systems in the KYC and transactions monitoring processes.

## **Standards regarding the Sanctions**

- ✓ Compliance with regulations on international sanctions is ensured in CEB Ro by the existence of alerting systems integrated in the banking application and controls that allow specific verifications (e.g. checking of (prospective) customers, UBOs/ representatives / account empowered persons) and filtering the transactions before processing;
- ✓ Ensuring the management and monitoring of compliance with the regulations regarding international sanctions, both at onboarding and during the relationship with a customer, including occasional customer (non-account customer);
- ✓ Development and provision of regular training and testing of employees within the relevant entities (business lines and support functions) on compliance obligations related to international sanctions.

For more information on KYC&AML area, please access “Compliance” section, on the Credit Europe Bank (Romania) SA site (<https://www.crediteurope.ro/Despre-noi/Conformitate>).