

KYC & AML Policy Compliance Statement 2022

Credit Europe Bank (Romania) (hereinafter referred to as “CEB Ro” or “the Bank”) 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, as well as the implementation of international sanctions.

This document represents the Credit Europe Bank (Romania) SA statement 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, implementation of international sanctions.

The Policy aims to establish a general framework for the effective conduct of know your customer (KYC¹), anti-money laundering (AML²) and countering terrorism financing (CTF³) 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.

CEBRo accepts the entry into business relations with individuals/legal persons and entities without legal personality, resident or non-resident, legally established, which provide the Bank all the information and documents needed for their identification, including the documentation regard to empowered persons and real beneficiaries, according to legal requirements and Bank's internal regulations, depending on the type of client and the risk associated with it.

CEBRo will initiate business relationships, carry out occasional transactions and maintain a business relationship only after the client identification, verification and screening procedure has been completed and all data and information regarding the client have been obtained, and the client fits in the KYC principles applied by the Bank.

¹ KYC – Know Your Customer

² AML – Anti-Money Laundering

³ CFT – Counter Terrorism Financing

CEBRo will not initiate or continue a business relationship, will not carry out an occasional transaction, will not provide products/services to any client, if the KYC due diligences applicable to the ML/FT risk associated to the client can not be applied, including in cases where the legitimacy of the purpose and the nature of the business relationship cannot be established or the risk of money laundering and terrorist financing cannot be adequately managed. In these situations, whenever there are reasons for suspicion, a report of suspicious transactions will be sent to the FIU (ONPCSB).

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, including the prior existence of KYC& AML Department's opinion;
- 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;
- Retention of documents related to clients and transactions for at least 5 years from closing of the business relationship with a client, namely 5 years from performing an occasional transaction. When the extension of the document retention period is required in order to prevent, detect or investigate money laundering or terrorist financing activities, the Bank is obliged to extend the retention period with the period indicated by the competent authorities, without this extension can exceed 5 years.
- 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 International Sanctions

- Compliance with the requirements on international sanctions is ensured in CEB Ro by the existence of alerting systems integrated in the banking application that allow specific ex-ante verifications both during the client on-boarding and during the existence of the relation upon the client data updated (e.g. checking of name for (prospective) customers, UBOs/ representatives / account empowered persons/ shareholders/ additional card holder/ guarantors) and ex-ante filtering the transactions;
- Ensuring the permanent (daily) screening against the lists of international sanctions of the client portfolio (including the real beneficiaries/ representatives/ proxies/ shareholders/ additional card holder/ guarantors);
- Ensuring the updating of the lists of international sanctions and the control of the process of updating the lists of international sanctions;
- 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.