

## **CUSTOMER ACCEPTANCE POLICY OF THE INTESA SANPAOLO D.D.**

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## INTRODUCTION

1. The Customer Acceptance Policy (hereinafter: Policy) defines the standards which represent the basis according to which Banka Intesa Sanpaolo d.d. (hereinafter: Bank) establishes business relationships with clients. The Policy adheres to the rules set by the valid Prevention of Money Laundering and Terrorist Financing Act (hereinafter: PMLTFA), observes the Guidelines for the money laundering and terrorism financing risk assessment issued by Bank of Slovenia and Guidelines issued by Intesa Sanpaolo Group and the parent bank.
2. With the Policy, the Bank defines the measures aimed at mitigating the compliance and reputational risks. The implementation of measures and procedures set in this Policy, provides an efficient safeguard to prevent the Bank's exploitation for purposes of money laundering, terrorism financing and restrictive measures breaching.
3. The Policy implements the standards for customer acceptance, defines the procedures for verifying the client's identity and for performing the client's due diligence. The Policy also defines the measures which have to be respected by the Bank in order to effectively mitigate the compliance and reputational risks. Although the client may be compliant with the on boarding criteria defined by this Policy, the Bank may decline the establishment of a business relationship, shall the business relationship represent a conflict with other internal policies.
4. Despite the on boarding limitations set by the Policy, the Bank entirely adheres to and respects the right of a client related to the access to the basic payment account, as provided in the valid Payment Services, Services for Issuing Electronic Money and Payment Systems Act and rejects any discrimination in relation to the mentioned account type. The Bank will reject such business relationship only in presence of a justified legal ground, on the basis of which the Bank may decline the client's request for opening a basic transactional account.
5. The Policy is valid and applicable to all units of the Bank. The Policy refers to and is used in relation to all areas of banking activity:
  - establishment of the first business relationship with the Bank,
  - establishment of additional or new business relationships with the Bank,
  - renewal of existing business relationships with the Bank
  - execution of payment transactions,
  - operations with the transactional account,
  - updating of client's data,
  - operations with digital banking solutions,
  - execution of documentary business and guarantee transactions,
  - performance of identification and client due diligence,
  - establishment correspondent relationships with banks,
  - cash business activities,
  - other banking areas, which involve dealing with clients, ...
6. A Client is a natural or legal person, which is the holder of a transactional account with the Bank or has established any other business relationship with the Bank.

## IDENTIFICATION AND CUSTOMER DUE DILIGENCE

7. The Bank establishes business relationship and executes transactions only upon identifying the client and verifying his or her identity (hereinafter: identification) and client due diligence. The client on-boarding procedure has to be conducted with the utmost care and vigilance. The on boarding procedure shall follow the rules on the identification and due diligence, which consist also of the collection of information, data and documents.

8. The Bank conducts procedures related to client's identification and due diligence:
  - when establishing a business relationship with the client (first or additional);
  - when executing cash transactions in the bank's branch;
  - when executing cash transactions for walk-in customers;
  - when the Bank has doubts on the accuracy and appropriateness of collected information on the client;
  - when updating information on the client;
  - always when establishing an additional business relationship with a high risk client.
  
9. While performing the identification and client due diligence process, the Bank may request the client to provide also additional documentation in order to ensure a better knowledge of the client. Shall the Bank request the client to provide additional documentation and he or she fails to do so, the Bank may reject the establishment of the business relationship; in case of existing business relationships, the Bank may terminate the business relationship unilaterally.
  
10. The Bank rejects the establishment of a business relationship with the client:
  - shall the Bank fail to perform client due diligence,
  - shall it assess, that the money laundering and terrorist financing risk related to the client cannot be addressed and mitigated appropriately,
  - in presence of adverse/negative information on the client, the legal representative or authorised person or shall the Bank assess that an increased money laundering and terrorist financing is present in relation to the mentioned persons,
  - shall the Bank assess that the funds, which the client operates with, may be proceeds of criminal activity,
  - shall the Bank assess that the client's conduct, the purpose or nature of the business relationship may result illegal or non-compliant,
  - shall the Bank assess that the information provided by the client lack credibility or are untrue,
  - shall the Bank assess that the documents, provided by the client, lack credibility or are counterfeited,
  - shall the Bank assess that the client's conduct represents a breach of the Bank's General Terms and Conditions or it is not compliant with the information provided by the client when establishing the business relationship.
  
11. Data collected by the Bank in the procedures related to the identification and client due diligence shall be retained in accordance with legislative requirements.
  
12. The Bank may copy the client's personal identification documents which were used to identify the client and verify his or her identity. The copy and retention procedure related to personal data adheres to the requirements of the valid PMLTFA.

## NATURAL PERSONS

13. The Bank collects the following data when establishing business relationships with natural persons:
  - name,
  - permanent and temporary address,
  - nationality,
  - date and place of birth,
  - political exposure status,
  - Slovenian tax identification number,
  - unique master citizen number,

- number, type and issuer of the personal identification document,
  - information on the validity of the personal identification document
  - information on the purpose of the business relationship and the foreseen nature of the business relationship,
  - information on the status of the natural person or business activity of his or her employer.
14. The client's identity is verified by examining the valid personal identification document of the client in his or her personal presence. The identification and verification of the client's identity may be performed also by utilizing electronic identification means or, in exceptional cases, through a third person. The Bank verifies the client's identity by examining a valid personal identification document from the following list:
- passport,
  - identification document,
  - Slovenian drivers licence with a clearly stated address.
15. During the client due diligence, the Bank obtains the following information:
- source of funds that are or will be subject of a business relationship
  - purpose and foreseen nature of a business relationship,
  - expected business activity with the transactional account or other business relationships established with the Bank,
  - list of countries, which the customer will conduct business activity with..
16. While performing the identification and client due diligence process, the Bank may request the client to provide also additional documentation in order to ensure a better knowledge of the client.
17. The Bank may ask a third person to conduct the client's identification, provided that:
- the identification procedure is compliant with the valid PMLTFA,
  - the identification procedure is conducted in compliance with the valid internal instructions and Intesa Sanpaolo Group and parent bank's policies,
  - the Bank obtains information on the client and the business relationship and assesses that the establishment of the business relationship is compliant with this Policy,
  - the Bank assesses that the client or the business relationship do not represent an increased risk for money laundering or terrorist financing.
18. The Bank permits the establishment of business relationships by available electronic identification means.
19. The Bank permits the establishment of business relationships by video electronic identification means.

#### NATURAL PERSONS – FOREIGN CITIZENS

20. For the purpose of this Policy a foreign natural person or foreigner is deemed a person, who is not a citizen of the Republic of Slovenia and does not have a permanent residency in the Republic of Slovenia. The Bank establishes business relationships with foreigners, which are not subjects of countries under business restrictions.
21. During the identification and due diligence of the client, who is a foreign person, the Bank obtains data from Point 13 of this Policy. Additionally, the foreign persons are requested to provide information on the foreign tax identification number or the unique master citizen number (unique national identifier - TIN or SIC). The provision of the foreign identifier is mandatory for citizens

of the following countries: Albania, Bosnia and Herzegovina, Croatia, Czech Republic, Italy, Romania and Slovakia; for other persons the provision of this data is not mandatory, however it is requested.

22. When establishing business relationships with foreign natural persons the Bank may request also additional data, apart from those from Point 13 of this Policy, in order to conduct the identification and client due diligence (e.g. declaration on temporary address in the Republic of Slovenia, residence permit or any other proofs issued and obtained on the Bank's request). Shall a foreign person show intent to establish a business relationship with the Bank, he or she shall provide proof of a logical and reasonable connection with Slovenia.
23. During the entire duration of the business relationship the Bank may request the client to provide additional documentation and explanations related to the reasons for establishing a business relationship with the Bank and presence of active connections with Slovenia.

#### NATURAL PERSONS – POLITICALLY EXPOSED PERSONS

24. Within the identification and client due diligence process the Bank shall verify also the political exposure status of the person who is establishing a business relationship with the Bank. The political exposure status shall be verified for new and existing clients.
25. Politically exposed persons are natural persons who are or who have been entrusted with prominent public functions in the past 12 months in compliance with the definition provided by the valid PMLTFA.
26. Shall the Bank request the client to provide information or documents related to the client due diligence process and the client does not respond to the Bank's request or does not provide the required data, the Bank shall not establish a business relationship or may terminate the existing business relationship unilaterally.

#### LEGAL PERSONS AND OTHER PERSONS GOVERNED BY CIVIL-LAW

27. For the purposes of establishing a business relationship with the Bank the client shall provide the required documentation, which at the moment when the client due diligence process is initiated shall not be older than three months. The identification and client due diligence are conducted in line with Point 13 of this Policy.
28. Before establishing a business relationship with a legal person or other persons governed by civil-law the Bank shall collect the following data:
  - excerpt from the legal register or other comparable register;
  - entity's name;
  - address;
  - seat;
  - registration number;
  - Slovenian tax identification number;
  - information on the business activity of the legal person;
  - information on the purpose and foreseen nature of a business relationship;
  - data on the ultimate beneficial owner.
29. Besides the registration data of the legal person or another person governed by civil-law the Bank shall obtain also data on legal representatives and authorised persons of the client and its ultimate beneficial owners. The Bank shall obtain the excerpt from the legal register or another comparable register for all legal person's parent undertakings in the ownership structure in order

to identify the ultimate beneficial owner. The Bank shall obtain documents from reliable and independent sources. Shall the Bank fail to identify the ultimate beneficial owner from the obtained documents, it may request the client to provide additional reliable documents or a statement. The identification of the ultimate beneficial owner is a precondition for the establishment of the business relationship with the client.

30. The Bank collects the following data on the legal representative, the authorised person and the ultimate beneficial owner of the legal person:
- personal name,
  - permanent and temporary address,
  - nationality,
  - date and place of birth,
  - political exposure status,
  - Slovenian tax identification number,
  - unique master citizen number,
  - number, type and name of the issuer of the personal identification document,
  - information on the validity of the personal identification document.
31. The Bank does not establish business relationships with legal person who issue shares in bearer forms. The Bank does not establish business relationships with legal persons, who are registered in off-shore countries or which have parent undertakings which are registered in off-shore countries, provided that such business relationship is not compliant with the rules set by Intesa Sanpaolo Group off-shore policies. The Bank does not establish business relationships with legal persons, which ownership structure results non-transparent or for which the Bank fails to identify the ultimate beneficial owner or collect all legally required data.

#### FOREIGN LEGAL PERSON AND LEGAL PERSONS, WHOSE ULTIMATE BENEFICIAL OWNER OR LEGAL REPRESENTATIVE IS A FOREIGN NATURAL PERSON

32. For the purposes of this Policy it is deemed that a foreign person or a foreigner is a natural person who is not a citizen of the Republic of Slovenia and does not have a permanent residency in the Republic of Slovenia or a legal person who has not been established or does not have a registered seat in the Republic of Slovenia. The rules of this Article are applicable also to legal person which were established in the Republic of Slovenia but their ultimate beneficial owner or legal representative is a foreign person. The Bank may establish a business relationship with foreign persons, which are not subjects of countries against which restrictive measures have been introduced in compliance with international regulations or Intesa Sanpaolo Group and parent bank policies.
33. Shall a foreign person show intent to establish a business relationship with the Bank, it shall provide proof of a logical and reasonable connection with Slovenia. During the client due diligence, the Bank may request the client to present contracts with business partners, recommendations or other business documentation which provides an unequivocal proof of the client's business connection with Slovenia.
34. The Bank shall collect also data on the expected nature of the business relationship and the geographic location where the business activity of the customer will be conducted. If the client is not physically present in Slovenia or does not conduct business activities in Slovenia or shall the Bank have doubts about the accuracy and appropriateness of collected information on the client the establishment of the business relationship with the client shall be rejected. For the purposes of the client due diligence the Bank may request the client to provide additional documents or proofs.

35. Before establishing a correspondent relationship with another bank, the Bank shall perform a due diligence of the other bank and execute the relevant customer acceptance procedures. For the purpose of due diligence, the Bank may request the other bank to provide the following data and information:
- policy on prevention of money laundering in terrorist financing;
  - description of anti-money laundering and terrorist financing regulations in the bank's country (only for banks holding an account with the bank)
  - licence or permit to perform banking business or
  - statute or
  - excerpt from the legal register or
  - permit for execution of services or
  - excerpt of the central bank on all banks which have the licence to perform banking services in the country;
  - excerpt from the stock exchange, where the stocks of the bank are quoted;
  - information on the legal structure and ultimate beneficial owner of the bank;
  - information on the political exposure of the management of the Bank;
  - questionnaire related to the management of risks related to money laundering, terrorist financing and restrictive measures (Wolfsberg Questionnaire CBDDQ and/or the Bank's KYC questionnaire);
  - Patriot Act;
  - purpose for the establishment of the business relationship;
  - expected business turnover or business activity;

#### CLIENT DATA UPDATING

36. The Bank should ensure that data of all customers, which hold a business relationship with the bank, are correct and updated. The Bank shall ensure that also data on business relationships are regularly updated. The Bank updates the client's data on the basis of the risk score assigned to the client. Besides, also the client is obliged to inform the Bank about any change of his or her personal data in accordance with the contract and general terms and conditions.
37. Shall the client fail to inform the bank about the change of his or her personal data within the deadline set with the contract, the bank may terminate the business relationship unilaterally.
38. The clients are periodically notified by the Bank to participate in the due diligence and updating of data processed by the Bank. The requirement related to the data updating is applied on the entire business activity of the client.
39. Shall the Bank request the client to update his or her personal data and the client fails to accommodate the Bank's request, the the business activities of the client are subject to restrictions. In case the Bank assesses that the non-cooperation of the client may prevent the Bank to satisfy regulatory requirements, the Bank may terminate the business relationship unilaterally.

#### CORRESPONDENT RELATIONS AND ACCOUNTS WITH BANKS

40. The Bank establishes correspondent relationships<sup>1</sup> in compliance with international standards and guidelines related to international banking. The due diligence of banks which express the intention to establish a correspondent relationship with the Bank is determined on the basis of the risk score of the client and the geographic location where the client is registered or operates. The Bank may establish a business relationship or a correspondent relationship with another bank only if during the due diligence process the Bank assesses that the counterparty has

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<sup>1</sup> For the purposes of this policy the term correspondent relationship is used for banks who exchange the RMA with the Bank and for banks who hold a transactional account with the bank (loro banks).



appropriate measures to mitigate the risks of money laundering and terrorist financing and manages the risks related to restrictive measures.

41. The Bank does not establish business relationships with banks, which:
  - are shell banks,
  - allow establishing of business relationships with shell banks,
  - offer anonymous products.
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42. The Bank may terminate the business relationship with another bank if assessed that the other bank is not compliant with the set restrictions or if assessed that the other bank does not conduct business in compliance with international money laundering prevention standards, the valid legislation and Intesa Sanpaolo Group and parent bank policies.

## **RESTRICTIONS RELATED TO BUSINESS RELATIONSHIPS**

43. The Bank does not establish business relationships with natural or persons from countries, for which the establishment of business relationships is limited or prohibited according to the Intesa Sanpaolo Group policy or other international conventions.
44. The Bank does not establish business relationships with clients present on sanctions or black lists or for which restrictions are implemented according to internal policies from the restrictive measures area and Intesa Sanpaolo Group and parent bank policies. The Bank does not establish business relationships with clients who or which are involved in a business activity recognised as riskier from the money laundering and terrorism financing perspective or may represent a reputational risk in line with the Bank's and Intesa Sanpaolo Group and parent bank rules.
45. The Bank does not establish business relationships with subject which have registered one or more of the following activities:
  - production of weapons, military equipment or arms brokerage or other activities related to the armament sector, as provided in the Intesa Sanpaolo Group Non-Armament Policy;
  - money service business (e.g. agents for fast money transfer...);
  - money exchange;
  - platforms for trading with virtual currencies and individuals or companies who are involved in selling, purchasing or distribution of virtual currencies;
  - individuals and entities acting as payment intermediaries;
  - casinos.
46. Special restrictions related to the establishment of business relationships are introduced also for legal person which have registered one of the following activities: import of crude oil, petroleum products and petrochemical products, processing of waste material.
47. Special restrictions related to the establishment of business relationships are introduced also for natural persons who express the intention of trading with virtual currencies or foreign exchange on their own behalf or for natural persons who express the intention to transact with cash or expect business transfers from abroad.
48. The Bank does not establish business relationships with persons who intend to disguise their identity or for which it assesses that the provided documentation during the client's identification and due diligence is not authentic. In case the Bank cannot perform the client's identification and due diligence in compliance with the set provisions, the business relationship with the client should not be established.

49. The restrictions and rules are valid for the entire duration of the business relationship, which means, that the Bank may terminate the business relationship unilaterally at any time in occurrence of circumstances which may expose the Bank to risks related to money laundering, terrorism financing, restrictive measures' violations or other risks which may jeopardise the Bank's reputation or business activity.

## **GUARANTEES AND DOCUMENTARY BUSINESS**

50. The Bank executes documentary business and guarantee transactions in compliance with provisions and restrictions, set by the legislation of the Republic of Slovenia and Intesa Sanpaolo Group policies and parent bank.
51. The Bank performs automatic and manual controls of documentary business and guarantee transactions which consist of checking the following information:
- counterparties of the transaction,
  - banks, which participate in the transaction,
  - restrictions related to goods or services, subject of the transaction and the control of the TARIC number of the goods,
  - presence of dual use goods,
  - data on the vessel or on another type or mean of transportation and the country/port,
  - compliance of the transaction with restrictive measures, valid legislation and Intesa Sanpaolo Group and parent bank policies,
  - documents of the transaction and
  - other documentation and data.
52. The Bank shall decline the execution or conclusion of the transaction in the following circumstances:
- the parties of the transaction are not clients of the Bank and the Bank cannot perform the due diligence,
  - the transaction is related to dual use goods, for which trading restrictions and prohibitions apply in relation to restrictive measures and internal policies,
  - presence of suspicion that the documentation is forged or unauthentic,
  - presence of suspicion that the transaction is unauthentic,
  - presence of circumstances on the basis of which the Bank suspects that the transaction may represent an increased risk,
  - the client declines the provision of additional documentation or information which are required by the Bank in order to perform the due diligence of the transaction,
  - the Bank assesses that the transaction presents a violation of restrictive measures and other restrictions introduced by the Bank in compliance with the valid legislation and Intesa Sanpaolo Group and parent bank policies,
  - the transaction is related to an increased risk area or country,
  - the Bank assesses that it is unable to appropriately address the money laundering and terrorist financing risk present in relation to the client or the transaction.

## **RESTRICTIONS RELATED TO CASH**

53. The Bank requires the client to provide proof on the source of cash and a declaration on the source of cash for any cash deposit exceeding 15,000 EUR or equivalent in other currencies. The Bank requires the client to provide proof on the source of cash and a declaration on the source of cash also for amounts lower than 15,000 EUR shall it assess that the transaction may be at issue from the perspective of the legislation related to money laundering and terrorism financing or other legislation or Intesa Sanpaolo Group and parent bank policies.

54. The Bank may reject the execution of the cash transaction if the client fails to provide proofs on the source of cash.
55. The Bank does not execute transactions to walk-in clients, which are not clients of the Bank if:
- the transaction amount exceeds 5,000 EUR
  - the total amount of transactions of the same type, executed by a same walk-in client, exceeds 5,000 EUR.
56. The Bank may request the walk-in client to provide proof on the source of cash at any time. The Bank shall decline the execution of the transaction if:
- the client despite the Bank's request refuses to provide proof on the source of cash,
  - the client refuses to provide information on his or her political exposure status,
  - the Bank assesses that a suspicion of money laundering or terrorism financing is present in relation to the client or the funds.
57. The Bank does not execute transactions for walk-in clients, which are legal person or when the execution of the transaction is requested by the legal representative or authorised person on behalf of the legal person.

#### **RESTRICTIVE MEASURES**

58. The Bank conducts its business activities in compliance with the valid provisions related to restrictive measures determined by the Republic of Slovenia, the European Union, the United Nations and Intesa Sanpaolo Group and parent bank policies.
59. Any violation of restrictive measures committed by the Bank's client is subject to a unilateral termination of the business relationship.

#### **BUSINESS RELATIONSHIP TERMINATION**

60. The Bank may unilaterally terminate a business relationship with a client if it assesses that an increased money laundering or terrorism financing risk is present in relation to the client or the business relationship or if it assesses that the activities carried out by the client with the Bank represent and increased compliance risk or may represent a violation of other measures and regulations or if it assesses that it cannot appropriately address and mitigate the money laundering and terrorist financing risk related to the client or the transaction.
61. The Bank may unilaterally terminate the business relationship with the client if the client does not provide the requested data or documentation, aimed at ensuring the compliance with money laundering and terrorism financing measures, restrictive measures and implementation of requirements related to CRS and FATCA. The business relationship may be terminated also in case the client does not inform the bank about the change of his or her personal data as provided in the contract and in the general terms and conditions. The business relationship may be terminated also when the business conduct of the client represents a violation of general terms and conditions.

This version of the Policy is valid and applied from 1<sup>st</sup> November 2020 on.