

**K&H Bank Zrt.**

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Annex 1

**ANTI-MONEY LAUNDERING ANNOUNCEMENT****DEAR CUSTOMERS!**

Pursuant to Act LIII of 2017 on Preventing and Combating Money Laundering and Terrorist Financing (AML Act), the Bank must identify its Clients in the cases defined in the mentioned Act, and particularly when entering into business relations, in the event of any transaction involving a sum amounting to HUF 4.5 million or more, and any currency conversion involving a sum amounting to HUF 300,000 or more, irrespective of the currencies involved in such transaction.

**IMPORTANT** information with regard to **cash desk transactions** reaching or above 4.5 million HUF

- a) If the depositor is a natural person who acts on behalf another natural person while depositing, it is required to present the authorization.
- b) If the depositor is a natural person who acts on behalf a non-natural person that
  - i. *client of K&H Bank and the depositor is authorized person on the account*, no additional document is required to prove the permission
  - ii. *client of K&H Bank and the depositor is not authorized person on the account*, it is required to present the authorization
  - iii. *not client of K&H Bank*, required to present the authorization. It will be checked in the Opten system whether the legal person is valid and active and the data included in the authorization (company registration number, registered office, executive officer) is the same compared to the certificate of incorporation.

In order to meet the requirements of AML Act with regard to the limit-monitoring within a year (4.5 million HUF) of transaction orders and within a year (300 000 HUF) in case of currency conversion the Bank is obliged to aggregate the transactions of the same person. Please present your personal ID documents in order to facilitate the administrative work.

Cash deposits reaching or above 10 000 000 HUF - irrespective of the currencies involved in such transaction or the number of transactions in a day per client - are scope of enhanced procedure. Enhance procedure shall mean statement of the source of the deposited amount as well as documentary evidence of the source. In the enhance procedure it is mandatory to require the presentation of the background documentation as the evidence of the source of fund according to the Section 24 (4) of the 26/2020 (VIII.25.) NBH Decree.

Walk-in customers are allowed to execute cash deposit up to 30 million HUF, or the equivalent in other currencies, and currency conversion up to 10 million HUF, per occasion. Cash deposit above 30 million HUF and currency conversion above 10 million HUF by walk-in customers will be rejected by K&H Bank.

The most of our customers want to be sure that K&H Bank can inform them about all the details of transactions performed on their account paying no regard to the amount of the transaction. K&H Bank are to suit this demand to strengthen the trust and confidence of customers. This is a reasonable demand of most of our clients which our bank must accept.

Prior to establishing a business relationship, the Bank determines the risk category of its candidate customers pursuant to the risk assessment procedure set out in its "Regulation on the prevention and combating of money laundering and terrorist financing", and decides about establishing a customer

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business relationship based on the findings of the appropriate client due diligence review. In the case of clients assigned to the HIGH risk category, completing the client due diligence review takes maximum 2 days. The decision have to be made at management level.

In cases where the customer relationship would pose an unacceptably high risk for the Bank, which, as a consequence, will reject establishing such a relationship, the Bank will destroy all copies made of the original documents presented by the customer and all statements made by the customer for the purposes of the client due diligence review.

In the interest of prevention and combating money laundering and terrorist financing, for the purpose of appropriate compliance with the obligations set out in this Act, for the full execution of due diligence obligations and for the effective implementation of supervisory activities, service providers shall make copies of documents presented

On the basis of AML Act the natural person customers shall only make a statement about the beneficial owner if they act on behalf another natural person. All natural person clients must make a statement whether they are politically exposed persons or not.

The statement of a politically exposed person must indicate the specific Paragraph of the law under which they are considered politically exposed, as well as the source of wealth and the source of funds.

As per the law the representative of a non-natural person client must name the beneficial owner of the non-natural person as well as the status of the beneficial owner including the quantity of ownership. Furthermore the representative of a non-natural person client must make a statement whether the beneficial owners are politically exposed persons or not.

The customer's authorized representative - if a legal person or an unincorporated organization - is required to provide a written statement - relying on the customer's accurate and up-to-date records including the following particulars of the beneficial owner:

- a) surname and forename;
- b) surname and forename by birth;
- c) nationality;
- d) date and place of birth;
- e) home address, or habitual residence in the absence thereof;
- f) the nature and extent of ownership interest.

Pursuant to the statutory regulations applicable to bank customers, we would hereby like to ask our customers to notify the Bank within 5 days of any change in the data recorded during their previous identification (including the statement on actual ownership) and visit us so that we can record such change in their data.

Thank you