

Budapest, 29 November, 2017

*Know Your Customer and Anti-money Laundering Statement of Kereskedelmi és Hitelbank Zrt*

Kereskedelmi és Hitelbank Zártkörűen Működő Részvénytársaság (herein after: "K&H Bank Zrt." or "the Bank") is a limited liability company incorporated in Hungary. K&H Bank Zrt. and its subsidiaries ("the Group") provide a full range of banking services through a nation-wide network of more than 200 branches.

K&H Bank Zrt.'s registered office is at Lechner Ödön Fásor 9, Budapest.  
The parent company of K&H Bank Zrt. is KBC Bank N.V. The ultimate parent is KBC Group N.V.

Website of K&H Bank Zrt is: [www.kh.hu](http://www.kh.hu)

Members of the Board of Directors: Luc Popelier (Chairman), Christine Van Rijseghem, Willem Hueting, David Moucheron, Gombás Attila, Beke Lajos

Name of regulatory body: Central Bank of Hungary

Pursuant to the Hungarian Criminal Code money laundering and financing of terrorism are considered act of crime. The objective of the Hungarian Act no: LIII of 2017 on Prevention and Combating of Money Laundering and Terrorist Financing (Anti-Money Laundering Act") is to prevent the laundering of the proceeds of criminal activities through the financial system, the capital markets and other areas exposed to potential money laundering operations as well as to help combat the flow of funds financing terrorism. K&H Bank Zrt is subject to that Act. K&H Bank Zrt recognizes money laundering as a significant risk and has established a programme for money laundering prevention to mitigate this risk.

#### IDENTIFICATION AND DUE DILIGENCE

The K&H Bank Zrt is obliged to identify the client, his/her authorised person, the person having disposal right over the account and his/her representative as well as the beneficial owner as determined based on the act in the course of the client due diligence.

Identification is performed in writing by completing the 'Client data sheet' form and providing identifications document. The datasheet must be filled in, IDs must be copied and all documents gathered during the onboarding process and during the existence of the relationship must be stored until the date determined in the Regulation.

K&H Bank Zrt is obliged to execute client due diligence measures as part of which it identifies the client, carries out the verification of the client's identity, as well as identifies the beneficial owner and performs the verification of the beneficial owner's identity. In the context of such identification, K&H Bank Zrt is to register the details pertaining to the business relationship and the transaction order and is to monitor regularly the business relationship.

In the course of fulfilling its client due diligence obligation, K&H Bank Zrt shall register the following details in respect of the business relationship and the transaction order:

for business relationships: the type, subject and duration of the contract,  
for transaction orders: the subject and the amount of the order.

K&H Bank Zrt may also register, in addition to the above, the circumstances of execution (place, time, method) if such is required for preventing and combating money laundering and terrorist financing.

#### KNOW YOUR CUSTOMER

To reduce the risk of money laundering and terrorist financing, K&H Bank Zrt must have the clearest possible understanding of the contents of the client's activities, the nature of their business relationships, business partners, financial habits, domestic and market practices, the origin of the performed debits and credits, the used currencies and the usual transaction size in the course of the regular, active relationship maintained with the client.

For legal entities, the client's ownership structure, including the beneficial owners (who can exclusively be natural persons), the executives holding decision-making authorities and the persons authorised to act on behalf of the client in a regular way agreed by the service provider must all be known by the K&H Bank Zrt

#### POLITICALLY EXPOSED PERSONS

In line with the requirement of the AML Act, natural persons must provide a written statement in respect of their PEP status and the source of their fund/wealth. The correctness of such statement must be verified in the World Check database which includes not only the black lists and restrictive lists but also the list of politically exposed persons.

#### DATA CHANGE

During the existence of the business relationship, clients are obliged to notify the K&H Bank Zrt within 5 business days of having obtained such information of any change taken place in the details indicated under the client due diligence or any change concerning the person of the beneficial owner.

In the balance statement, K&H Bank Zrt continuously calls its clients to report any potential change in their personal details. In these calls special emphasis is laid upon those clients whose accounts kept with the Bank received no credit or debit orders in the period of two calendar years, excluding any transaction with a term of more than two years by nature.

#### REPORTING AND MONITORING

Suspicious or uncommon transactions must be reported through the Anti-money laundering and anti-terrorist financing department of K&H Bank Zrt to the competent official body operating as the Financial Intelligence Department responsible for combating money laundering and terrorist financing.

In line with the legal provisions governing its activities K&H Bank Zrt continuously monitors the business relationship – including the analysis of the transaction orders performed during the existence of the business relationship – to determine whether the given transaction order corresponds to the details of the client made available for the service provider pursuant to the legal regulations.

K&H Bank Zrt - if it is reasonable on risk based approach - monitors the business relationship in enhanced procedure. This monitoring includes the analysis of the occasional transactions carried out during the business relationship.

#### TRAINING

To enable employees participating in the pursuit of the K&H Bank Zrt's activities to familiarise themselves with the legal regulations applicable to money laundering and terrorist financing, to recognise business relationships and transaction orders enabling or realising money laundering or terrorist financing, and to proceed in compliance with the provisions of the Act in case any data, fact or circumstance arises that indicates money laundering or terrorist financing K&H Bank Zrt arranges trainings for newly recruited employees and employees being absent for a long time (1 year), as well as organise regular follow-up trainings for employees, at least once a year and make arrangements for the registration and documentation of the training as well as the checking of the obtained knowledge.

#### AUDIT

To ensure that the Bank operates in compliance with all the relevant regulations it is a key requirement that auditing activities should provide efficient support for the fulfilment of legal regulations related to the prevention and combating of money laundering and terrorist financing as well as for the performance of tasks set out in this Regulation.

In order to ensure this:

The Compliance Directorate of K&H Bank Zrt checks all specific operative transactions and processes, operates the monitoring system and procedures; performs audits and ex-post monitoring and provides support to the business areas.

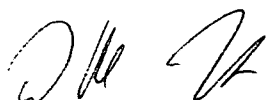
The Internal Audit Directorate of K&H Bank Zrt regularly checks the fulfilment of the standard conditions and procedures stipulated

#### COMPLIANCE ORGANISATION

Responsibilities of the organisation is regularly reviewing compliance with the regulations on the prevention and combating of money laundering and terrorist financing (even at currency exchange agents), focusing primarily on the accurate performance of the client due diligence procedure and the review of the training and the filtering system as well as reporting to the Top Management and Representative of Shareholders on the findings of the audits.

Compliance is also responsible for implementing the KBC Group Rules to local environment.

I hereby certify the correctness of this statement:



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