



MKB BANK ZRT

RISK APPETITE

PREVENTION OF MONEY LAUNDERING AND CORRUPTION, SANCTIONS

MKB Bank Zrt, as a liable Bank, is committed to fighting financial crimes and does its utmost to ensure that the products and services it offers are not used for any crime, including money laundering, terrorist financing and fraud. The compliance with laws and regulations on the *Prevention of Money Laundering, Combating of Corruption and Economic Restrictive Measures* (sanctions) is a mandatory and essential part of our operation.

We use strict requirements to ensure compliance with applicable laws and regulations. At the same time, we continuously strengthen our procedures and controls included in our processes.

MKB Bank Zrt. Reserves the right to refuse any **customer relationship establishment, transaction or transaction order** if it is not in line with its Risk Appetite.

Compliance with the applicable Laws and Regulations

In line with the EU Regulation on information on the payer accompanying transfer of funds (Regulation 2015/847 of the European Parliament and of the Council) it is imperative for our customers to provide accurate and complete information about themselves and the beneficiaries of outgoing payments as well as any other transactions that are booked on their accounts.

Before accepting any transactions or orders, our Bank may request additional information or documents without which we will not be able to complete the Transaction.

MONITORING OF UNUSUAL ACTIVITIES

The Bank's AML, Sanctions and Anti-Corruption Programmes include customer due diligence, enhanced customer due diligence, enhanced procedures, monitoring of unusual and prohibited transactions, and reporting policies, as well as the systems used to perform these tasks.

The Bank has identified cash transactions as a high risk factor, in particular in the case of extremely large or highly intensive cash turnover, thus verifying it continuously controls such turnover.

In some cases, it may be necessary to obtain additional information from our Customers in relation to transactions or operations executed on their account and their transaction partners. If, within a reasonable time, a satisfactory answer to the questions is not received, our Bank reserves the right to reject the transaction or operation concerned based on risk.

PROHIBITIONS

MKB Bank Zrt does not maintain a business relationship with customers who carry reputational risks, only with customers who use their products for legitimate purposes and whose identity can be determined and verified without any doubt. MKB Bank Zrt reserves the right to terminate any customer relationship that threatens its reputation.

Reputational risk includes, among others, a natural or legal person who:

- intentionally or deliberately and negligently violate or deliberately neglect laws, rules or procedures relating to the avoidance of financial crimes;
- deliberately regularly or through negligence violate the laws, rules and procedures relating to the avoidance of financial crimes;
- use their bank account kept by MKB Bank Zrt. for money laundering or terrorist financing, fraud or any other illegal purpose;
- carry out an activity that can be interpreted as a tax or other criminal offence;
- are known to engage in the following activities or shows signs of the following activities on his account:
 - Trade in arms
 - Illegal drug trafficking
 - 'Interim accounts' (Payable through accounts)
 - Illegal pornography, 'adult entertainment'
 - Smuggling
 - Shell banks
 - Illegal gambling

SANCTION RELATED RISK APPETITE

It is forbidden to provide any product or service to a natural or non-natural person that is subject to a sanction. Our Bank does not establish and does not maintain a

customer business relationship with a natural person or a non-natural person who is listed on any of the following restriction lists or which is deemed a prohibited customer relationship by any law or regulation. We also do not execute any order in connection with such natural or non-natural persons.

- United Nations Security Council Restricted List (UN)
- European Union Consolidated Financial Sanctions List (EU)
- The Restricted List handled by the Foreign Assets Control Office (OFAC) of the United States, which includes the list of the Specially Designated Nationals and Blocked Persons (SDN).

RESTRICTIONS

The following industries are representing high risk. In these cases, MKB Bank Zrt. reserves the right to request additional documentation when establishing a customer relationship to better understand the nature of the customer's business.

- Gambling organisation
- Foundation established abroad
- Fiduciary Asset Manager
- Payment service provider
- Electronic money institution
- Financial service provider operating a payment system

The following customer and product risks also pose a high risk and are subject to enhanced customer due diligence and/or strengthened procedures:

- Politically exposed person, a close relative of a politically exposed person or a person having a close business relationship with a politically exposed person
- Establishing a customer relationship without being present in person
- Correspondent Relationship (vostro/nostro, RMA)
- Cash deposit in bag service
- Bearer share or an enterprise where the shareholder is represented by a shareholder's trustee

HIGH-RISK COUNTRIES

From a risk perspective, countries that have been identified as being:

- Tax havens,
- Offshore areas,
- From a Corruption, Money Laundering or Fraud aspect they are considered as high risk and therefore are subject to enhanced due diligence. The lists have been compiled based on international standards.