



# KB

## **IDENTIFICATION AND VERIFICATION OF CLIENTS IN ACCORDANCE WITH MEASURES OF KOMERČNÍ BANKA, A.S. IN AREA OF PREVENTION OF LEGITIMISATION OF PROCEEDS OF CRIME AND FINANCING OF TERRORISM**

Dear Client,

We would like to inform you about certain steps that you will encounter when establishing a relationship or during business relationship with Komerční banka, a.s. (hereinafter KB) related to the requirements stipulated by Act No. 253/2008 Coll., on selected measures against legitimisation of proceeds of crime and financing of terrorism (hereinafter Act No. 253/2008 Coll.), additional legislative measures (especially Act No. 69/2006 Coll., on the implementation of international sanctions, and Decree of the Czech National Bank No. 281/2008 Coll., on certain requirements for the system of internal principles, procedures and control measures against the legitimisation of the proceeds of crime and financing of terrorism) or internal rules or processes of KB in area of prevention of legitimisation of proceeds of crime (money laundering) and financing of terrorism.

### **I. What is identification**

Identification is the first step preceding the establishment of a business relationship (providing of a KB product or service). During the identification process the identification details of individuals, businesses and legal entities are collected, recorded and verified. An individual identifies himself or herself by presenting a valid identity document, and a business or legal entity presents a document proving the existence of that business or entity.

### **II. When we identify a client**

- **before establishing a business relationship** (e.g. regular account opening, safe deposit box rental)
- **before carrying out a transaction for an amount exceeding EUR 1.000 or its equivalent in Czech crowns or another currency** (e.g. cash withdrawals/deposits, wire transfers, purchasing and sale of checks, etc.)
- **in other situations defined by Act No. 253/2008 Coll.**

In KB identification of clients is carried out mainly during a personal interview.

### **III. What information do we verify when identifying a client**

- for **individuals** we verify all given names and surnames, the individual's birth registration number (if this has been assigned, if not then the individual's date of birth), the individual's place of birth, sex, permanent or other place of residency and state citizenship, along with the type and number of the individual's identity document, the country and/or authority that issued it and its length of validity. In the case of an individual doing business, we also verify the company name, any additional identifying



information or label, the type of business and the commercial registration number.

- for **businesses and legal entities** we verify the company or organization name, including any additional identifying information or other label, the registered seat and the registration number of the company or organization or a similar number assigned abroad. For persons who serve as the company or organization's statutory body or a member of it, we also carry out the same identification as for individuals.

Except the above mentioned basic identification data, the client is asked for additional information of a possession, financial, employment, business or other nature, which are needed by KB to obtain the basic client profile. KB also questions the client whether he/she is a politically exposed person (see point VII. Definitions).

#### IV. Client verification

KB performs thorough verification of its clients to the extent necessary to assess the potential risk of legalization of revenues from criminal activity (money laundering) and financing of terrorism, depending on the type of client, the business relationship and the product or the provided transaction services.

The client shall provide KB with any information that is essential for performing verification, including by presenting appropriate documents. For the purposes of Act No. 253/2008 Coll., KB can obtain copies or extracts of presented documents and process this information for the purpose of complying with the law.

#### V. The purpose of thorough client verification is

- to obtain information about the purpose and intended character of a transaction or legal relationship
- to identify the beneficial owner, if the client is a business or legal entity (Section 4, paragraph 4 of Act No. 253/2008 Coll.; see point VII. Definitions)
- to obtain information necessary for conducting continuous monitoring of the business relationship, including examination of transactions carried out during such relationship
- to examine sources of monetary assets

**KB will not enter into a business relationship and/or will not provide any KB product or service if the client refuses to undergo the identification process or does not provide necessary cooperation when conducting thorough verification.**

#### VI. Special rules for implementation of cash deposit transactions

Before the cash deposit is made in the amount exceeding EUR 1.000 or CZK equivalent, or equivalent in other currency, KB detects, records and verifies the identification of a nature person, who carry out the transaction. If the nature person makes the cash deposit on behalf of other nature or legal person, the identification of this third subject is required.



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Before the cash deposit is made in the amount exceeding EUR 15.000 or CZK equivalent or equivalent in other currency, KB detects the source (origin) of the funds of this cash transaction.

Before the cash deposit is made in the amount exceeding EUR 1.000 or CZK equivalent in CZK or equivalent in other currency, KB is required to identify, whether the client (depositor) is a politically exposed person (see point VII. Definitions). The source (origin) of the funds is also always examined while these transactions are carried out.

According the Act No. 253/2008 Coll., KB is entitled to required the above mentioned information even cash transactions do not meet the above mentioned limit criteria. KB is also entitled to require the presentation of the written document to verbally communicated information.

## VII. Definitions

**Politically exposed person means** a natural person who:

- a) is entrusted with prominent public function with national competence for a period of discharge of this position and further for a period of one year after a person has ceased to be entrusted with such function
- b) has a following relationship with person named in a):
  - spouse (or any partner considered equivalent to spouse)
  - parent
  - children and their spouses (son in law, daughter in law) or any partner considered equivalent to spouse or partners
- c) has ownership or beneficial ownership of the same legal entity as person named in a), or any other close business relation with person named in a), eventually is the beneficial owner of the legal entity or trust which is known to have been set up for the benefit of person named in a).
  - In particular, following functions are in mind:
  - head of state, head or the deputy head of government
  - ministers and deputy or assistant ministers or minister of state
  - head of the central public administration authority
  - member of parliament (e.g. members, senators)
  - judges of the Supreme and Constitutional Court or of other high - level judicial bodies whose decision are not subject to further appeal
  - member of court of auditors and member of accounting court
  - members of the central bank boards
  - high-ranking officers in the armed forces or corps
  - member of the administrative, management or supervisory bodies of Stateowned enterprises
  - ambassador or chargé d'affaires



- parallel positions in EU bodies or other international organizations
- member of statutory, supervisory or control body of state public enterprise or
- other company in state ownership

The **beneficial owner** shall mean either:

a) for an entrepreneur:

1. a natural person, having real or legal direct or indirect control over the management or operations of such entrepreneur, indirect control shall mean control via other person or persons,
2. a natural person, holding in person or in contract with a business partner or partners more than 25 per cent of the voting rights of such entrepreneur; disposing of voting rights shall mean having an opportunity to vote based on one's own will regardless of the legal background of such right or an opportunity to influence voting by other person,
3. natural persons acting in concert and holding over 25 per cent of the voting rights of such
4. entrepreneur, or
5. a natural person, w ho is, for other reasons, a real recipient of such entrepreneur's revenue,

b) for a foundation or a foundation fund:

1. a natural person, w ho is to receive at least 25 per cent of the distributed funds, or
2. a natural person or a group of persons in w hose interest a foundation or a foundation fund had been established or w hose interests they promote in case the beneficiary of such foundation or a foundation fund has not yet been determined,

c) for an association under lex specialis (Section 20(f) et seq., Civil Code and Act No. 83/1990 Coll., on civic assembling, as amended), public service organization, or any other person and a trusteeship or any other similar legal arrangement under a foreign law , natural person who:

1. holds over 25 per cent of its voting rights or assets,
2. is a recipient of at least 25 per cent of the distributed assets, or
3. in w hose interest they had been established or whose interests they promote, should it yet to be determined w ho is their future beneficiary.