

## APPENDIX B

1. Please describe the process used for checking the identity of your clients

***All the procedures in Nova KBM d. d. are in line with the requirements of Slovene Prevention of Money Laundering and Terrorist Financing Act, which is based on the EU Directive concerning preventing financial systems from abuse with respect of money laundering and terrorist financing.***

***Procedures for checking and verifying the customers are well defined in internal guidelines.***

***In line with the regulation Nova KBM d. d. is required to verify the identity of its customers as well as the origin of funds to all customer accounts (this applies to all banking services offered by Nova KBM d. d. and for all of Nova KBM's customers). Special attention is dedicated to persons from so called third countries or regions stated in the UN list. Nova KBM d. d. has in place a list of countries and persons that are not allowed to make any transactions with the bank (Consolidated list of persons, groups and entities subject to EU financial sanctions of the European Banking Federation - FBE). The mentioned persons from the consolidated list are not allowed to perform any kind of financial activities with Nova KBM d. d.***

***Identifying the customer and verifying the customer's identity are based on identification documents containing information obtained from a reliable and independent source.***

***Nova KBM d. d. keeps KYC record for each client maintaining an account with the bank.***

2. Do you differentiate between low and high risk clients? **YES**
3. Do you have enhanced due diligence (e.g. monitoring or extra checks) for clients which are deemed higher risk? **YES**
4. Please describe internal procedures relating to:
  - Detection and prevention of money laundering and financing of terrorism
    - ***client's due diligence when establishing a business relationship with a client***
    - ***client's due diligence when carrying out a transaction amounting to EUR 1,000 or more, whether the transaction is carried out in a single operation or in several operations which are evidently linked***
    - ***identification of the bearer of the passbook when a transaction on a basis of a passbook or a bearer passbook is made***
    - ***face to face identification except in special cases issued by Ministry of Finance***
    - ***re-identification of clients which are foreign legal entities at least every second year except international governmental organisations***
    - ***identification of clients represented by authorised persons***
    - ***obligatory reporting to Office for Money Laundering Prevention of cash transactions exceeding EUR 15.000***

- **obligatory reporting of any transaction exceeding the amount EUR 15.000 and which is carried out both on accounts in countries in which there is a greater probability for the occurrence of money laundering or terrorist financing as well as to all residents of those countries**
  - **option to suspend a transaction or a business relationship as such**
  - **mandatory appointment of Anti Money Laundering and Counter Terrorism Financing Officer (hereinafter: AML & CTF Officer), professional training, a list of indicators for suspicious activity, and internal controls**
  - **10 years period of keeping records.**
- Determining the beneficial owner

**The Bank has to determine the actual owner(s) of legal entity. Identification of beneficial owner of legal entity shall be made before the business relationship is established.**

**The data is obtained from original or certified documentation from the court or any other public register, which must not be older than three months. The Bank may establish and verify the identity of the beneficial owner, and also obtain such data by direct inspection of the court or other public registers (via internet).**

**If all data on the beneficial owner cannot be obtained from the court or any other public register, the Bank shall obtain the missing data by inspecting the original or certified documents and business records submitted by the statutory representative or his/her authorised person (statute, internal rules, auditor's report, contracts, etc.).**

- Reporting of suspicious transactions to the relevant authorities

**Procedures for required transaction reporting are well defined in internal guidelines.**

**On a daily basis employees of Nova KBM d. d. are obliged to report transactions to the internal AML & CTF Officer as follows:**

- **cash transactions exceeding EUR 15.000 or linked transactions amounting to EUR 1,000 or more,**
- **transactions amounting to EUR 1,000 or more if a walk-in customer is performing a cash transaction without depositing funds on the account,**
- **always when there is a suspicion of money laundering or terrorist financing.**

**AML & CTF Officer reports to the Office for Money Laundering Prevention every cash transaction exceeding EUR 15.000 within 3 days.**

**Every unusual (not expected) activity, which results in a suspicion of money laundering or terrorist financing, is reported to Office for Money Laundering Prevention immediately.**

5. Please describe the monitoring processes you employ (automatic screening software or other methods) to screen for suspicious activity?

**In coordination with Bank Association of Slovenia a list of indicators for suspicious activity was prepared by Slovenian banks.**

**Bank has automatic screening software to screen all accounts for suspicious, unusual (not expected) activity.**

6. Please describe the regulatory framework regarding detection and prevention of money laundering and financing of terrorism

**Slovenia has in place the legislative framework governing the area of the prevention of money laundering and terrorist financing which is in line with the latest EU regulations regarding Anti Money Laundering and Anti Terrorist Financing. Prevention of Money Laundering and Terrorist Financing Act entered into force in July 2007.**

**Pursuant to the Penal Code both money laundering as well as terrorist financing defined as a criminal offence.**

**Slovenia has ratified a number of international conventions. In this way Slovenia has put in place a comprehensive system to detect and prevent money laundering and terrorist financing, which have been assessed by the relevant organizations (UN, European Council, European Commission, Financial Action Task Force) as a modern one and compliant with international standards.**

**Prevention of Money Laundering and Terrorist Financing Act is based on the so called third EU Directive and Bank of Slovenia Guidelines.**

7. Has your institution been subject to any fines or penalties related to anti-money laundering and financing of terrorism? **NO**

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