

# Customer Acceptance Policy

## 1. Introductory terms

The Customer Acceptance Policy (CAP) of the Bank is an important document in determining the basis on which the Bank enters into relationships with its customers. An inadequate CAP or the inadequate implementation of the CAP can expose the Bank to serious compliance, legal and reputational risks.

The Bank will accept only those customers whose identity is established by conducting due diligence appropriate to the risk profile of the customer. Collecting sufficient relevant information about the customer before the account relationship is established is the most effective defence against the Bank being used as the medium to launder the proceeds of crime or to finance terrorism.

### 1.1. Objectives and application of the Policy

The objectives of this Policy are as follows:

- (a) To establish explicit criteria for the acceptance of customers;
- (b) To establish procedures to verify the identity of individuals or corporations for opening an account;
- (c) To ensure that the Bank is in a proper position (i.e. by having taken measures and collected documentation) to understand the customer and its financial activities, so the Bank can manage its risks prudently; and
- (d) To reduce legal, reputational or AML risks faced by the Bank.

This Policy is applicable to all business units, branches, offices in all sales channels of the Bank and is to be read in conjunction with related operational guidelines which are issued from time to time.

This Policy is used as best practice at the level of the entire NKBM banking group, in accordance with the AML risk assessment of the products offered by a member of the Group, however, its compliance is mandatory for account opening and products where payment transactions are carried out as a separate product.

Regardless of the limitations given in this Policy, the Bank fully respects and complies with the right of an individual customer to access a basic payment account in line with the provisions of the Payment Services, Services of Issuing Electronic Money and Payment Systems Act and refuses any kind of discrimination related to this kind of an account. The Bank will not open such an account only if there are reasonable legal grounds for the Bank to refuse the request of the customer to open a basic payment account.

## 2. Customers

For purposes of this Policy, a customer is defined as a person or entity who or which maintains an account or has a business relationship with the Bank.

### 2.1. Accepting new customer – Private individuals

When accepting new customers (this applies to the establishment of all business relationships the Bank concludes with its customers based on the Banking Act), the responsible employees must act with the highest degree of care and caution in customer identification. This applies also to the process of collecting necessary data, relevant information and obligatory documents.

The Bank reserves the right to copy the personal documents based on which the customer was identified. The copying and storage process shall be carried out in accordance with the provisions of the Anti-Money Laundering and Terrorist Financing Act and the Personal Data Protection Act.

When establishing a new business relationship with private individuals, the customer needs to provide to the Bank following information:

- personal name,
- address of permanent and temporary residence,
- citizenship,
- date and place of birth,
- political exposure,
- Slovene tax number or EMŠO,
- the number, type and name of the issuer of the valid official identity document,
- information on the purpose (reason) and the intended nature of the business relationship,
- the activity of a natural person (information about the customer's personal, professional or other similar activity: whether he / she is employed / pensioner / student / unemployed, and information on the customer's activity: sports, cultural-artistic, scientific-research, educational or another related field).

Customer identification is carried out at the time of its physical presence and by consulting the official identity document. As an official document when establishing a business relationship, the Bank considers:

- a valid identity card or
- valid passport or
- a valid Slovene driving license with a clear residence address.

The Bank will copy the ID document, based on which it will carry out the identification. The copy will be archived in accordance with the legal requirements and other acts regulating this matter.

#### 2.1.1. Further criteria for doing business with private individuals

When establishing a new business relationship with groups of private individuals referred to below who are either nationals or non-nationals and may be either non-resident or resident in Slovenia, the Bank will request additional documentation for KYC purposes.

Exceptions to this rule are approved by the AML Officer who can decide to escalate the approval to the Management Board.

For customers in the groups set out below, the Bank requires the following additional documents:

**A) FOREIGN NATIONAL LIVING AND WORKING/RETIRED/SCHOOLING IN SLOVENIA/RECIPIENTS OF BENEFITS FROM PUBLIC FUNDS**

The Bank can open an account for a foreign national who is employed by a Slovene registered company, or who works in Slovenia, or has pension entitlements or receives retirement payments from an EU, EEA, Switzerland, Canada, the United Kingdom or United States paid to an account in Slovenia or attends school in Slovenia or is entitled to receive benefits from public funds.

To open such an account, the potential account holder must provide the following documents:

(a) All potential account holders should present to the Bank a residence or work permit (third-country nationals) or Residence registration certificate, if they have temporary address in Slovenia, or Permanent residence permit, if they have permanent address in Slovenia (EU, EEA and Switzerland citizens), and a certificate of a temporary or permanent address in Slovenia, confirmed by the administrative unit (in case that the address in Slovenia is written on the Residence registration certificate or Permanent residence permit, which was issued as a card, it is not obligatory to obtain an additional certificate of a temporary or permanent address, confirmed by the Administrative Unit) or a residence card issued by an EU, EEA country, Switzerland, Canada, the United Kingdom or United States with the stated address (copy).

Proof of residence need not be provided in cases where registration of residence is not required to work for a Slovenian employer (in cases of employees from third countries, to whom a work permit without the individual registering residence in Slovenia has been issued by the Administrative Unit, or in cases of employees, who are EU, EEA and Switzerland citizens and do not have a Residence registration certificate or Permanent residence permit. In these cases, employees were posted to work abroad, and the posting abroad must be evident from the employment contract or the employer's confirmation.

For such cases, EU, EEA, and Switzerland citizens are additionally required to submit the A1 form (Health Insurance of Slovenia certificate of posting abroad). For third-country nationals the A1 form is required only when the posting abroad is not evident from the employment contract or the employer's confirmation.

(b) Schooling individuals must submit a valid school/student certification (original or copy).

(c) Retired people must submit a certificate on entitlement to receive a pension or annuity payments from the Pension and Disability Insurance Institute of Slovenia or other similar foreign institution from EU, EEA country, Switzerland, Canada, the United Kingdom, or United States (copy).

(d) Individuals working in Slovenia, must provide proof of residence in Slovenia (from the Slovene Tax Administration, copy) and a contract of employment (copy), employer's declaration of employment (original) or service agreement (copy), which have been concluded with a Slovene registered company **or**

(e) as the potential account holder will not be able to obtain a tax resident certificate, an employment contract (copy) or an employer's declaration of employment (original) or a

service contract (copy) all concluded/valid for at least 12 months with a Slovene registered company. Such a contract replaces the proof of tax residence.

(f) Recipients of benefits from public funds must submit official document (copy) to confirm that the client is beneficial of social transfers. Extract from the court register (AJPES) that the person is an independent entrepreneur is also proof of employment (under points d and e).

## **B) SLOVENE OR FOREIGN NATIONAL LIVING IN SLOVENIA BUT WORKING/SCHOOLING/ARE RETIRED ABROAD**

The Bank can open an account for an individual who is a Slovene or foreign national with permanent or long-term (for 5 or more years) residence in Slovenia, but whose employment or retirement is outside Slovenia (receives only a pension from abroad) or attends school outside Slovenia.

To open such an account, the potential accountholder must provide the following additional documents:

(a) Individuals living in Slovenia must provide a copy of the official identity document issued by a Slovenian authority **or** a certificate from the Slovene administrative unit on registration of long term (for 5 or more years) **or** permanent address **or** a residence permit in Slovenia issued for a period of at least 5 years **and** a contract of employment (copy), **or** employer's declaration of employment (original) **or** service agreement (copy).

(b) Schooling individuals must submit a valid school/student certification from a foreign school/university (original or copy).

(c) Retired individuals must submit a certificate of entitlement to pension or retirement payments issued by the competent foreign institution registered in the EU, EEA country, Switzerland, Canada, the United Kingdom, or United States (copy).

## **C) SLOVENE OR FOREIGN NATIONAL LIVING OUTSIDE SLOVENIA WORKING/COLLECTING A PENSION/SCHOOLING IN SLOVENIA/OWNER OF REAL ESTATE IN SLOVENIA**

The Bank can open an account for an individual i) who is a foreign national without permanent or temporary residence in Slovenia but is employed and working in Slovenia, ii) a foreign citizen who owns real estate in Slovenia, iii) a foreign citizen who lives outside Slovenia and receives a Slovenian pension, iv) a foreign citizen without permanent or temporary residence in Slovenia who attends school in Slovenia, v) a Slovenian citizen who has a permanent address outside Slovenia and is employed in Slovenia or collects a Slovenian pension or owns real estate located in Slovenia,

To open such an account, the potential accountholder must provide the following additional documents:

(a) individuals working in Slovenia must provide a contract of employment with a Slovene registered company (copy) **or** employer's declaration of employment (original) **or** service agreement (copy), which have been concluded with a Slovene registered company and whose term is at least 12 months or extract from the AJPES register on having a registered business activity in Slovenia **or**

(b) a certificate from the Pension and Disability Insurance Institute of Slovenia on entitlement to receive a pension (copy) **or**

(c) owners of real estate located in Slovenia shall deliver to the Bank proof of title (copy of Land Register certificate showing that the accountholder holds title to the property), **or**

(d) individuals who attend school shall deliver a valid enrolment certificate (primary school, high school, or university) (original or copy), **or**

**and**

(f) Official evidence of an address outside Slovenia (copy).

#### **D) INDIVIDUALS WITH SPECIAL STATUS (egg. refugees, migrants, subsidiary protection)**

The Bank can open an account for an individual with special status.

To open such an account, the potential accountholder must provide the following additional documents:

(a) identification document proving their special status issued by Slovene authority (copy),

(b) proof of source of income (certificate of Centre of Social Work or similar Slovenian institution (copy), contract of employment (copy), employer's declaration of employment (original) or service agreement (copy)),

(c) a certificate of residence in Slovenia with a temporary or permanent address in Slovenia, proven with an identification card issued by Slovene authority.

### **2.2 Accepting a new customer – Legal persons <sup>1</sup>**

The Bank requires the following documentation to open an account for a legal person:

- an extract from a court or a comparable register (the bank itself acquires data from public registers or the customer delivers the original and the bank copies the submitted documentation)
- company data,
- address,
- headquarters,
- the registration number of the legal entity,
- Slovene tax number,
- the purpose and intended nature of the business relationship,
- information on the activity of a legal person,
- data about ultimate beneficial owner (natural persons, as required in the AML Act).

For the legal representative of a legal person or an authorized representative of a legal representative the bank requires:

- personal name,
- the address of the permanent and temporary residence,
- political exposure,
- citizenship,
- the date and place of birth,
- Slovene tax number or EMŠO,

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<sup>1</sup> The procedure described above does not apply to the conclusion of a relationship with banks and Treasury clients in the purchase and sale of bonds on behalf of the Bank. They are subject to a screening process in accordance with the requirements of the AML Act and internal instructions.

- the type, number and title of the issuer of the official identity document.

The process of identification and data collection is the same as for other private individuals.

In general, the Bank does not open accounts for legal persons not incorporated in Slovenia or which are not physically present or keep an operating business in Slovenia. Exceptions to this rule are approved by the AML Officer who can decide to escalate the approval to the Management Board.

### **2.2.1. Accepting a new customer – other persons under civil law**

The Bank can open an account for other persons under civil law. The Bank shall carry out the following procedures:

1. Establish and verify the identity of the person authorized to represent above stated customer. The process of identification and retrieval of all data is the same as for other private individuals, as described in detail in section 2.1.,
2. Obtain a certified written authorization for representation,
3. Obtain information for the legal representative (personal name, address of permanent and temporary residence, date and place of birth, Slovenian tax number or EMŠO, nationality and number, type and name of the issuer of the official identity document – the process of identification and retrieval of all data is the same as for other private individuals),
4. The name of other person of civil law, and
5. Personal name, address of permanent and temporary residence, date and place of birth and Slovenian tax number or EMŠO for each member of other person of civil law (this information is obtained by the bank from a written authorization for representation).

The exception to the abovementioned rule are cases when the Bank establishes a business relationship with a community of pupils or children in a kindergarten that is part of the educational system in the Republic of Slovenia or a voluntary community of employees, which operates as a counterpart of mutual assistance within the trade union of an individual employer – in these cases, a notarized written authorization is not required, and may be replaced by a written authorization for representation, inclusive of all abovementioned data, which also contains information about members.

### **2.2.2 Accepting a new customer – entrepreneur with trade licence (sole trader)**

The Bank can open an account for an entrepreneur with a trade license – sole trader. The following information should be obtained in respect of such accounts:

- an extract from a court or a comparable registry (the bank itself acquires data from the public registers or the customer delivers the original and the bank copies the submitted documentation)
- name and address,
- registration number,
- Slovene tax number,
- personal name of a private individual,
- the address of permanent and temporary residence
- political exposure,
- citizenship,
- date and place of birth,
- the number, type and name of the issuer of the valid official identity document,



- information on the purpose (reason) and the intended nature of the business relationship,
- the activity of a sole trader.

The process of identification and data collection is the same as for other private individuals.

### **2.2.3 Accepting a new customer - Correspondent banks**

The Bank may establish or continue a correspondent relationship with a bank if it determines during the course of due diligence that the bank maintains an effective system for the management of ML/FT and restrictive measures risk and is effectively supervised by a relevant authority in the country of registration.

The Bank should not establish or continue a correspondent relationship with a shell bank (i.e. a bank which is incorporated in a jurisdiction where it has no branches or activities, and which is unaffiliated with a regulated financial group).

The Bank should regularly review and assess the maintenance of relationships with banks incorporated in a jurisdiction which do not meet international standards for the prevention of money laundering (list of countries published by the National AML Office and such as countries and territories listed on the FATF Non-Cooperating Countries and Territories list).

## **3. Business relationships established based on authorization<sup>2</sup>**

A business relationship may also be established by a third party based on prior authorization of the proxy, which must not be older than three months on the day of establishing a business relationship and must contain all information about the person on behalf and for the account of whom the business relationship is established.

A business relationship with a minor can be established by the legal representative of the minor (parents or another designated person), based on official documents, such as a birth certificate or another official document that provides the legal basis.

A legal relationship on behalf of a person whose capacity to contract has been revoked in part or in full can be entered into by a guardian, as established by a final court decision or final decision of the Social Work Centre.

The Bank shall obtain the following information for the natural person for whom the business relationship is concluded and for the authorized person (proxy):

- personal name,
- the address of permanent and temporary residence,
- political exposure
- date and place of birth,
- Slovene tax number or EMŠO,
- citizenship and
- the number, type and name of the issuer of the official identity document.

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<sup>2</sup> The procedure described above does not apply to the conclusion of a relationship with banks and Treasury clients in the purchase and sale of bonds on behalf of the Bank. They are subject to a screening process in accordance with the requirements of the AML and the internal instructions.

The process of identification and data collection is the same as for other private individuals.

## 4. Distribution channels for onboarding<sup>3</sup>

The Bank requires face-to-face contact upon the opening of an account for any customer (irrespective of business unit or segment) in order to obtain sufficient documentary or electronic evidence to confirm personal identity, address and other details required by law or by its internal guidelines to establish a relationship.

The Bank can determine and confirm the identity without face-to-face contact by way of video identification, subject to fulfilment of criteria for video identification set out by the Bank's internal rules. This option is available exclusively for private individuals.

## 5. Politically Exposed Persons

A politically exposed person is any natural person who is active, or has been active in the last year, in a prominent public position in Slovenia or a third country, including his immediate family members and close associates.

Natural persons considered to be politically exposed are:

- a. heads of State, heads of Government, ministers and their deputies or assistants, and state secretaries;
- b. elected representatives of legislative bodies (member of National Assembly, member of National Council);
- c. members of the governing bodies of political parties (president of political party, irrespective of whether the political party is active on a national or local level, and members of executive body of political party active on a national level);
- d. judges of the supreme and constitutional courts and other high-level judicial bodies against whose decisions, except in exceptional cases, regular or extraordinary legal remedies cannot be brought;
- e. presidents and deputy presidents of the Court of Audit and the governor and vice-governor of the central bank governing board,
- f. ambassadors and heads of consulates (including honorary consular officer), head of a diplomatic representation of an international organisation in the Republic of Slovenia, as defined by the List of diplomatic representations, consulates, international organizations, and representations of international organizations in the Republic of Slovenia (s. c. diplomat list), high-ranking officer in the armed forces serving as Chief of the General Staff of the Slovenian Armed Forces, deputy Chief of the General Staff of the Slovenian Armed Forces, Force Commander of the Slovenian Armed Forces, commander of the Military Academy Centre, or commander of the Slovenian Peace Corps stationed abroad,
- g. members of the management or supervisory bodies of companies in majority ownership of the state (over 50% indirect or direct holding by the state);

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<sup>3</sup> The procedure described above does not apply to the conclusion of a relationship with banks and Treasury clients in the purchase and sale of bonds on behalf of the Bank. They are subject to a screening process in accordance with the requirements of the AML and the internal instructions.



- h. heads of bodies of international organizations headquartered in the Republic of Slovenia, heads of institutions, bodies and agencies of the EU in the Republic of Slovenia, as defined by the List of diplomatic representations, consulates, international organizations, and representations of international organizations in the Republic of Slovenia (s. c. diplomat list), and their deputies.

Immediate family members for the purpose of determining political exposure are: spouse or partner, parents and children and their spouses or unmarried partners.

The person's close associates for determining political exposures are: all natural persons known to be joint beneficial owners or having any other close business relationship with a politically exposed person. A close associate is also a natural person who is the only beneficial owner of a business entity or similar legal entity under foreign law known to have been established for the benefit of politically exposed persons.

The opening of all accounts to Politically Exposed Persons requires the approval of the AML Officer. Such an account will be classified as High Risk in accordance with the Risk Assessment Analysis and Methodology of Nova KBM d.d. for Anti-Money Laundering and Counter-Terrorist Financing and requires regular client activity monitoring.

## 6. Due diligence procedures<sup>4</sup>

The Bank shall not open an account or process a transaction until the valid personal or commercial identity of the individual or legal entity has been established and verified.

The responsible employee must apply relevant due diligence procedures for customers in the following cases:

- opening an account and/or establishing a business relationship with a new customer;
- processing transactions in cash for walk-in customers;
- in cases where the Bank has suspicion in respect of accuracy or adequacy of the information obtained in relation to the customer's identity or ultimate beneficial owners data,
- when updating customer information.

The Bank shall not enter into a business relationship or execute any transactions before applying due diligence procedures stipulated in this policy and internal policy for AML and restrictive measures.

The Bank shall only open an account once all the documents required to be submitted per the relevant category of customer has been duly submitted.

### 6.1 Disclosure of ultimate beneficial owner<sup>5</sup>

The Bank must investigate the ownership structure in such a way as to know who the ultimate owner of the legal entity is, up to the natural person, or who are those natural persons who

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<sup>4</sup> The procedure described above does not apply to the conclusion of a relationship with banks and Treasury clients in the purchase and sale of bonds on behalf of the Bank. They are subject to a screening process in accordance with the requirements of the AML and the internal instructions.

<sup>5</sup> The procedure described above does not apply to the conclusion of a relationship with banks and Treasury clients in the purchase and sale of bonds on behalf of the Bank. They are subject to a screening process in accordance with the requirements of the AML and the internal instructions.

may influence the operations of this legal entity, in accordance with the definitions in the AML Act and internal procedures.

The Bank should obtain documents from independent and objective sources from which the ultimate beneficial ownership structure of the customer can be inferred. The documents shall be provided by the customer and shall not be older than 3 months at the beginning of the onboarding process.

## **7. Updating customer information**

The Bank should update the customer's identification information periodically in line with the customer's AML risk category. When establishing an additional business relationship, customer due diligence is mandatory if more than a year has passed since the last review of the customer's business activity and supporting documents (ultimate beneficial ownership structure and other).

## **8. Termination of business relationship**

The Bank will terminate an established business relationship with the customer if there is a risk of money laundering and terrorist financing or a risk of any other regulatory sanction in relation to the relationship.

The Bank may close the existing account or terminate any other active business relationship (to which the customer was onboarded based on the Banking Act) if the customer does not provide all the necessary data for AML/CFT, Restrictive measures, CRS and FATCA purposes.

The Bank may terminate a payment service agreement with a 2-month notice period, in accordance with the General Terms and Conditions and the Payment Services, Services for Issuing Electronic Money and Payment Systems Act, with or without a specific reason for termination of the agreement.

The Bank may terminate a payment service agreement with immediate effect in cases of breach of contract, breach of other general terms and conditions, as well as for reasons indicating that account activity does not comply with the intent and purpose the customer gave when entering the business relationship, or for reasons of non-compliance with Bank rules and regulations.

## **9. Restricted activities**

The Bank does not provide account opening, payment services or any other products to the following the customer groups:

### **9.1 Prohibition of business based on geographical criterion**

The Bank does not establish business relationships or effect transactions with or for legal or natural persons that are directly or indirectly associated with the countries of Syria, Sudan, North Korea, Cuba, Iran and the Crimea region. The procedures and processes are further defined in the Nova KBM Methodology for restrictive measures.

### **9.2 Prohibition of business based on business activities of the customer**

The Bank does not establish business relationships with entities which have registered as one of the activities:

- money services businesses (e.g. remittance dealers, money transfer agents),
- virtual (crypto) currency platforms and individuals or companies offering the sale, purchase and distribution of virtual currencies,
- individuals or companies acting as payment aggregators, and
- shell/virtual banks or similar financial institutions.

### **9.3 Prohibition of business based on other indicators**

The Bank does not enter into business relationships with entities or individuals of unknown identity or using fictitious or unreal names, or if there is reasonable doubt that the identification documents are falsified.

The Bank will not establish a business relationship with a bank or similar financial institution that:

- offers anonymous products to its customers;
- is a virtual/shell bank itself;
- operates with virtual/shell banks;
- does not carry out controls in terms of restrictive measures; and
- does not implement AML/CFT and sanctions measures.

The Bank will not open an account if the customer's past activities had a negative financial or reputational impact on the Bank.

## **10. Validity of the Policy**

This version of the Policy shall take effect 1 September 2021.

All other rules and provisions that derogate from this policy are repealed with the enactment of this Policy.