

# 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 identification of individuals or corporations for opening an account;
- (c) To ensure that the Bank is in a proper position 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 good 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,
- the 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 / 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, works in Slovenia, or has pension entitlements or is receiving annuity payments from an EU, EEA or Switzerland or Canada or United States paid to an account in Slovenia or is in schooling process 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 certificate of a temporary or permanent address in Slovenia, confirmed by the administrative unit or a residence card issued by an EU, EEA country, Switzerland, Canada or United States with the stated address (copy).

(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 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.

Extract from the court register (AJPEŠ) that the person is an independent entrepreneur is also proof of employment (under points d and e).

(f) Recipients of benefits from public funds must submit official document (copy) to confirm that the client is beneficial of social transfers.

#### **B) SLOVENE OR FOREIGN NATIONAL LIVING IN SLOVENIA BUT WORKING/SCHOOLING 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 is 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) SLOVENE OR FOREIGN NATIONAL LIVING OUTSIDE SLOVENIA AND WORKING/RECEIVES A PENSION 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 employed in Slovenia, ii) a foreign citizen who lives outside Slovenia and receives a Slovenian pension, and iii) a Slovenian citizen who has a permanent address outside Slovenia and is employed in Slovenia or receives a Slovenian pension.

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 **or**

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

(b) 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 Care or similar Slovenian institution (copy), contract of employment (copy), employer's declaration of employment (original) or service agreement (copy)),

(b) 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,
- 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.<sup>2</sup>

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 of civil law

The Bank can open an account for other persons of 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;
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, tax number or EMSO, nationality and number,

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

<sup>2</sup> The described process does not apply to process of establishing relationship with banks. For them due diligence process is carried out in accordance with requirements set out in the AML Act and internal instructions.

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 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 certified authorization is not required, and may be replaced by a written authorization for representation that contains information about members and details set out in this chapter.

### **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 (such as countries and territories listed on the FATF Non-Cooperating Countries and Territories list).

### **3. Business relationships established based on authorization**

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.

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,
- 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.

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

### **4. Non-face-to-face contact<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 will adjust this requirement as and when the use of electronic identification methodologies is incorporated fully into Slovenian legislation.

### **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.

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

Natural persons considered to be politically exposed are:

- (a) heads of State, Heads of Government, Ministers and their alternates or assistants;
- b) elected representatives of legislative bodies;
- c) members of the governing bodies of political parties;
- d) members 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 applied;
- e) members of the Court of Auditors and the Councils of the Central Banks;
- f) heads of diplomatic missions and consulates and representations of international organizations, their deputies and senior officers of the armed forces;
- g) members of the administrative or supervisory bodies of companies that are majority owned by the state;
- h) heads of bodies of international organizations (such as presidents, secretaries-general, directors, judges), their deputies and members of management bodies or holders of equivalent functions in international organizations.

Close 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 jointly owned or having any other close business relationship with a politically exposed person. A close associate is also a natural person who is the only actual owner of a business entity or similar legal entity of 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 Bank's AML Risk Classification Methodology (x-ref) and will require frequent monitoring.

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

The Bank does 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.

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



The Bank should 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 an ultimate beneficial owner**

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 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 supportive documents (ultimate beneficial 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 terrorism financing or a risk of any other regulatory sanction in relation to the relationship.

The Bank should close the existing account if the customer does not provide all the necessary data for AML, Restrictive measures, CRS and FATCA purposes.

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

The Bank may terminate the account management agreement with immediate effect in cases of breach of the 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 for business cooperation based on a geographical criterion

The Bank does not establish business relationships with 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 for business cooperation based on business activities of the customer

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

- production of weapons (including chemical), military equipment (technical, mechanical and similar) or mediation in the sale of weapons (including chemical),
- money services businesses (e.g. remittance dealers, money transfer agents);
- virtual 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 for business cooperation based on other indicators

The Bank does not establish 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 measures.

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