

## **INFORMATION MEMORANDUM ON APPLICATION OF MEASURES AGAINST MONEY LAUNDERING AND FINANCING OF TERRORISM**

- Expobank CZ a.s. (hereinafter the "Bank") in accordance with Act No. 21/1992 Coll., on Banks, as amended, provides banking services on a contractual basis and is obliged to refuse its provision if a (potential) Client's full anonymity is required.
- If an amount of a one-time transaction exceeds EUR 1,000 (or its equivalent in another currency), or in case of establishing a contractual relationship, the Bank is required to identify the participants of the transaction in accordance **with Act No. 253/2008 Coll., on Certain Measures Against Money Laundering and Financing of Terrorism, as amended (hereinafter the "AML Act")**.
- Furthermore the Bank applies procedures and measures set forth in subsequent provisions on anti-money laundering and combating the financing of terrorism (hereinafter "AML /CFT"), in particular:
  - Act No. 69/2006 "On Implementation of International Sanctions" as amended ("Act on Sanctions"),
  - Decree No. 67/2018 "on Selected Measures against legitimization of Proceeds of Crime and Financing of Terrorism" ("AML /CFT Decree"),
  - The general AML/CFT guidelines of the European supervisory authorities - European Banking Authority (EBA) / European Securities and Market Authority (ESMA) / European Insurance and Occupational Pensions Authority (EIOPA), as well as other norms and recognized standards in AML/CFT areas developed by Financial Action Task Force on Money Laundering (FATF) and the Basel Committee on Banking Supervision.
- Identification process serves to certify, verify and record an identification data of natural and legal persons involved in the transaction.
- If the Bank participates in a one-time transaction exceeding EUR 1,000 or a contractual relationship is being established, a **natural person** is obliged to submit an identity card for identification; a **legal entity** is obliged to submit a document certifying its legal existence.
- **The Bank is authorized to make copies of documents which were submitted as identification.** The Bank is authorized to make a copy of a Client's identity card only with the consent of its holder.
- In accordance with the AML Act the Bank is obliged to perform a **Client's control** during an establishment of a contractual relationship and in a course of a contractual relationship, the purpose of which is, in particular, to identify the source (origin) of the funds used in the particular transaction, the purpose of the transaction and, in a case of a legal entity, the management and the ownership structure up to the level of a real owner.
- In accordance with fulfillment of AML/CFT statutory obligations, the Bank requires its clients to provide minimum identification data: all names and surnames, date of birth, registration address, place of residence and citizenship(s) of (i) the so-called beneficial owner and all members the client's (legal entity's) statutory body which do not participate in the transaction with the Bank, and (ii) all members of the legal entities' statutory body which form the client's ownership structure and the control structure and which perform the function of the beneficial owner (does not apply to sister companies).
- The Bank informs that when making a risk assessment of the Bank, it is necessary to take into account risk assessments at the national and transnational levels (within the Czech Republic and



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the European Union), on the basis of which, in accordance with Section 21 (a) of the AML/CFT Act, the Bank is obliged to collect all necessary identification data if there are justified reasons. The scope of identification data collection is established, among other things, in accordance with the general guideline of the Basel Committee on Banking Supervision ("General Guideline for Opening an Account"). This guideline describes what information should be collected by authorized authorities, including banks, in order to eliminate reputational, operational and legal risks.

The principal method of disclosing identification data by a legal entity is providing an extract from the Commercial Register or its equivalent in accordance with the legal mechanisms of the state of registration of the legal entity. If the extract from the register does not include some of the required data, a person acting on behalf of the client may provide the Bank with the missing information by other means, i.e. via e-mail for communication with the Bank or an official statement, however, it may be accepted only if the Bank has no doubts about the accuracy and authenticity of the data provided in this way. In addition, to perform a risk assessment or to determine a client's risk profile, the Bank may consider it necessary to request another source to provide an additional confirmation of the provided data authenticity.

It should be taken into account that the required identification data serves not only to fulfill the Bank's obligation to perform identification and due diligence of its clients in accordance with the AML/CFT Decree, but also to provide the Bank with sufficient data to carry out action mechanisms provided for by international sanctions measures in accordance with the Sanctions Act as well as to fulfill obligations related to assessment of a client's risk profile based on the requirements of the Czech National Bank and European institutions EBA/ESMA/EIOPA in the field of AML /CFT ("General Recommendations on risk factors").

- In addition to verbally disclosed information, the Bank is entitled to require written documents (for example, contracts, invoices, consignments, statements, notarial deeds, etc.). **The Bank is entitled to make copies of documents which were submitted for performing a Client's control.**
- In the course of performing a Client's control by the Bank, a Client is obliged to cooperate with the Bank under the AML Act. If a Client fails to provide necessary assistance and cooperation, the Bank may not execute the transaction in accordance with a Financial Analytical Authority opinion stated below.

## **Failure to carry out a transaction under § 15 of Act No. 253/2008 Coll.**

*Under § 15 (1) of Act No. 253/2008 Coll. the liable entity shall refuse to carry out the transaction, or to establish a business relationship, or terminate a business relationship, if it has an identification obligation under § 7 (1) or (2) and one of the mentioned obstacles occur. With regard to a logical interpretation of "a maiori ad minus" it can be concluded that if in a given situation the prohibition relates to realization of a transaction or to establishment of a business relationship, it shall also relate to a particular individual transaction within a business relationship.*

*In aforesaid situations the liable person has pursuant to § 9 of Act No. 253/2008 Coll. an obligation to perform a Client's control, which may require an explanation of the meaning and purpose of a particular transaction including the submission of a transaction-related documentation. A client is obliged to cooperate under the same provisions of the Act; if a Client does not provide the required cooperation, or until the cooperation is provided, it is forbidden for the liable entity to carry out the transaction.*

**Source:** <http://www.financnianalytickyurad.cz/aktuality/aktualizovana-stanoviska-k-nekterym-ustanovenim-zakona-c-253-2008-sb-32.html>



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- Provision of personal data to the Bank is voluntary, but it's a prerequisite for conducting a banking transaction.
- Therefore, we ask our Clients to get acquainted with the **Information on Processing of Personal Data** [here](#).

Please take into account that this document will be regularly updated by the Bank.

This document is effective as of: 27. November 2018

Best regards  
Expobank CZ a.s.