

# AML Policy

## 1. Introduction or Executive Summary

OTP banka d.d. has its headquarters in Ljubljana, Slovenia, and is supervised by the National AML Office and the Bank of Slovenia. OTP banka d.d. is fully compliant with all legal requirements in the AML area. The AML and Sanctions Internal Act and the Client Acceptance Policy are adopted by the Bank's management board. OTP banka d.d. has appointed an authorized person for the prevention of money laundering (AML Officer), responsible for the effective implementation of the money laundering and terrorist financing prevention system and the coordination of these activities at the Bank. Additionally, the Bank established a dedicated AML Office.

OTP banka d.d. is committed to the highest standards of Anti-Money Laundering (AML), Anti-Financial Crime (AFC) and Counter Terrorism Financing (CTF). The Management Board and all employees are required to adhere to these standards to protect OTP banka d.d. and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

OTP banka d.d. examines its AML and AFC strategies, goals and objectives on an ongoing basis and maintains an effective business program that reflects the best practices for a diversified, global financial services provider.

This Policy is used as good practice at the level of the entire OTP Group Slovenia, in accordance with the AML risk assessment and of the products/services offered by any member of the group. The OTP Group Slovenia consists of OTP banka d.d. as the parent company of the OTP Group Slovenia and its subsidiaries ALEJA finance d.o.o., SKB Leasing d.o.o. in SKB Leasing Select d.o.o..

The AML programme of OTP Group Slovenia is formulated and directed by the OTP banka d.d. AML Office and addresses all AML-related topics, especially Know Your Customer (KYC), Sanctions, and Embargoes.

## 2. Policies and Procedures

Aiming to effect measures in the AML/CTF and sanctions line, OTP banka d.d. has implemented clear internal rules and regulations and adopted mandatory procedures that all OTP banka d.d. and Group staff are obligated to consistently comply with when performing their work duties. General rules for client acceptance are covered in the Customer Acceptance Policy. Detailed documents and established controls on the first, second and third level ensure that defined standards are implemented into day-to-day business. Policies are subject to an annual review cycle to ensure their conformity with AML regulations and current process.

OTP banka d.d. has implemented an ongoing AML/AFC Risk Analysis to assess the level of client's risk exposure, considering the Bank's clients, products, services, entities and geographic risk, and to derive from this analysis appropriate security measures. AML safeguards derive from the results of the AML Risk Analysis. In addition to the client's risk assessment, the bank also carries out a regular annual bank and group risk assessment.

AML Officers in OTP Group Slovenia are obliged to conduct appropriate controls. The responsible AML Officer must ensure, by implementing adequate client controls, that all applicable AML and AFC requirements are being adhered to and security measures are properly functioning.

OTP banka d.d. has implemented a strict group-wide KYC program to ensure all kinds of clients are subject to adequate due diligence review, risk rating and monitoring measures. KYC includes not only knowing the clients, but also the Ultimate Beneficial Owners (UBOs), Legal Representatives and Authorized Signatories, as appropriate. The program includes strict identification and verification requirements, client-screening procedures, and the ongoing monitoring and regular review of all existing business relationships.

Special measures are implemented for business relationships with politically exposed persons (PEPs) and clients from countries or industries deemed high risk. In order to effectively perform the tasks of detecting and preventing money laundering and terrorist financing at the OTP Group Slovenia level, the bank's management board also appoints the OTP Group Slovenia AML Officer and his deputies. The group's AML officer coordinates AML/CFT activities between OTP banka d.d. and group members in connection with the implementation of legislative requirements, prepares AML/CFT standards at the group level, coordinates ML/FT risk assessment, prepares group risk assessment and proposals for more effective risk management in this area, provides professional assistance to the members of the group, receives reports on compliance with the prescribed requirements in the field of AML/CFT by the members of the group, and reports to the bank's management board regarding the activities carried out at the group level. Group members provide regular quarterly and annual reporting for the AML/CFT area to the group's AML officer.

### 3. Management and Controls of AML and AFC Risk

OTP banka d.d. has developed and implemented a comprehensive set of measures to identify, manage, and control its AML risk. These measures are particularly:

1. Client Due Diligence Procedures
2. Clients, bank and group Risk Assessment
3. Continuous monitoring of the client's business relationship
4. Internal and External Reporting process
5. Compliance Assessment and Testing
6. Training and Awareness program
7. Recording and Recordkeeping of Information
8. Anti-Terrorism and International Sanctions

#### 3.1. Client Due Diligence Procedures

One of the key principles of the system for the prevention and detection of money laundering transactions is that all employees must have adequate knowledge of their clients from the establishment and managing of the business relationship or when occasional transactions are carried out ("Know Your Customer" or "KYC").

Regulatory requirements have resulted in the move from a mere client identification obligation (obtaining information on the client's identity) to a wider range of verification requirements, which extend, aside from mandatory screening of all collected documents (verification), also to the continuous and constant verifying and updating clients' data and documentation and assessment of the transactions conducted during the business relationship, according to the evolution of the client's intended economic purpose and customer's usual transactions.

Client due diligence therefore consists of a series of measures, some concentrated at the beginning of the relationship and others to be applied throughout the entire duration of the relationship.

Client due diligence may be regular, simplified or enhanced, applicable on a risk-based approach and depending on the circumstances associated with a client, product, service, distribution channel, or transaction.

All business units of the Bank, as well as any employee who may subsequently initiate or manage a business relation with a client of the Bank, must make sure that they know their clients by enforcing rigorous due diligence procedures. The KYC due diligence shall be performed for all types of operations and services. All clients must be compliant with the Customer Acceptance Policy (CAP). Within customer's due diligence also due diligence of legal representatives and authorised persons, including identifying ultimate beneficial owner, is performed.

### **3.2. Client Risk Assessment**

The Bank shall assign to each client a risk level based on risk indicators which take into consideration:

- a. the type, business profile or structure of the customer,
- b. the geographical origin of the customer,
- c. the nature of the business relationship, product or transaction,
- d. past experience with the customer,
- e. distribution channels.

The Bank shall assess all new products and services regarding the associated risk related to money laundering and terrorism financing. Before launching any new products and services, the responsible product management staff shall perform the risk analysis from AML/AT perspective, and shall request an opinion from the AML Office regarding the results of the risk analysis. The risk profile shall be regularly updated.

### **3.3. Continuous monitoring of the business relationship**

The continuous monitoring of the business relationship shall be made through:

- a. the analysis of the client's transactions performed during the relationship in order to ensure that such transactions are in line with the information held about the client and business relationship, its risk profile, and the transactional profile, including the source of funds, as the case may be;
- b. the permanent checking and updating of the client's documents, data and information.

The Bank ensures the monitoring of clients' activities by monitoring the transactions they carry out through all the accounts, regardless of the account type.

The Bank shall perform a periodical review of the information concerning the client and will carry out the permanent updating of the records collected at the beginning of the relationship with the client.

### **3.4. Internal and External reporting**

The bank regularly notifies the Office of the Republic of Slovenia for Money Laundering Prevention of all cash transactions exceeding EUR 15,000.00, all transactions exceeding EUR 15,000.00 remitted to the accounts of legal and natural persons in high-risk countries or legal and natural persons from high-risk countries, and all suspicious transactions.

For effective AML/CTF risk management purposes, OTP banka d.d. has designated a Management Board member to be responsible for the implementation of regulation governing AML/CTF and for ensuring compliance with laws and other regulations governing this field. The designation is made by way of the applicable Decision on delegation of management of business lines between Management Board members and the President of the Management Board.

The AML Officer regularly reports to the Management Board and Supervisory Board on activities in the AML/CTF line, on the exercising of internal controls over the activities, on the effectiveness of the AML/CTF system, and on risk mitigation actions in this line.

### **3.5. Compliance Assessment and Testing**

The control of compliance with internal provisions is performed according to the internal control procedures and the internal and external audit activity. Internal Audit reviews the AML/CTF line at least annually as part of a special audit, and as part of controlling all business area across the Bank.

Compliance with KYC and anti-money laundering/anti-terrorism financing regulations are subject to the control and supervision of the competent supervisory authorities.

### **3.6. Training and Awareness Program**

The Bank conducts formal staff training programs, which are held periodically, at least annually, in order to ensure that the staff are aware of their responsibilities and are kept updated with the developments in the AML/CFT field.

The training program has a purpose to develop the professional competencies of the Bank's employees, to prevent the misuse of the Bank for money laundering or other illegal activities, and to maintain the Bank's activity in compliance with the legal requirements in force.

### **3.7. Recording and Recordkeeping**

The Bank shall maintain all documents and records regarding the client's activities and identity in an appropriate manner, so that the documents may be used as evidence regarding AML/CFT legislative compliance.

All requested data and documentation obtained by the Bank during client due diligence are kept in the records of data on the clients and their transactions for the legally prescribed period (10 years following the termination of a business relationship or the completion of a transaction or the approach to the safety deposit box).

### 3.8. Anti-Terrorism and International Sanctions

Terrorist financing and money laundering differ in the fact that money laundering involves proceeds originating from illegal activities that are then re-entered into the legal circuit by means of laundering transactions or re-investment, whereas in terrorist financing activities, financial resources may be legal, but their subsequent use is illegal.

In much the same way as money laundering, the activities carried out by terrorist groups operating at the international level require the use of considerable economic resources that are also transferred via banking and financial channels.

International and domestic laws have imposed restrictions and prohibitions on conducting or promoting business with certain designated governments, companies, organizations, and individuals. Over the last decade there has been a significant increase in the need to counter terrorist financing at the international level. This has led to the adoption of a series of measures, both international (United Nations resolutions, The Office of Foreign Assets Control - OFAC, United Kingdom of Great Britain and the Northern Ireland (UK)) and European (Community regulations implementing the resolutions) aimed at combating terrorism at the financial level. All clients and all transactions are screened against the stated lists.

OTP banka d.d. does not cooperate and does not conduct transactions with entities against whom sanctions are imposed.

The Bank does not establish business relationships or processing transactions with legal or natural persons that are directly or indirectly associated with the following countries or regions: Syria, Sudan, North Korea, Cuba, Iran, Myanmar and the regions of Crimea, Donbas and Zaporizhzhia and Kherson in Ukraine. The procedures and processes are further defined in the Bank's methodology for restrictive measures.

## 4. Validity of the Policy

This Policy shall take effect on the 1 March 2025.