

Group Customer Acceptance Policy

1. Purpose

The purpose of this Policy is to provide guidance and clarity on customer acceptance and to ensure compliance with all applicable legal and regulatory requirements. All Group Entities must, as a minimum, meet the requirements of this Policy. In any country where the requirements of applicable law(s), directives or practices establish a higher standard, Group Entities must meet those standards.

2. Sectors Affected

The Policy applies to all Group Entities.

All Group entities must, as a minimum, meet the requirements set out in this Policy. In any country where the requirements of applicable law(s), directives or practices establish a higher standard, Group Entities must meet those standards. In the case where current local laws are in conflict with this policy, the respective local Compliance/Anti Money Laundering (AML) Unit must liaise with the Money Laundering Compliance Officer (MLCO) of the parent company of the Group, so as to resolve the issue.

All Group subsidiaries and branches abroad are expected to enact in their own internal systems equivalent procedures. Corresponding Group functions have the responsibility for coordinating the application of the framework across the Group, in accordance with established reporting lines.

3. Policy

The evaluation of a customer's risk is fundamental to the Group's effort to prevent and suppress money laundering, terrorist financing and other illegal activities.

The Bank reserves its right to deny the establishment of any business relationship with a person (physical and/or legal) assessed to be captured within the groups of customers described above or indeed if for any reason the Bank is uncomfortable with the establishment of a business relationship.

The Group has defined:

- (i) A list of persons (physical and/or legal), accounts or transactions that are not accepted by the Group,
- (ii) A list of persons classified as High Risk Customers (physical and/or legal).
- (iii) A list of persons classified as Significant Risk Customers (physical and/or legal).
- (iv) A list of conditions under which a business relationship with an existing client must be terminated.

Furthermore, the Group has also set the criteria for establishing a new business relationship, which is in accordance with its Risk Appetite Assessment for zero tolerance for Money Laundering (ML)/Terrorism Financing (TF) risk.

Therefore, the Bank establishes a business relationship with a customer who:

- Does not fall in the list of persons (physical and/or legal) not accepted by the Group
- Does not require the opening of an account or the execution of transactions that are not accepted by the Group
- Has not been previously rejected for establishing a business relationship with the Bank, for reasons which continue to exist.
- Has not previously been a client of the Bank and whose business relationship was terminated, for reasons which continue to exist.

3(i) List of Persons (physical and/or legal), accounts, or transactions not accepted by the Group

The Group has decided that the risk associated with certain groups of customers is unacceptably high and has therefore decided to preclude such customers from establishing a business relationship with the Group. In the case of vendors, the same principles apply. Apart from the requirements of the Law and the Directive, the Bank, as part of its Risk Appetite Assessment, has included in this category other types of customers based on their Money Laundering / Terrorism Financing risk. Specifically, the Group prohibits the establishment of a business relationship with a person (physical and/or legal), that:

1. Carries out illegal activities (such as human trafficking, drug dealing, fraud, etc.)
2. Is convicted for a crime included in the predicate offences
3. Is an organisation undertaking military missions, i.e. mercenary missions
4. Is an online casino or an online pharmacy
5. Is dealing with Dating or Adult Entertainment
6. Is involved in fortune telling, medium activities
7. Is an issuer or dealer of Virtual Currency (e.g. Bitcoin) or involved in converting traditional currency in virtual currency or vice versa or provides related services (software providers, payment processing services, card acquirers)
8. Fails to provide adequate identification information or disclose its economic operations
9. Is a shell company
10. Is a shell bank or a bank which deals with shell banks or a shell company
11. Is a terrorist or deals with terrorist activities (such as financing terrorist activities etc.)
12. Requests to have accounts in the name of anonymous or fictitious persons or accounts (including secret accounts and numbered accounts) or accounts that do not bear the complete name of the beneficiary as shown in the identification documents of the customer.
13. Is from a political regime not recognized by the United Nations

14. Is subject to specific sanctions (i.e. EU, UN, OFAC, local lists), including close family members, close associates and related entities
15. Is a customer connected to North Korea, as per Sanctions Policy, Appx.3
16. Is a customer connected to Iran, with the exception of individuals with an Iranian passport whose permanent residence is in an EEA country or a Third equivalent country
17. Is a customer resident in sanctioned countries, as per Appendix 2 of Group Sanctions Policy
18. Is a customer with bearer shares or has a provision to issue bearer shares
19. Is a customer who falls in the following categories:
 - Is a Non-face to face customer¹ from,
 - Is a Politically Exposed Person (PEP) from,
 - Is a trust established in,
 - Is a Foundation for business or private purposes registered in,
 - Is a Correspondent Bank regulated by,

a country subject to strict sanctions by the EU, UN and OFAC (as per the Bank's Group Sanctions Policy, Appendices 2 & 3) or countries considered by FATF or Moneyval as high risk or not cooperative jurisdictions or countries considered by EU Commission as high risk with strategic deficiencies.
20. Is a PEP, for whom the source of wealth cannot be determined or the reasoning of establishing a business relationship is not clear.

Note: A **politically exposed person (PEP)** is defined by the Financial Action Task Force (FATF) as an individual who is, or has been, entrusted with a prominent public function and can either be foreign or domestic, including their immediate family members and persons known to be their close associates.

Where a person has ceased to be entrusted with a prominent public function for a period of **at least one year**, the bank shall not be obliged to consider such a person as politically exposed.
21. Is a trust which:
 - Is governed by the Cyprus Legal framework but is not registered in the Cyprus Register of Trusts, or
 - Its ultimate beneficial owners are not determined (discretionary trust)
 - Whose purpose is not compatible with the business activity/economic profile of the account holder, or there is no legitimate economic reason for its establishment.
22. Is a Correspondent Bank which:
 - Is not regulated, or
 - Is regulated outside EEA or 3rd equivalent countries, and for which an investigation for AML/CTF purposes has been conducted or is in progress by the authorities of the country of incorporation or origin, or on which significant fines/sanctions have been imposed by the local authorities (FIU, Regulator)
 - Does not apply adequate AML procedures/measures, or

¹ Customers met in person within the Group do not fall in the non-face-to-face category

- Does not have a policy that covers the monitoring of the business relationship with PEPs or
 - There is a strong belief that the correspondent bank is involved in money laundering
23. In addition to the above:
- A Banking Institution may maintain an account with a branch other than the Correspondent Banking Unit, only if such an account is utilized solely for business needs (e.g. payment of expenses)
 - The Bank will not accept the opening of Nested Accounts.
 - The Bank will not accept the opening of Payable-through-accounts.
 - The Bank will not provide Downstream Correspondent Clearing Services.
24. Operates in the following high risk industries and is not regulated/registered by an EEA country or a third equivalent country: (a) Casinos, (b) Betting Houses, (c) Prize Competitions, (d) Gambling/Betting online related services² (software providers, payment processing services, card acquirers), (e) Financial Services, Investment Firms, or Brokerage Firms or its license has been withdrawn, (f) Banking or Insurance Institutions, (g) Precious metals/stones³, (h) Pawn shops (i) Sporting / Hunting / Antique guns, (j) Internet Gaming other than electronic gambling and (k) Trading of art collection.
25. Is a Payment Institution and Electronic Money Institution (MSB) (including MSB providing Money Transmission Services and Currency Exchange Services) which is not regulated by an EEA country or a third equivalent country.
Generally, MSBs regulated in an EEA or a third equivalent country can open corporate accounts only to be utilized solely for the processing of administration expenses. Exceptionally, for a limited selective list of clients, a client account may be opened in any of the following cases:
- For MSBs whose activities are limited to the transmission of funds for physical persons serviced in Cyprus.
 - The AML Risk assessed is considered low based on the client's business profile and provided that no restrictions are imposed by our major correspondent banks.
26. Is an Online Gambling company which is not regulated by an EEA country or a third equivalent country. Additionally, Online Gambling companies are not permitted to open client accounts. The above entities will only be accepted for the opening of corporate accounts, to be utilized solely for the processing of administration expenses.
27. Is an entity operating in the production and/or wholesale trading of nuclear related raw materials, products and services.
28. Is a binary option services provider
29. Is a fund (regulated or not) whose investment manager or advisor or custodian / depositary (who exercises apparent management and control) is regulated outside the EEA or third equivalent country

² If the online gambling company they are cooperating / associated with, is not regulated by an EEA country or 3rd equivalent country.

³ Conglomerate/well established companies (substantiated through independent sources) that are in the mining/exploration of gold and other precious metals industries from countries outside EEA/3rd equivalent can be accepted and treated as high risk customers

30. Is a non-profit organization / charity or foundation for charity purposes, which is either:
 - not registered in Cyprus or EEA or third equivalent country, or
 - registered in Cyprus or EEA with charitable purpose but the majority of its donators/sponsors are not from the country of registration
31. Is a foreign government organization outside the EEA and there is no reasonable ground/business justification for establishing such a business relationship.
32. Is an organisation providing armed security services, that is not licenced/regulated by an EEA or third equivalent country or its licence has been withdrawn
33. Entities operating in the defense/arms/military industry which are not licensed or are licensed outside the EEA or third equivalent country.
34. A credit acquiring company, including an asset management company, whose activities relate to the acquisition of credit facilities from credit institutions, and which is not appropriately licensed from the relevant Regulatory Body of an EEA or a Third equivalent country.
35. Is introduced by a Professional Intermediary who:
 - Is not subject to mandatory professional registration, recognized by law, or
 - Is regulated outside the EEA or third equivalent countries, or
 - Is regulated within the EEA or third equivalent countries but is not approved by the MLCO,
 - Relies on a series of more than one associate for the customer identification.
36. Is introduced by a Professional Intermediary but has not been met in person before the opening of accounts.
37. Is a legal entity with a complex structure, where there is no transparent and legitimate economic reason for its complexity
38. Additionally, the following accounts and transactions are not accepted:
 - Fiduciary Deposits from credit institutions regulated outside EEA or Third Equivalent Countries.
 - Omnibus accounts (concentration accounts)
 - The opening of accounts related to close family members, close associates or related entities (irrespective of % of ownership) of (directly or indirectly) of parties subject to specific EU, U.S. and U.N sanctions.
 - The execution of transactions with any of parties subject to specific EU, U.S. and U.N sanctions and related entities with ownership (directly or indirectly) equal or over 50%.
 - The opening of a Client account by a professional rejected by the MLCO,
 - For persons connected with countries subject to strict sanctions / restrictive measures (as per the Bank's Sanctions Policy, Appendices 2&3), the following is strictly prohibited:
 - The opening of accounts in USD
 - Effecting transactions in USD
 - Effecting any transactions using a US correspondent bank that involve these countries or any person connected with them

- The processing of wire transfers in any currency from /to through Banks established in these countries.
- Acting on behalf of or dealing/trading with any sanctioned person or in any sanctioned activity.
- Transactions in USD or CAD are strictly prohibited, regardless if the customer operates in or is regulated by an EEA country or third equivalent country or not, for:
 - Online gambling
 - Gambling online related services (software providers, payment processing services, card acquirers)
- The processing of wire transfers in USD to / from Latvia, Estonia, Georgia and Armenia is prohibited.
- The processing of wire transfers (interbank or to/from other Banks) relating to third party lending / assignment of loans and any other similar types of financing, between parties who do not belong to the same group of companies and where the main activities of the party lending the money are not related to the financial sector.
- The processing of wire transfers (interbank or to/from other Banks) relating to transactions which represent financing in the form of promissory notes.
- The processing of wire transfers relating to intra-group loans / assignment of loans and any other similar types of financing between entities which are included in the Sectoral Sanctions List (SSI List) in any currency are strictly prohibited.
- The processing of wire transfers relating to consultancy services where there is no adequate information/appropriate documentation regarding the professional expertise of the consultant, the reasonableness/adequacy of the agreement between the parties, as well as the reasonableness of the fee.
- Transactions relating to the buying or selling of virtual currency.
- Transactions relating to investments in Cyprus from foreign buyers in order to obtain Cyprus citizenship whose source of funds/wealth cannot be established or and these transactions are not through persons registered with the Registry of Service Providers of the Cyprus Investment Program.
- The undertaking of transactions with customers in countries included in the Appendices of the Group Sanctions Policy that can create credit exposure⁴ to the Bank.

Important Note: Holding/other companies belonging to a Group involved in any non-accepted activity as described above, are also not accepted, with the exception of customers operating in the industries described in 23 (f). In such a case, all entities in the Group are treated as High Risk.

⁴Please refer to Credit Risk Policies and procedures

3(ii) List of High Risk customers (physical and/or legal)

Important Note: Below customers are only accepted if they fall outside the non-acceptance criteria stated in list 3(i) above.

The following categories of customers are designated as high risk subject to enhanced due diligence measures, monitoring and review procedures either by:

- The Law or the Directive of the Central Bank of Cyprus, or
- The Group, in accordance to its risk appetite on money laundering and terrorist financing risk

1. Non-face to face customers
2. Trust accounts
3. “Client accounts” in the name of third persons.
4. Accounts for Politically Exposed Persons (“PEPs”)
5. Correspondent accounts of banks outside EEA
6. Services to private banking customers
7. Electronic gambling through the internet, regulated by an EEA or a third equivalent country
8. Existing customers resident in sanctioned countries as per Appendix 2 are considered High Risk, until their final closure (new customers are not accepted)
9. Customers connected with the following countries are considered as High Risk Customers:
 - Countries as per Sanctions Policy, Appendix 3 (only existing customers, new customers are considered as not accepted)
 - Countries considered by FATF or Moneyval as high risk or not cooperative jurisdiction
 - Countries considered by EU Commission as high risk with strategic deficiencies
 - Countries included in:
 - a) the European Union List of ‘Non-Cooperative Jurisdictions for Tax Haven Purposes’ or
 - b) in the list of non-cooperative jurisdictions of the World Forum for transparency and information exchange for tax purposes (Global Forum on Transparency and Exchange of Information for Tax Purposes) or
 - c) countries where the companies/entities are not obliged to submit to the authorities audited financial statements by independent auditors/accountants and do not prepare financial statements voluntarily from independent approved auditors/accountants

Customers connected with these countries will be categorized as high risk if they meet the following criteria:

- Legal Entities registered in the countries included in the specific List and the actual annual turnover in their accounts (debit or credit) exceeded the amount of €3ml.
- Clients whose wire transfers to/from these countries exceed €3ml on an annual basis.

Note: All the above countries (except the list of the European Union for tax havens, the list of non-cooperative jurisdictions of the World Forum for transparency and information exchange for tax purposes and countries where the companies/entities

are not obliged to submit to the authorities audited financial statements) are included in Appendix 1 of the Customer Acceptance Policy as high risk countries.

10. Persons involved in the following high-risk industries:
 - Production and/or wholesale trading of petroleum products, such as oil and petrol, energy such as natural gas , CO2 emissions and wind power.
 - Operating in the following high risk industries and regulated/registered by/in an EEA or a third equivalent country:
 - Trading of art collections (such as paintings, sculpture)
 - Casinos (excluding online casino games)
 - Betting houses
 - Gambling/Betting online related services
 - Financial, brokerage or insurance services companies
 - Payment Institutions and Electronic Money Institutions (including MSBs providing Money Transmission Services and Currency Exchange Service)
 - Precious metals/stones. Conglomerate/well established companies that are in mining/exploration of gold and other precious metals industries from countries outside EEA/3rd equivalent can be also accepted and treated as high risk customers
 - Pawn shops
 - Non Profit organizations
 - Charities
 - Investment Fund, either regulated or non-regulated, whose management and control (investment manager or advisor or custodian / depositary) is regulated within the EEA or third equivalent country.
 - Organizations providing armed security services, provided they are licensed/regulated by an EEA or third equivalent country
 - Foundations registered in EEA or third equivalent countries for charity purposes provided that the majority of the donators/sponsors are from the country of registration.
 - Foundations for business or private purposes, provided that they are not registered in a country subject to strict sanctions by the EU, UN and OFAC (as per the Bank's Sanction Policy, Appendices 2 & 3) or in a country considered by FATF or Moneyval as high risk or not cooperative jurisdictions or countries considered by EU Commission as high risk with strategic deficiencies
11. Customers with complex and unusually large transactions or unusual types of transactions
12. Legal entities with complex corporate structures provided there is a transparent and legitimate economic reason for their complexity.
13. Foreign government organizations and Embassies of countries outside the EEA or third equivalent countries, provided there is reasonable ground/business justification for establishing a business relationship
14. Persons with negative media information related to ML/TF
15. Fiduciary Deposits from reputable credit institutions regulated within EEA or third equivalent countries

Additionally, the following transactions are considered as high risk transactions, and enhanced due diligence measures should be applied⁵:

1. Transactions relating to investments from foreign buyers who intend to invest in Cyprus in order to obtain Cyprus citizenship

3(iii) List of Significant Risk customers (physical and/or legal)

Important Note: Below customers are only accepted if they fall outside the non-acceptance criteria stated in list 3(i) above.

The following categories of customers are designated as Significant risk and, therefore, the Group is obliged, apart from normal customer identification and due diligence measures set out in the Law and the Directive, to perform enhanced due diligence measures, as well as on-going monitoring of accounts and transactions:

1. Customers operating in the following significant risk industries which are registered in an EEA country or a third equivalent country:
 - Prize Competitions
 - Sporting / Hunting / Antique guns
 - Internet Gaming other than electronic gambling
2. Customers involved in the following significant risk industries:
 - Production and/or wholesale trading of tobacco products
 - Production and/or wholesale trading of alcoholic products
 - Online trading/services
3. Customers connected with significant risk countries (included in Appendix 1 of the Customer Acceptance Policy).

⁵In this case only the transaction is considered as high risk, not the customer

3(iv) **List of conditions under which a business relationship with an existing client must be terminated**

The business relationship with an existing client must be terminated if any of the following apply:

- The business relationship with an existing client must be terminated if he was initially introduced by an approved professional intermediary and has not been met by Bank employees by his next scheduled review date.
- If, during the review / customer update process, the client fails or refuses to provide vital information requested by the Bank.
- If the client or, in the case of a legal entity, any of its directors, shareholders, beneficial owners, or signatories is added on “black lists” issued by the banking society in Cyprus (this applies only to the Group’s operations in Cyprus).
- If, by maintaining the relationship with a client against whom a court order by the local authorities has been issued, the Bank may be subject to high AML risk.
- If the client’s activities change and the new activities fall within the Bank’s non-accepted types of business.
- If a client was convicted for any serious predicate offence.
- If a client has attempted to deceive the Bank.

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Appendix 1

Current lists of countries which are categorized as high or significant risk countries:

High Risk Countries

- Afghanistan⁽ⁱ⁾
- Armenia^(v)
- Bosnia and Herzegovina⁽ⁱ⁾
- Botswana⁽ⁱ⁾
- Cambodia⁽ⁱ⁾
- Cuba^(i&iv)
- Democratic People's Republic of Korea (North)⁽ⁱⁱⁱ⁾
- Estonia^(v)
- Ethiopia⁽ⁱ⁾
- Georgia^(v)
- Ghana⁽ⁱ⁾
- Guyana⁽ⁱ⁾
- Iran⁽ⁱⁱ⁾
- Iraq⁽ⁱ⁾
- Lao DPR⁽ⁱ⁾
- Latvia^(v)
- Pakistan⁽ⁱ⁾
- Panama⁽ⁱ⁾
- Sri Lanka⁽ⁱ⁾
- Sudan^(i&iv)
- Syria^(i&iv)
- The Bahamas⁽ⁱ⁾
- Trinidad and Tobago⁽ⁱ⁾
- Tunisia⁽ⁱ⁾
- Uganda⁽ⁱ⁾
- Vanuatu⁽ⁱ⁾
- Yemen⁽ⁱ⁾

Significant Risk Countries

- Angola
- Central African Republic
- Congo, Democratic Republic
- Libya
- Somalia
- Venezuela
- Zimbabwe

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Notes:

- (i) An individual or a legal entity whose UBO has a passport from high risk countries (except from Iran and North Korea) whose permanent residence is in an EEA country or a Third equivalent country, is not considered as a high risk customer, unless other reasons exist.
- (ii) New customers who are individuals with an Iranian passport and whose permanent residence is in an EEA or a Third Equivalent Country are considered High Risk. Additionally, existing customers connected with this country, irrespective of their permanent residence address, are also considered as High Risk. Existing customers resident in Iran, are considered high risk until their final closure.
- (iii) Existing customers connected with North Korea are considered High Risk; new customers are considered Not Accepted.
- (iv) Customers resident in countries as per Group Sanctions Policy (Appendix 2) are not accepted. Existing customers resident in these countries are considered high risk until their final closure.
- (v) Customers are considered as high risk if the annual cumulative amount of funds received/sent to Latvia, Georgia, Armenia or Estonia exceeds the amount of €2m.
- (vi) Refer to Paragraph 4 of the Group Sanctions Policy regarding the definitions of (a) Persons connected with a sanctioned country, (b) Persons who are residents in a sanction country, (c) Persons with a passport from a sanctioned country.

Appendix 2

Current lists of countries from / to which transactions should be subject to enhanced due diligence measures

- Bahrain
- Belarus
- Cote d'Ivoire
- Jordan
- Kenya
- Kuwait
- Lebanon
- Nigeria
- Oman
- Qatar
- Republic of Guinea
- Russia
- Saudi Arabia
- South Sudan
- Turkey
- United Arab Emirates

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