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File number:	<b>211745-23/2024</b>
Contact:	.....
Subject:	applying supervisory measures and fines against OTP Bank Plc. in the frame of continuous supervision on the basis of follow-up procedure.

**Resolution number: H-PM-I-B-22/2024.**

The **National Bank of Hungary** (registered office: 1013 Budapest, Krisztina krt.55., establishment: 1122 Budapest, Krisztina krt.6.) ("MNB") in the context of continuous supervision over **OTP Bank Plc.** (registered office: 1051 Budapest, Nádor utca 16.) ("the Bank" or "Company") based on the follow-up of the implementation of its decision no. H-PM-I-B-76 (Decision) dated 20<sup>th</sup> November, 2023, the MNB passes the following

#### **Resolution**

- I. **The MNB warns the Company** to fully comply with the applicable legal requirements at all times during its activities related to the prevention and prevention of money laundering and terrorist financing, in particular, with regard to the requirement that as part of the internal control and information system, it must have a filtering system supporting the completion of the notification, which ensures the filtering of risky clients and unusual transactions from the point of view of money laundering and terrorist financing and the provision of the data necessary for filing the report, in addition, to fully comply with the provisions of the MNB's decision within the deadline. **(Pénzm.13.)**
- II. **The MNB obliges the Company until 31<sup>st</sup> January, 2025 to:**
  1. With regard to the Simple card product, review your practices and develop a system of rules and screening practices that comply with point e) of paragraph (1) of Article 24/C on Act. LIII of 2017 on Law on the Prevention and Suppression of Money Laundering and Terrorist Financing **(Pmt.)** therefore, it shall always check the transaction or business relationship in order to filter out unusual transactions and data, facts or circumstances that point to money laundering or terrorist financing. Regarding the Simple card product after arming the control logics established in accordance with the provisions as prescribed in point e) of paragraph (1) of Article 24/C of Pmt., with the newly introduced filter conditions, it shall until 1<sup>st</sup> October, 2020 retrospectively carry out the additional filtering of customers and transactions, the analysis and evaluation of the customers or transactions filtered out by the filtering system within the legal deadline, report to the financial information unit immediately, if necessary, **(Pénzm.14.)**
  2. fully carry out the control introduced in relation to customers registered with the registered service provider, as a subsequent screening for customer relationships established before 4<sup>th</sup> December, 2020 as well, and take the additional necessary measures. **(Pénzm.17.)**
- III. **The MNB obliges the Company**, with regard to its strengthened procedures, **until 28<sup>th</sup> February, 2025**, based on the detailed rules for the implementation of certain obligations contained in the Act on the Prevention and Suppression of Money Laundering and the Financing of Terrorism of service providers supervised by the Hungarian National Bank, as well as on the minimum requirements for the development and operation of the filtering system of these service providers in accordance with the law (point f) paragraph (1) of Article 17 of MNB Decree 30/2024 (VI.24.)) on the implementation of financial and property restrictive measures ordered by the European Union and the UN Security Council, after sharpening mandatory filtering logics with the newly introduced filtering conditions, it shall retrospectively, back to 1<sup>st</sup> October 2020 carry out additional screening of customers and transactions, analyze and evaluate of the customer or transaction filtered out by the filter system within the legal deadline, and if necessary, report it to the financial information unit immediately. **(Pénzm. 15.)**
- IV. **The MNB obliges the Company** to introduce controls **until 31st January, 2025**, which ensure that the register recorded by the Company as defined in paragraph (7) of Article 9 of Pmt., include in relation to all customers the measures taken based on paragraph (1)-(6) of Article 9 of Pmt. **(Pénzm.10.)**
- V. **The MNB obliges the Company** to carry out an internal audit **until 31st March, 2025** as a risk-based, sampling-based effectiveness study on whether

1. as the concept of customers who regularly issue business orders has been defined in the Company's internal regulations, does the set of rules and technical solution ensure the distinction between business orders and transactions resulting from a long-term business relationship, can the effective follow-up of cash transactions performed by occasional customers be ensured with the controls and filtering mechanism established by the Company (verified by a sampling procedure related to the period after the introduction of the controls and to individual payers, as well as focusing on the total volume of transactions of individual customers), whether the Company performed the subsequent screening of transaction orders executed by occasional customers and whether it took measures, if necessary, **(Pénzm.4.)**
  2. whether the system of internal rules, practices, records and controls established by the Company effectively ensure compliance with requirement specified in paragraph (7) of Article 9 of Pmt., **(Pénzm.10.)**
  3. have the Company's employees involved in money laundering prevention tasks fully received the required training, did the training material contain the tasks related to the acquisition of beneficial owner data in sufficient detail, examples serving as a basis for doubt, as well as check whether the employees concerned have passed the exam in all cases, as documented, furthermore, does the internal rule system and control environment established by the Company always ensure – based on Article 7-10 of Pmt. that the data and documents available pursuant to paragraph (1) of Article 12 of Pmt., must be up-to-date at all times, **(Pénzm.11.)**
  4. does the internal rule system and control environment established by the Company ensure that, when performing transactions executed by risky customers, information on the source of funds and documents on the source of funds are available in order to verify this information, whether restrictive measures are taken in the absence of this information and data (verified by a sampling procedure focusing on the appropriate period and transaction), **(Pénzm.12.)**
  5. in addition to the filter system settings reviewed by the Company and modified if necessary, is the screening of unusual transactions suspected of money laundering ensured, which should be checked by sampling a larger number of customers during the investigation, **(Pénzm.13.)**
  6. with regard to the Simple card product, does the internal rule system and screening practice established by the Company comply with requirement in point e) of paragraph (1) of Article 24/C of Pmt., furthermore, whether the Company has carried out the retrospective screening required for it in accordance with the legal requirements, whether it has carried out their analysis and evaluation, as well as, if necessary, the justified measures, **(Pénzm.14.)**
  7. Does the internal system of rules and control environment created by the Company ensure that, during cash deposits of customers subject to the enhanced procedure of up to ten million forints or more, information regarding the verification of the source of the funds is obtained, **(Pénzm.16.)**
  8. whether the Company has carried out the subsequent screening in relation to the transactions carried out by them in the case of customer relations established with customers registered with a registered service provider before 4<sup>th</sup> December, 2020, and whether it took action in the necessary cases, **(Pénzm.17.)**
  9. whether the new rules and control points established by the Company adequately and effectively ensure legal compliance, with particular regard to the prompt submission of reports and repeated reports. **(Pénzm.19.); Pénzm.20.)**
- VI. **The MNB obliges the Company to carry out a risk-based, sampling-based efficiency test by its internal control until 30th April, 2025., to the effect that the screenings (mandatory screening logic) introduced in terms of its reinforced procedures are effectively ensured in accordance with the requirements as set out in point f) of paragraph (1) of Article 17 of MNB Decree no. 30/2024., whether the Company has performed the retroactive screenings prescribed for it in accordance with legal requirements. **(Pénzm.15.)****
- VII. **The MNB obliges the Company to send the following to the MNB in the context of extraordinary data provision:**
1. **until 31th April, 2025**, based on subsections 1-9 of point V. of the operative part of this decision, according to **(Pénzm.4.; Pénzm.10.; Pénzm.11.; Pénzm.12.; Pénzm.13.; Pénzm.14.; Pénzm.16.; Pénzm.17.; Pénzm.19.; Pénzm.20.)**,
  2. **until 31<sup>st</sup> May, 2025** internal audit reports and the documents on which they are based (based on point VI. **(Pénzm.15.)** point VI. of the operative part of this resolution), certifying the proper implementation - approved by the board and approved by the supervisory board - of the full-scale inspections and the measures written in the mentioned points.
- VIII. **The MNB obliges the Company to pay a supervisory fine:**
1. in the amount of 7.500.000 HUF (i.e. seven million five hundred thousand Hungarian forints) due to the legal violation referred to in point I.1. of the justification of this decision,
  2. in the amount of 5.625.000 HUF (i.e. five million six hundred twenty five thousand Hungarian forints) due to the legal violation referred to in point I.2. of the justification of this decision,
  3. in the amount of 5.625.000 HUF (i.e. five million six hundred twenty five thousand Hungarian forints) due to the legal violation referred to in point I.3. of the justification of this decision,
  4. in the amount of 5.625.000 HUF (i.e. five million six hundred twenty five thousand Hungarian forints) due to the legal violation referred to in point I.4. of the justification of this decision,
  5. in the amount of 3.750.000 HUF (i.e. three million seven hundred fifty thousand Hungarian forints) due to the legal violation referred to in point I.5 of the justification of this decision,
- in total the Company to pay a supervisory fine in the amount of 28.125.000,- HUF (i.e. twenty-eight million one hundred and twenty five thousand Hungarian Forints).**

The Company is obliged to publish the operative part of this decision on its website.

No procedural costs were incurred during the procedure.

The imposed fine has to be paid to the account number 19017004-01678000-30900002 of the MNB within 30 days after the resolution becoming enforceable by indicating "supervisory fine" as a comment and the number of the resolution. In the absence of the voluntary payment of the fine, the rules of administrative enforcement are applied. In the event the deadline for the payment of the supervisory fine is missed, default interest will be charged, the extent of which will be calculated at the rate of 365th of the double of the central bank rate in effect on the date of imposition after every calendar day following the date of imposition. After the late payment of default interest, no further default payment can be charged. The default interest has to be paid to the cited account of the MNB by indicating the number of the resolution and the comment "default interest". In case of failure to pay debts will be collected in a way of enforcement procedure. The tax authority shall enforce the fine imposed and unpaid in the MNB's final decision in a manner of taxes, as well as the default interest due to the fact of unpaid or overdue fine.

No appeal can be made against the resolution, at the same time, the Client, or other party of the proceedings with respect the provision applicable to him/her, may initiate administrative proceeding - addressed to the Budapest-Capital Regional Court - against the resolution within 30 days of the publication of the decision citing violation of law.

Legal representation is mandatory. The application shall be submitted to the MNB addressed to the Budapest-Capital Regional Court. (The assistance service of form's submission: <https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/hatarozatok-es-vegzesek-keresese>.)

The submission of the application has no suspensory effect on the entry into force of the decision, but the plaintiff can request immediate legal protection in order to eliminate the directly threatening disadvantage, to temporarily settle the disputed legal relationship, or to maintain the situation that gave rise to the legal dispute unchanged.

The court will, as a general rule, decide the trial out of court. A hearing shall be held, if so requested in the application by the plaintiff. Failure to request a hearing cannot be justified.

**Dated: Budapest, 23rd December, 2024.**

ELECTRONICALLY SIGNED DOCUMENT