

Completing beneficiary address details
for external foreign currency transfers and international HUF transfers - CHANGE
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Dear Customers,

We would like to inform you that the structural requirements for beneficiary address details included in payment orders will soon become stricter. At present, the Bank does not require the beneficiary's address to be provided on a payment order, and there is no prescribed structure for entering it.

However, under the relevant SWIFT and SEPA standards, if address details are provided for any party in the payment chain, they must be partly structured (hybrid address) or fully structured (structured address).

What does this mean for KDB Bank customers?

1. The Bank has decided to introduce hybrid addressing. This means the following:

- ✓ Except for SEPA transfers, beneficiary address details are mandatory for external foreign currency transfers and international HUF transfers, using the structure below.
- ✓ **For SEPA transfers, beneficiary address details may be provided optionally, as described below.**
- ✓ For both paper-based and electronic payment orders, **the beneficiary address** must be entered in the **following structure**:
 - Country - the name of the beneficiary's country or its two-letter ISO country code - **mandatory**, structured data
 - Town/City - **mandatory**, structured data
 - Additional address details (street name and type, building number, building, etc.) - **mandatory**, unstructured data. In this section, please enter only information that is not already included in the Country, Town/City and Postcode fields.
 - Postcode - **optional**, structured data

2. Payer address details:

The Bank already includes the payer address details recorded in its customer records. You do not need to enter these details in the payment order.

3. Paper-based payment orders:

The Bank plans to update its current foreign currency transfer form so that customers can complete payment orders in line with the requirements above.

4. KDB NetBank/KDB PC Kontakt services:

- Foreign currency transfer function (international HUF transfers can also be submitted here):

Dedicated fields will be available for the beneficiary's country, town/city and postcode (the postcode is optional). Additional address details can be entered in the two lines provided for this purpose. At least the first line must be completed, for example with the street name and building number.

- SEPA transfer function:

If the beneficiary address is available, it may be included in the payment order using the same method as described for the Foreign currency transfer function. If any part of the address is entered, the Country, Town/City and at least the first line of Additional address details (street name and type, building number) must be completed.

5. Transitional period

The time needed for a payment order to travel through interbank messaging systems depends on the length of the payment chain, including the number of intermediary banks involved. Therefore, a transfer submitted with an unstructured address one or two days before the change takes effect may fail to reach the beneficiary because the address does not comply with the applicable standards. The Bank will therefore introduce specific rules for the period immediately before the changeover date. We will provide further information to customers at a later stage.

Please note that Foreign currency and SEPA transfer packages prepared in electronic channels before the changeover but not yet submitted cannot be sent to the Bank after the changeover. These payment orders must be entered again after the changeover.

6. Templates, package reuse, file import and pre-submitted future-dated electronic payment orders

- Templates saved using the previous address format:

Foreign currency and SEPA transfer templates previously saved in electronic channels will be converted automatically to the new address structure, using predefined conversion rules, when you first log in after the changeover. In the previous unstructured address fields, there were no fixed rules for the position of address elements. In addition, for Foreign currency transfers, the beneficiary name and address were entered in the same fields. As a result, after automatic conversion, some name or address details may appear in the wrong field, or mandatory information may be missing. In such cases, the payment order can be submitted only after the user corrects or completes the affected information.

After the change takes effect, please:

- ✓ review your templates and update them where necessary; and/or
- ✓ follow any error message displayed when creating a payment order from a template, and update both the payment order and the template as required.

- Package reuse:

Foreign currency transfer and SEPA transfer packages submitted before the changeover will remain reusable. After the changeover, the system will attempt to convert the previous unstructured address details automatically into the new hybrid structure using predefined conversion rules. In some cases, however, the customer may need to complete or correct the data before submission. If the system cannot populate a required field and the resulting package is invalid, the package cannot be submitted until the user corrects it. Invalid packages will be marked in the usual way in the portal. When reusing a package, please check all payment order details carefully before signing and correct them where necessary.

- Pre-submitted future-dated payment orders:

If an electronic payment order has been submitted for execution after the change takes effect and the order is considered invalid due to missing data, the Bank will reject it on the scheduled processing date. Customers will be informed separately in every case. As the Bank charges a fee for cancelling an incorrectly submitted payment order and the order must be submitted again, we recommend that, where possible, customers do not submit affected payment orders before the changeover date with a processing date after the changeover.

- Packages created by file import (corporate customers only):

The import of transfer files will also change with the introduction of the new hybrid address structure. For existing import formats, the system will transfer available address data into the new structure using conversion rules applicable to the relevant import type. In ISO 20022-based imports, the new address fields can also be provided directly. The import function will also support the pain.001.001.09 format. As automatic conversion may place certain name or address details in the wrong field, or mandatory information may be missing, please check imported packages carefully before signing and correct them where necessary. If the system cannot populate a required field and the resulting package is invalid, it cannot be submitted until the user corrects it. Invalid packages will be marked in the usual way in the interface.

7. PC Kontakt (Electra Client Program) version update

Corporate customers using the installed PC Kontakt client program should note that the program will update automatically during the first online login after the changeover.

Once the update has completed, close the program, restart it and log in again to activate the update. The latest version is required for the program to handle the new address structure and the amended SEPA and Foreign currency payment orders. Without the update, these payment orders cannot be submitted. After the changeover, please check that you are using the latest version of PC Kontakt. The version number is displayed in the header at the top of the program. The current version number is available at the bottom of <https://www.kdbbank.eu/kdb-pc-kontakt> .

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Yours faithfully,

KDB Bank Europe Ltd.