

Dear Customer,

In May 2016, the U.S. government passed a new regulation regarding the beneficial ownership of legal entity customers (Corporations, Partnership's, LLC's, etc.). Beginning May 11<sup>th</sup>, 2018 it will be mandatory for **all** financial institutions to comply with this regulation by identifying certain beneficial owner(s) with 25% or more equity interest and a controlling person of a legal entity customer opening or maintaining an account. The beneficial ownership regulation is a federal law requiring all financial institutions to identify and verify the identity of the beneficial owners of legal entity customers as well as a controlling person of the legal entity anytime an account is opened or maintained. The regulation is aimed at making financial institutions safer for their customers and protecting the country's financial system.

In compliance with this new regulation, Valley Republic Bank will collect beneficial ownership information from legal entity customers starting May 11<sup>th</sup>, 2018. This means that any time an account is opened or maintained for a legal entity, we will request information that identifies the beneficial owner(s) with 25% or more equity interest and controlling person of the legal entity. The required identifying information includes name, address, date of birth, identification number, and other information that will help identify those individuals. This information will need to be collected whether or not the person identified is a Valley Republic Bank customer. This information will also be collected for existing legal entity customers who establish new accounts once this new regulation is implemented at Valley Republic Bank on May 11<sup>th</sup>, 2018.

While we understand the information requested is personal and sensitive, we need to obtain this information in order to comply with the law. As always, we will treat all information collected with the utmost care. All information will be stored securely and handled with the same standard of privacy that we have always maintained.

#### What you need to know about Beneficial Ownership

- The new regulation impacts all legal entities opening or maintaining accounts at any financial institution. The regulation excludes personal accounts.
- Legal entities will need to identify and attest to all ultimate beneficial owner(s) that meet specific requirements as well as a controlling person (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer).

We appreciate your business and are committed to providing you with Uncommon Service.

## Frequently Asked Questions

Q: What constitutes beneficial ownership?

A: The U.S. government regulation defines “beneficial ownership” as being made up of two roles: (1) those that have an ownership interest in a legal entity and (2) those that control a legal entity.

For those people who have an ownership interest in the legal entity, Valley Republic Bank is required to identify and collect personal information on anyone that meets or exceeds the following ownership thresholds:

### Beneficial Owner:

A natural person having 25 percent or more of the equity interests of a legal entity.

### Control Person:

A person with significant managerial control or influence over a legal entity customer (e.g., Chief Executive Officer, Chief Financial Officer, Managing Member, General Partner, etc.)

Q: What if the people who have been identified as beneficial owners or control persons are not customers of Valley Republic Bank? Do I still need to provide their personal information to Valley Republic Bank?

A: Yes. Regardless of customer status, information about the ultimate beneficial owners and control person must be provided in order to comply with the regulation.

Q: How will the change impact my existing accounts?

A: The change should not impact your existing accounts. However, please be aware that our Relationship Specialists may reach out for beneficial ownership information to update your account file, ensuring necessary compliance for any future financial requests.

Q: Does this regulation apply to loans?

A: Yes. In addition to checking, savings, and certificate of deposits, beneficial ownership also applies to loans.

Q: I also have personal accounts with Valley Republic Bank. Will Valley Republic Bank also collect beneficial ownership information for my personal accounts?

A: No. The Beneficial Ownership regulation only applies to applicable legal entity accounts.