



WOODLANDS BANK

Member **FDIC**

BENEFICIAL OWNERSHIP

OVERVIEW

In May 2016, the U.S. government passed a new regulation regarding the beneficial ownership of legal entity customers. Going forward, it will be mandatory for all financial institutions to comply with this regulation by identifying the ultimate beneficial owner(s) and a controlling person of a legal entity customer opening or maintaining an account.

In compliance with this new regulation, Woodlands Bank will collect beneficial ownership information from legal entity customers starting on May 11, 2018. This means that any time an account is opened or maintained for a legal entity, we will request information that identifies the ultimate beneficial owner(s)

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 Woodlands Bank customer.

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.
- 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).
- Woodlands Bank will collect information regarding the ultimate beneficial owner(s) and control person of legal entities whether or not they have a personal

relationship with the bank. We appreciate your business and are committed to providing you with extraordinary service for years to come.

- 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.

Have Questions? FAQ on Next Page

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FREQUENTLY ASKED QUESTIONS

- ***Why has Woodlands Bank been asked to collect this information?***

Woodlands Bank, as well as all other financial institutions in the U.S., will be required to collect beneficial ownership information. The U.S. government implemented the new beneficial ownership regulation to help fight financial crimes. Woodlands Bank is doing its part in upholding the new regulation to protect the financial system. Compliance with regulations has always been of utmost importance to Woodlands Bank, and the new beneficial ownership regulation will be treated with the same level of importance.

- ***Is Woodlands Bank the only bank that is required to collect beneficial ownership information?***

No. All financial institutions are required to comply with the new beneficial ownership regulation and will be collecting this beneficial ownership information from applicable customers.

- ***What constitutes beneficial ownership?***

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, Woodlands Bank is required to identify and collect personal information on anyone that meets or exceeds the following ownership thresholds:

Ultimate Beneficial Owners:

A natural person having 25 percent or more of the equity interests of a legal entity; or a trustee of a trust that owns or controls 25% or more of the entity’s equity interests.

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.)

For every legal entity client subject to beneficial ownership, one control person must be identified.

- ***How will the change impact my existing accounts?***

The change should not impact your existing accounts. However, please be aware that your Woodlands Bank representative may reach out for beneficial ownership information to update your account file, ensuring necessary compliance for any future financial requests. For instance, upon renewal of products or services (e.g., loan or CD) at the time of first renewal and subsequent renewal, to the extent the legal entity customer and service or product remain the same, the customer certifies or confirms the beneficial ownership previously obtained is current and accurate.

- ***What if the people who have been identified as beneficial owners or control persons are not clients of Woodlands Bank? Do I still need to provide their personal information to Woodlands Bank?***

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

- ***My Woodlands Bank representative has asked me to sign a Certification of Beneficial Ownership. What is this and why is it necessary?***

The Certification of Beneficial Ownership is a legally required form that Woodlands Bank must collect from legal entity customers regarding their ultimate beneficial owners and the control person. By completing the form, you are attesting that the information provided is accurate to the best of your knowledge.

- ***I also have personal accounts with Woodlands Bank. Will Woodlands Bank also collect beneficial ownership information for my personal accounts?***

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

**For more information on
beneficial ownership, please contact
your relationship manager.**

