

Anti-Money Laundering Policy

It is the policy of Banca Nazionale del Lavoro to comply with the letter and the spirit of all applicable laws and regulations regarding the fight against money laundering and terrorism financing. In Italy and in the European Union, the main laws and regulations include Directive 1991/308/EC, transposed into the Italian Law through Legge 197/91 and Decreto Legislativo 153/97; Directive 2001/97/EC, transposed through Decreto Legislativo 56/04, Decreto Ministeriale 142/06 and Provvedimento UIC 24.02.06; EC Regulation 881/2002 and its multiple updates imposing restrictions against persons and entities associated with Usama bin Laden, the Al-Qaida network and the Taliban; and Laws 431/01, 438/01, 155/05 on the fight against terrorism. As of now, the Bank is already enhancing its AML policies and procedures in order to comply with Directive 2005/60/EC, for which the Italian regulator has published a draft for consultation.

To ensure that this policy is respected, BNL's management has created and periodically updates a program including instructions, procedures and controls of which Bank employees and management are required to be aware and comply with. Such program is applicable throughout the Bank and contains specific instructions for the various Departments, units and structures in it.

Regulatory Framework

The main aim of AML regulations in Italy is to leave a trace of funds transferred so as to facilitate the investigations of law enforcement bodies. In order to do that, the law intends, among other things:

1. to limit the use of cash or financial instruments which are not traceable to a maximum amount of 12,500 € if not done with the intermediation of a qualified intermediary;
2. to identify and register transactions over 12,500 euros as a whole or in smaller parts carried out in the Bank, and persons who establish a continuous relationship with the bank (current accounts, credit cards, etc) in a specific single computerized data base ("Archivio Unico Informatico");
3. to actively collaborate with financial law enforcement by reporting suspicious activities.

BNL's procedures

The Bank has implemented policies and procedures to comply with Italian anti-money laundering regulations. Such policies and procedures are mostly gathered in an internal document that all staff is required to read and understand. Staff needs to sign to prove reception of the manuals, which include, among other things, operating instructions, technical descriptions of tools as well as a description of anti-money laundering regulations.

Cash Transaction Monitoring

Breaches to cash transaction regulations (including the use of cash or instruments that do not allow for tracing over €12.500) are reported to the Authorities. The Compliance Department reports periodically to the Board of Statutory Auditors on such activities.

Customer identification and transaction recording

Account officers are required to identify customers following specific procedures and asking to provide specific data and documents. IT systems require that to open an account or do any transaction, the customer provide information mandatory according to the law. Information registered by law must be recorded for ten years after the end of the relationship.

Furthermore, information systems in the Bank ensure that all information that needs to be registered in accordance to the law is maintained. Every month, the Bank sends aggregated data stored in the Data Base "Archivio Unico Informatico" as required by the Italian Financial Intelligence Unit (Ufficio Italiano dei Cambi).

Transaction Monitoring

The Compliance Department reports any transaction or behavior involving any amount and of any characteristic and nature, and detected in any circumstance that may induce the Bank to believe that funds being used may come from an illicit source.

The evaluation of such transactions must consider the customer's profile and usual activity. The Italian Authorities and the Bank provide instructions and technology to help Bank personnel in the evaluation process.

BNL, in line with the Italian Banking System, uses the tool GIANOS for the identification of suspicious activities. GIANOS is linked to Archivio Unico Informatico and it evidences all transactions that may not be consistent with the customer normal activity and profile. Furthermore, the use of GIANOS allows for efficient circulation of information within the respect of privacy regulations and the confidentiality required in the management of such data.

It is stressed that GIANOS is only a tool that helps relationship managers to identify activities that may not be consistent with the customer profile and that responsibility for the identification of suspicious activity lies on the relationship manager's knowledge of the customer.

Finally, BNL Compliance has also been delegated to report suspicious activities for many of the Bank's subsidiaries in Italy.

Know Your Customer

In order to anticipate Directive 2005/60/EC and the Legislative Decree that will adopt it, which has already been published by the Italian legislator as a draft – and consistently with BNP Paribas policies – BNL is enhancing its Know Your Customer program in order to better classify its customers on the basis of AML risk and to be able to better apply proper due diligence on new and existing customers.

Training

In order to make sure that bank personnel behave consistently with reporting instructions, Compliance organizes training for all staff, both in class and e-learning.

Particular attention is devoted to personnel exposed to direct contact with customers and to roles responsible for managing suspicious transactions so as to bring them to the attention of Compliance. Such training focuses on the methodologies to be used in the evaluation of customers and transactions and the use of tools that support AML activities.

Compliance reports on training and all other activities to the Board of Statutory Auditors. Furthermore, Compliance personnel is kept updated on AML regulations and practices through participation in seminars organized by the Authorities, the Italian Banking Association and other national and international institutions.

Independent testing

The Audit Department carries out independent testing on compliance with AML policies and procedures throughout the Bank. Results are reported to the Bank's senior management.

Foreign branches

Foreign branches are subject to local AML laws and regulations of the countries where they are located. Both Compliance and Internal Audit Departments report to their counterparts at HO in Rome which grants the independence and authority necessary to ensure compliance to local AML and anti-terrorism laws and regulations.

Banca Nazionale del Lavoro SpA
Direzione Compliance Coordinamento Controlli Permanenti
Compliance BNL