



Abstract of Antimoney Laundering and Counter Terrorist Financing Policy (AML/CTF Policy)

INDEX

1. INTRODUCTION.....	3
1.1 MAIN REGULATIONS	3
2. AML/CTF GROUP POLICY	4
3. AML/CTF CONTROL FRAMEWORK.....	5
3.1 FOCUS ON EDD	6
4. WOLFSBERG QUESTIONNAIRE	6

1. INTRODUCTION

Money laundering and terrorist financing constitute a serious threat to the legal economy - also by virtue of their possible transnational dimension - and may determine destabilising effects, particularly for the banking and financial system.

The set of provisions on combating money laundering and terrorist financing are aimed at laying down measures to protect the integrity of the economic and financial system and the correct behaviours of operators required to comply with them. Those measures are proportionate to the risk in relation to the type of customer, relationship, profession, product or transaction, and their application considers the peculiar nature of the activity, dimensions and complexities of the obligated entities which fulfil the obligations for which they are responsible.

1.1 Main regulations

At EU level, the main relevant regulations on preventing and combating money laundering and terrorist financing are constituted by Directive 2015/849/EU and Directive 2018/843/EU amending the previous directive (the 4th and 5th Anti-Money Laundering Directive, respectively). Amongst others, the provisions of Commission Delegated Regulation (EU) 2019/758 of 31 January 2019, supplementing Directive 2015/849/EU with regard to the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries are also relevant, as well as EBA (European Banking Authority) Guidelines issued on the subject from time to time.

At national level, the relevant regulations are represented by:

- Italian Legislative Decree 22/6/2007, no. 109 as amended and supplemented, containing measures to prevent, combat and repress international terrorist financing;
- Italian Legislative Decree 21/11/2007, no. 231 as amended and supplemented, containing the implementation of the above-mentioned Directives;
- Italian Legislative Decree 1/9/1993, no. 385 as amended (Consolidated Law on Banking and Credit);
- The Implementing Provisions of the Anti-Money Laundering Decree issued by the Industry's Supervisory Authority;
- CONSOB Resolution no. 18731, Implementing Provisions on Customer Due Diligence by financial advisors authorised to offer off-site, in accordance with Art. 7, paragraph 2 of Italian Legislative Decree 21 November 2007, no. 231 as amended.

The national framework of reference is completed by the decrees of the Ministry of Economy and Finance (MEF), the communications/provisions of the Supervisory Bodies (Bank of Italy and IVASS), anomaly indicators and the outlines representing anomalous behaviours issued by the Italian FIU (UIF).

2. AML/CTF GROUP POLICY

Banca Generali and the companies of the Banking Group are strongly engaged in avoiding their products and services being used for criminal money laundering and terrorist financing purposes. They promote a culture based upon full respect of existing rules and the effective fulfilment of “passive” collaboration obligations, aimed at guaranteeing in-depth knowledge of customers and the retention of documents relating to the executed transactions, and “active” collaboration aimed at identifying and reporting suspicious transactions for money laundering purposes.

In order to fulfil comprehensively the provisions issued by the Bank of Italy, in accordance with Art. 7 of Italian Legislative Decree 231/07, on organisation, procedures and internal controls aimed at preventing the use of intermediaries and other entities performing financial activities for the purposes of money laundering and terrorist financing, and to implement effective risk governance, the Banking Group adopts adequate organisational controls, which are structured according to the specific aspects of the different Group entities and the “inherent risk” in the activities performed.

The AML Policy, approved by the Board of Directors, applied at a Group level and continuously updated, is part of the Bank's broader system of internal controls aimed at guaranteeing respect of existing regulations and constitutes the basic document of the entire anti-money laundering and anti-terrorism system of the Banking Group, in compliance with the strategic and operating guidelines (“GIRS Policy & Guidelines”) issued by Assicurazioni Generali as the “Italian ultimate controlling entity” pursuant to IVASS Regulation no. 44/2019 and to IVASS Order no.111/2021 concerning insurance brokerage.

The AML Policy clearly defines the organizational structure in place to fight ML and TF, the responsibilities of the first (the financial advisors of the sales network and the employees of the organisational units in charge of concretely administering and managing relationships with customers), the second (the AML Function) and the third (Internal Audit) lines of defence.

Internal reporting rules to the BoD, other stakeholders, and between the control functions, is clearly defined too.

The CEO of Banca Generali is identified as the member of the Board of Directors responsible for implementing legislative, regulatory and administrative provisions necessary to comply with Directive 2015/849/EU (“Anti Money Laundering Directive” – “AMLD”).

Banca Generali AML Officer, who also serves as AML Officer for the Banking Group pursuant to EBA provisions¹, reports to the Bank CEO and to the Group Head of Anti Financial Crime of Assicurazioni Generali.

¹ EBA Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05 of 14 June 2022).

The principles stated in the Policy are implemented within the detailed internal documentation (e.g. anti-money laundering manual, circulars, operating procedures, etc.), which illustrate more specifically the duties, operational and control activities, at the basis of respecting the principles and regulations on controlling the money laundering and terrorist financing risk.

Banca Generali Group performs an annual AML/CFT self-risk assessment, at individual and Group level, according to the instructions issued by the Bank of Italy and/or by the local regulator and participates in the Assicurazioni Generali Data Sharing System, on high risk customers and relationships, at a global level.

The Bank of Italy is the main supervisor for AML/CFT controls.

3. AML/CTF CONTROL FRAMEWORK

The Bank adopts a risk-based approach dealing with customers and the control activity is based on the follows pillars: customer due diligence and risk profiling, registration of relationships and transactions, transactions & clients monitoring, detection and reporting of suspicious transactions to the FIU.

Group strategy pillars

- Risk based approach
- Due diligence on customers and identification and verification of UBOs and other relevant parties
- Name detection of PEPs/sanctions (ONU, OFAC, EU lists) /crime lists
- Customer AML profiling (at least “low”, “medium” and “high” risk categories are defined) and information exchange at a Group level
- Enhanced Due Diligence (EDD) for high-risk customers and transactions, definition of prohibited relationships and escalation processes for restricted relationships and transactions
- Registration of relationships and transactions (at least 10 years)
- Payments screening (ex ante and ongoing)
- Transaction monitoring to detect suspicious activities
- Suspicious activity reporting to the local FIU
- Reporting: internal, to the Supervisory Body and Assicurazioni Generali
- AML/CFT training to all staff members, employees and financial advisors
- Support of Banca Generali AML Function to local AML Officers in order to ensure the adoption of the strategic guidelines defined by the Parent Company and develop a coordinated approach to money laundering risk
- On-site and remote inspections on the subsidiaries with greater exposure to AML risk

3.1 Focus on EDD

Pursuant to the law, the Bank applies enhanced customer due diligence measures to:

- customers or entities whose beneficial owners/legal representatives fall within the definition of Politically Exposed Persons (known as PEP)
- cross-border correspondence relationships which entail the execution of payments, with a credit body or correspondent financial institution of a third country
- relationships and transactions that involve Third countries at high risk.

For the purposes of applying the enhanced customer due diligence obligations, the Bank examines the context and purpose of transactions characterised by unusually high amounts or where there are doubts as to the concrete purposes of the same and, in any case, it enhances the level and nature of the checks with a view to determining if the transactions are suspicious.

The Bank also applies enhanced measures at least in the following cases:

- customers present on the control lists provided by specialist companies for which simple homonymy has been excluded and a relevant crime for anti-money laundering purposes has been identified
- trust customers
- trust and fiduciary customers not registered in the Register pursuant to Art. 106 of the Consolidated Banking Law and, in any event, where the trustee is a foundation, a trust or an ONLUS non-profit organisation
- customers classified at “high risk”, based upon the customer profiling system adopted
- customers resident or based in geographic areas at high risk, in addition to the third countries at high risk, indicated by the Bank in the relevant internal regulation based upon the indications issued from time to time by the Assicurazioni Generali Group or by other national and international organisations of reference for combating money laundering and terrorist financing (e.g. FATF, UN, OFAC, FIU);

Aside from the cases mentioned above, the Bank applies an enhanced due diligence process to prospect customers for which the opening of relationships is generally excluded as per AML Policy, when a derogation is required in compliance with external regulations in force.

For account opening, the opinion of the Anti-money laundering Function and the approval of the Senior Management are required.

4. WOLFSBERG QUESTIONNAIRE

For a detailed description: Entity and its ownership, products and services, AML/CFT & sanctions policies, anti-bribery & corruption, KYC/CDD & EDD controls, risk assessment, monitoring and reporting, payments and transparency, training and education, quality assurance and audit, please refer to the “Wolfsberg Group Correspondent Banking Due Diligence Questionnaire”, published on the website together with this brief.