

Summary of the Anti-Money Laundering and Counter-Terrorist Financing Policy

Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A. (hereinafter the "Bank" or "Cassa Centrale") and the other companies within its banking group are committed to preventing their products and services being used for money laundering activities and for funding of terrorism.

The Bank operates under license of Banca d'Italia in accordance with the current regulatory framework, internal policies and procedures aimed at ensuring compliance with all domestic and EU applicable legislations and its Code of Ethics. The regular inspections of Banca d'Italia carry on a strict control on the entire banking activity.

Cassa Centrale approved and continuously updates a policy for mitigating the risk of non-compliance with anti-money laundering and counter-terrorist legislation (hereinafter the "Policy"). The Policy takes its place within a broader system of internal controls, in order to face the involvement, even unwittingly, of the Bank in money laundering and terrorism financing.

The Policy is subject to revision in case of relevant external events or organizational and operational changes that may impact on compliance in the process of managing anti-money laundering and counter funding of terrorism.

1. Legislative framework

The anti-money laundering system serves to prevent the proceeds of criminal activity from being channeled into legitimate activities, in order to preserve stability, integrity, correct functioning, and competition in the financial markets and in the broader economy and society. The anti-money laundering apparatus, thanks to its ability to detect and reconstruct criminal conduct, is also used to combat the financing of terrorism and the proliferation of weapons of mass destruction.

Italian legislation has developed in line with international standards and European directives by means of the following measures:

- Italian Legislative Decree n. 231/2007, as modified by Italian Legislative Decree n. 90/2017. It dictates the anti-money laundering regulatory framework for the Italian financial system.
- Italian Legislative Decree n. 109/2007 that establishes measures to prevent the use of financial systems for the purpose of terrorist financing and freeze funds and economic resources so as to combat terrorist financing and activities of countries threatening international peace and security pursuant to United Nations resolutions and European Union decisions.

The Bank has transposed these decrees in the Policy and other internal regulatory documents.

2. Guidelines

The Bank Policy for the prevention of money laundering terrorist financing is based on the following principles:

- customer due diligence obligations;
- obligation to make and keep records;
- reporting obligations;
- limits on the use of cash and bearer securities;
- training of personnel;
- counter terrorism measures.

2.1 Customer due diligence

2.1.1 General due diligence obligations

The Bank applies customer due diligence measures in the following circumstances:

- when establishing a business relationship;
- when carrying out an occasional transaction that: (i) amounts to EUR 15 000 or more, whether that transaction is carried out in a single operation or in several operations which appear to be linked; (ii) constitutes a transfer of funds, as defined in point (9) of Article 3 of Regulation (EU) 2015/847 of the European Parliament and of the Council, exceeding EUR 1 000;
- when there is a suspicion of money laundering or terrorist financing, regardless of any derogation, exemption or threshold;
- when there are doubts about the veracity or adequacy of previously obtained customer identification data.

Customer due diligence measures consist of the following activities:

- identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source;
- identifying the beneficial owner and verifying the beneficial owner's identity;
- obtaining information on the purpose and intended nature of the business relationship;
- conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the Bank's knowledge of the customer, the business and risk profile, including where necessary the source of funds and ensuring that the documents, data or information held are kept up-to-date.

The due diligence obligation does not apply only to new customers but also to the existing ones by the deadline determined in relation to the risk profile.

2.1.1 Simplified due diligence obligations

Where the money laundering and terrorist financing risks have been assessed as low, the Bank applies simplified customer due diligence measures to the extent permitted by national legislation.

2.1.2 Enhanced due diligence obligations

The Bank must apply measures of enhanced due diligence towards customers with a high-risk profile and, at all events, in the following cases:

- while dealing with politically exposed persons. In this case, senior management approval must also be obtained;
- while dealing with natural persons or legal entities established in the third countries identified by the European Commission as high-risk third countries;
- when accounts with correspondent banks not established in the European Economic Area are involved. In this case, senior management approval must also be obtained;
- while dealing with customers operating in high risk services;
- while dealing with trusts;
- when negative information are relieved;

- when the client deposits cash amounts of EUR 10.000 or more and the origin of cash is out of Italy;
- when there is a suspicion of money laundering or terrorist financing.

2.1.3 Obligation to refuse business

Whenever the Bank is unable to comply with its customer due diligence obligations, it will not establish a business relationship nor carry out any transaction and will terminate any existing business relationship.

The obligation to refuse business relationships also extends to:

- shell banks;
- trust and anonymous companies established in the third countries identified by the European Commission as high-risk third countries and legal persons hold by those entities;
- entities for which the beneficial owner's identity is not known and properly documented.

In these cases, the opportunity to submit a report to the UIF (Italian Financial Intelligence Unit) shall be considered.

The Bank should also refrain from executing transactions suspected of money laundering or terrorism financing. Where refraining from carrying out transactions is impossible because the law requires to accept the deed or execute a transaction which by its nature cannot be postponed or if to decline might hinder investigation, the Bank shall inform the UIF immediately afterwards.

Furthermore, the Bank does not normally deal with specific types of customers, such as: Money Transfer; Trust and anonymous companies, directly or indirectly established in countries whose AML legislation is not equivalent to European regulation.

2.1.4 Monitoring activities

The Bank conducts ongoing monitoring activities by adopting a risk-based approach, which involves measures commensurate to the risk identified.

Based on the information obtained in the context of the customer due diligence obligations, the Bank prepares a risk profile, in order to categorize customers in accordance with one of the

following types: negligible risk, low risk, medium risk, high risk. This will determine the level and type of ongoing monitoring.

2.2 Obligation to make and keep records

Pursuant to the relevant provisions, the Bank records and preserves the required information about business relationships and transactions above or equal to the amount set by legislation.

All details acquired by the Bank in performance of its customer due diligence obligations are stored for a period of ten years from the end of the relationship or from the execution of the transaction.

2.3 Reporting obligations

Where Cassa Centrale knows, suspects or has reasonable grounds to suspect that funds, regardless of the amount involved, are the proceeds of criminal activity or are related to terrorist financing, it will inform UIF without delay by filing a report.

2.4 Limits on the use of cash and bearer securities

The Bank informs the Ministry of Economy and Finance of any violation of the legislation prohibiting to transfer cash and bearer securities between different persons when the overall value being transferred exceeds or is equal to the relevant threshold.

2.5 Training of personnel

Anti-money laundering and counter-terrorist financing training is continuously provided. The staff is trained as to spread appropriate knowledge of AML regulations and procedures throughout the organization.

2.6 Counter terrorism measures

Cassa Centrale applies automated controls in order to compare customer details to the names included in the lists provided by ONU, UE and OFAC and constantly monitor those lists and their revisions.

The Bank does not provide financial services to individuals and legal persons included in those lists and freeze any account involving them, where applicable.