

BANCO BAI CABO VERDE, SA

Declaration on the Prevention of Money Laundering and the Financing of Terrorism.

1. Institutional information

- **Name of the Company:** BANCO BAI CABO VERDE, S.A.

- **Address:** BAI Center Bldg, 1st FL, Chã d'Areia
Av. Cidade de Lisboa – Praia,
Postal Code No.459
Santiago Island, Cabo Verde

- **SWIFT Code:** BAIPCVCV

- **Date of Establishment:** March 31, 2008

- **Registered in:** BCV - Banco de Cabo Verde

- **Registration No.:** No. 01/2015

- **Tax Identification Number:** 254746420

- **Type of business:** Public Limited Liability Company

· **Shareholders:**

Shareholders	Percentage
Banco Angolano de Investimento, S.A	80.43%
Sonangol Cabo Verde S.A.	16.30%
Sogei - Sociedade de Gestão de Investimentos, S.A.	3.27%

· **Regulators:** Banco de Cabo Verde www.bcv.cv

· **Financial Institution** N° 08

Registration:

· **External Auditors:** Price Waterhouse Coopers - PwC

· **AML Contact:** Legal and Compliance Office
BAI Centre Blg, 1st FL, Chã d'Areia
Av. Cidade de Lisboa – Praia,
Postal Code no. 459
Santiago Island, Cabo Verde
Email: compliance@bancobai.cv

2. Relevant National and International Regulatory Framework

2.1. International Recommendations:

Cabo Verde is one of the members of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), which was established by the Economic Community of West African States (ECOWAS) Authority of Heads of State and Government in the year 2000, as one of the major responses and contributions of the ECOWAS to the fight against money - laundering. GIABA is a specialized

institution of ECOWAS that is responsible for the Prevention and Control of Money Laundering and Terrorism Financing in the West African region, and has been a FATF member since June 2010.

Cabo Verde has also been a member of the Egmont Group since February 1, 2017. The Egmont Group is a body of 152 Financial Intelligence Units (FIUs), which provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorism financing.

BAICV is a financial institution committed and involved in the fight against money laundering and the financing of terrorism, therefore, observing the policies developed and promoted by the FATF / GIABA and seeking to adapt and update its internal procedures in order to comply with the recommendations concerning the prevention of money laundering, notably:

- 40 FATF / GIABA Recommendations (developed in 1990, revised in 1996, 2003, 2004 and 2012) that establish a comprehensive and consistent system of measures that countries must adopt for combating money laundering and the financing of terrorism, and proliferation of weapons of mass destruction, taking into account that countries have diverse legal, administrative and operational systems and different financial systems, which makes it impossible for them to take the same measures to combat threats, these recommendations have established an international standard which countries should adopt to identify risks and develop domestic policies and coordination, providing an advanced, comprehensive and consistent framework of measures to combat money laundering and terrorism financing.
- 9 Special Recommendations of FATF / GIABA issued in October 2001 when FATF decided to expand its mandate to deal with the issue of terrorism financing acts and organizations as well, taking an important step in creating the Special Recommendations on Terrorism Financing, which was revised in 2003, along with the 40 other recommendations, thus (40 + 9)

being universally recognized as the international standard for preventing money laundering and countering the financing of terrorism (AML / CFT).

In addition, BAICV has adopted all the measures and policies implemented and recommended by its majority shareholder - Banco Angolano de Investimentos, SA.

2.2 National Legislation and Regulations:

At the national level, the Government of Cabo Verde has been working towards the adoption of modern legislative reforms on fighting money laundering and terrorism and its financing approved in April 2009 and January 2013, respectively, and revised in March 2016, absorbing the best practices and mainly the FATF recommendations.

In addition, within this field, the implementation of new prevention structures, such as the creation and operation of the FIU – Financial Intelligence Units, as well as a more adequate control of financial institutions in Cabo Verde, through an increasingly demanding supervision by the Central Bank - Banco de Cabo Verde, and by the government, which can be seen through the following laws and regulations:

- **Law no. 78/IV/93, as of July 12** - Punish the conversion, transfer, concealment of assets or proceeds resulting from drug trafficking;
- **Law no. 38/VII/2009, as of April 20**, with amendments introduced by **Law no. 120/VIII/2016, as of March 24** - Establishes measures to prevent and fight crime, property, values and rights from money laundering;
- **Decree-Law no. 9/2012** - with the organization, competence and operation of the FIU - Financial Intelligence Unit, established by the **Decree-Law no. 1/2008**, as of January 14. Currently under the supervision of the Ministry of Justice;

- **Law no. 27/VIII/2013, as of 21 January**, as amended by **Law no. 119/VIII/2016 as of 24 March**, which establishes preventive and repressive measures against terrorism and its financing;
- **Technical Instruction E-1250 attached to the Official Notice Series A, nº 149** (issued by BCV), which defines the procedures to be implemented by the banks as well as the duties to be performed which include customer identification, analysis of transactions performed by customers, reporting suspicious transactions and record keeping.

3. Anti-Money Laundering (AML) and Countering the Financing Measures (CFT) in BAICV.

BAICV has defined policies and procedures to ensure that operations are carried out in accordance with current national legislation regarding AML and CFT.

According to BAICV's internal policies (in complying with national regulations and international recommendations), all of its Structure Units (SU) should apply equivalent measures, in relation to customer identification, banking correspondents and document retention.

Internal Compliance policies and procedures are also implemented, including internal control, risk assessment and management, and internal audit and inspection to prevent money laundering and terrorist financing.

BAICV adopts and complies with the additional measures defined by the majority shareholder of BAI, S.A. to prevent the risk of money laundering and financing of terrorism. In addition, the Bank has a computer application that automatically identifies and manages the risk of money laundering in accordance with national and international regulations.

Since Cabo Verde is a member of the Inter-Governmental Action Group on Money Laundering in West Africa (GIABA), which is an associate member of FATF, BAICV implements the following measures, among others:

Legal and Compliance Office: a first level body, supported by an independent, permanent and effective structure to monitor compliance with the obligations arising from laws, regulations, rules of conduct, ethical principles and other duties to which the institution is subject to. The objective of this body, in its Compliance component, is to ensure the coordination of the global Compliance risk

management at BAICV, fostering the mitigation of Compliance risks and the implementation of appropriate measures for the resolution of detected deficiencies or defaults, in close collaboration with the remaining BAICV structure units, as it:

- Develops measures and procedures, monitors and evaluates their suitability and effectiveness to detect any risk of non-compliance on a regular basis;
- Monitors and evaluates internal control procedures on the prevention of money laundering and financing of terrorism, and is responsible for centralizing information and respective reporting to the relevant authorities;
- Follows and analyzes the operations of BAICV with a view to preventing money laundering, countering the financing of terrorism and preventing market abuse, ensuring that identified suspicious cases are reported to the relevant authorities;
- Assures the identification of situations of risk of Compliance and respective mitigating or corrective measures, ensuring the monitoring of the implementation and the continuous monitoring of the activity from the compliance point of view;
- Promotes actions that contribute to an organizational culture of Compliance at BAICV, based on high-standards of ethics and integrity, ensuring compliance training for all BAICV employees;
- Responds to the official entities in all queries and matters on this subject;
- Develops specific training activities within the framework of the staff training program.

Internal Procedures Measures: development and implementation of a Compliance risk management model that aims to establish an integrated set of processes of permanent and systematic nature that ensures an appropriate understanding of the nature and magnitude of the Compliance risks underlying the activity developed, thus contributing to an appropriate implementation of BAICV's strategy and mission. This model aims to manage risk through its identification,

analysis, classification and selection of treatment and follow-up envisaging its mitigation.

Independent audit and Compliance review function: implementation of an internal audit system that has specific audit programs to evaluate the Compliance function in which the Legal and Compliance Office reviews with the fulfillment of all operational policies and procedures related to AML/CFT. The Audit and Compliance programs are approved by the Executive Committee.

Customer knowledge and monitoring: definition and application of internal policies and procedures that ensure compliance with the obligation of customers identification (in compliance with the **Notice of Banco de Cabo Verde No. 3/2017**) and carries out, with the use of computer tools, the monitoring of transactions carried out by customers that are regularly filtered by comparison with relevant listings for identification of sanctioned and PEPs.

Politically Exposed Persons (PEPs): Enhanced monitoring of transactions where customers or ultimate beneficiaries are PEPs.

Holders of other Political or Public positions: reinforced monitoring, through a filtering system, of transactions in which customers or ultimate beneficiaries exercise or have held political or public positions as defined in **paragraph 2 of Article 2 of the Law No 120 / VIII / 2016 as of March 24, 2016**.

Anonymous or Numbered Accounts: Do not provide customers with anonymous or numbered accounts.

Record retention: retention of documents related to customer identification, as well as proof of transactions (in paper format, or any other), for a period of 7 years after its completion, even when the business relationship has already ended.

Suspicious Operations Monitoring: monitoring of suspicious operations with the collaboration of BAICV employees, especially branch employees through evaluation and screening, and also by computer application, using a risk-based approach. BAICV has a computer application that allows real-time filtering through consultation and comparison with relevant listings for the identification of

sanctioned and PEP's, and according to the customer's risk profile, monitor transactions and detect suspicious transactions.

Communication of Suspicious Operations: implementation of internal policies and procedures in order to fulfill the legal obligation and centralize customers' information and operations and to notify them to the relevant authorities of operations suspected of developing the practice of money laundering or Financing of terrorism.

Communication of relevant bank transactions in the accounts and verification of transfers: communication of relevant banking operations exceeding CVE 1,000,000.00 (or less if suspicious) to the competent authorities, namely the Financial Intelligence Unit (FIU). The details of the International Money Transfer (IMT) transactions such as the name of the payer and the beneficiary and address are checked against the international lists. BAICV has implemented internal policies and procedures in order to comply with applicable legislation.

Training: definition of measures and procedures for the prevention of money laundering and terrorism financing, and alongside, every year there are prevention of money laundering and terrorism financing training courses for all internal units, in particular the commercial area, on detection and the process of reporting suspicious transactions.

Employee hiring and follow-up: Employee hiring is based on rigorous criteria and high-performance requirements (suitability, honesty, responsibility and technical ability to perform duties). BAICV has implemented processes that guarantee continuous access to training and knowledge and that protect the safety of employees' identity, honesty and integrity.

Correspondent Banks: implementation of a manual of risk-based procedures that include knowledge of the nature of the business of the correspondent, its license to operate, the quality of its management, the suitability of its shareholders, ownership and effective control, and its money laundering and fight against terrorism financing policies. In addition, a continuous monitoring of the accounts of correspondents is carried out. The establishment of banking correspondence

relationships, regardless of their level of risk, is subject to the existence of a relevant resolution of the Executive Committee, and the principles governing the risk management of Compliance at BAICV, as defined in the regulations in force, must be safeguarded, it is incumbent upon the Legal and Compliance Office to fill in the gaps that arise from its interpretation or possible omissions.

Shell Banks: BAICV does not establish or maintain business relations with shell banks, as defined in Law 120/VIII/2016, nor with banks incorporated in tax havens.

Payable-through Accounts: BAICV does not offer this type of service.

Evaluation of transfers against international lists: BAICV invests in a computerized solution to filter the incoming and outgoing transfers through the systems of transfer of values against the lists of persons and entities sanctioned, issued by the EU, UN, OFAC, among others.

Sanctions Policy:

BAICV has implemented a Compliance program, which includes the international sanctions policy, which is managed by the Legal and Compliance Office, which is responsible for assessing whether the sanctions policy is in compliance with applicable laws and sanctions monitor their effectiveness on a regular basis and to make the necessary changes to improve it.

The sanctions policy includes a set of policies and procedures to ensure that the institution does not establish or maintain business relationships, nor does it process operations to / for the benefit of sanctioned persons, entities or countries. In this sense, it performs the filtering of customers and operators in relation to the lists of persons and entities sanctioned, issued by the EU, UN, OFAC, among others.

4. Wolfsberg AML questionnaire

BAICV follows the principles contained in the Wolfsberg AML questionnaire regarding PBC / CFT. The Wolfsberg AML questionnaire from BAICV is available on the Bank's website: www.bancobai.cv.

5. FATCA Information

Legal Name	Banco BAI Cabo Verde, S.A. (Banco BAICV)
Country	Cabo Verde
Member Type	Registered Deemed-Compliant Financial Institution (including a Reporting Financial Institution under a Model 1 IGA)
FACTA ID	D1EWAK.00002
Account Status	Approved
GIIN	D1EWAK.00002.ME.132
Effective Date	30/6/2014
RO - Responsible Officer	António Sérgio Monteiro
POC -Point of Contact	Paulino Mendes Gonçalves
	Nataniela José Correia Garcia

BAI Cabo Verde, S.A.

July 31 2017.