



Banco Português
de Fomento

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING POLICY

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ÍNDICE

1.	Introduction	3
2.	Money Laundering	3
3.	Terrorism financing	4
4.	Main principles	4
4.1.	Control	4
4.2.	KYC and Due Diligence	4
4.3.	Suspicious Activity Report.....	5
4.4.	Refrain	5
4.5.	Refusal.....	5
4.6.	Record-Keeping	5
4.7.	Enhanced Due Diligence.....	5
4.8.	Cooperation	6
4.9.	Non-disclosure	6
4.10.	Training	6
4.11.	Sanctions	6
4.12.	Whistleblowing	6
5.	Internal control	6
	Appendix I – Legal Framework	8



1. INTRODUCTION

The “Anti-Money Laundering and Counter-Terrorism Financing Policy” establishes the key principles followed by Banco Português de Fomento, S.A., hereinafter referred to as BPF or the Bank, regarding the prevention, detection and fight against money laundering and terrorist financing.

This Policy is drafted in accordance with the applicable EU and national legislation and must be read and interpreted jointly with these legal documents, which are foreseen in “Appendix I – Legal Framework”.

The Bank’s employees are legally bound to the “Anti-Money Laundering and Counter-Terrorism Financing Policy” and all actions and procedures must be taken, adapted and elaborated in accordance with this Policy and related legislation.

2. MONEY LAUNDERING

Money laundering is the process whereby perpetrators of criminal activities cover up the origin of illicitly obtained assets and income turning the liquidity from such activities into legally reusable capital by disguising the source or true owner of the funds.

Illegally obtained income is typically associated to crimes such as drug trafficking, corruption, embezzlement, fraud, smuggling, tax fraud, human trafficking, among others.

Money laundering involves three phases:

- 1. Placement:** property and revenues are placed in financial and non-financial circuits, for instance through deposits in financial institutions or investments in profitable activities and high-value goods;
- 2. Circulation:** property and revenues are used in multiple and repeated operations (for instance, transfers of funds), with the purpose of obscuring the money trail, eliminating any trace of its source and property;
- 3. Integration:** recycled goods and revenues are reintroduced in the legitimate economic circuits, through their utilisation in the purchase of goods and services.

Money laundering is foreseen as a crime under Portuguese Law in article 368.^o-A of the Portuguese Criminal Code.¹

¹ <https://www.bportugal.pt/page/branqueamento-de-capitais-e-financiamento-do-terrorismo>



3. TERRORISM FINANCING

Terrorism financing may be defined as i) the provision, collection or holding of funds ii) intended for use or knowing that may be used iii) in the planning, preparation or practice of a terrorist act.

Unlike money laundering, where the fundamental purpose of the money launderer is to conceal the origin of funds, in terrorism financing the main objective of the perpetrator is to conceal the destination of the funds. Therefore, funds directed towards terrorism financing may have either a licit or illicit origin. For this reason, coupled with the fact that the amounts involved are typically small, the detection of terrorist financing operations is particularly complex.²

National law foresees terrorist financing as a criminal offence by virtue of the provisions laid down in Article 5-A of Law No 52/2003 of 22 August 2003.

4. MAIN PRINCIPLES

Given the damaging impact that money laundering and terrorist financing cause on society there is an urgent need to combat these illegal conducts. The financial system is one of the leading instruments used by perpetrators to commit these crimes. Thus, financial institutions have an increased responsibility to mitigate the risk of occurrence of such events. Banco Português de Fomento assumes the obligation to tackle money laundering and terrorist financing through the adoption of certain principles and best practices.

4.1. Control

The Bank possesses and enforces effective procedures and controls designed to manage money laundering and terrorist financing risks and comply with legal and regulatory requirements on the prevention of money laundering and terrorist financing. Such procedures are proportional to the nature, size and complexity of the Bank's activity and are aligned with current legislation.

4.2. KYC and Due Diligence

In a moment prior to the establishment of a business relationship BPF takes appropriate measures to know and identify its potential customers, their representatives and beneficial owners. The due diligence process involves obtaining identification documents and information about the purpose and nature of the business relationship as well as the origin and destination of the funds.

BPF adopts enhanced due diligence measures when facing situations defined by law as high risk such as remotely onboarding a client or when a Politically Exposed Person is involved.

² <http://www.portalbcft.pt/pt-pt/content/financiamento-do-terrorismo>



The Bank does not establish business relationships with entities that facilitate the anonymity namely entities that have their capital represented by bearer shares and shell banks.

Business relationships are reviewed periodically to ensure timeliness, accuracy and completeness of the information previously collected. The frequency of information update is defined accordingly to each customer's risk score.

4.3. Suspicious Activity Report

In the event of a suspicion that certain funds regardless the amounts involved are the proceeds of a criminal activity or related to terrorist financing the Bank immediately files a Suspicious Activity Report with the competent authorities. Compliance with the obligation to file a Suspicious Activity Report is ensured by the Compliance Department.

4.4. Refrain

BPF refrains from performing any present or future operation knowing or suspecting that it may be associated with funds originating from a criminal activity or destined to terrorism financing.

4.5. Refusal

The Bank refuses to enter into business relationships, carry out occasional transactions or other operations when it fails to obtain 1) the identification and means for verifying the identity of its customers, their representatives and beneficial owners or 2) information on the nature, object and purpose of the business relationship.

4.6. Record-Keeping

All documents associated to the establishment and development of a business relationship are kept under the terms and conditions determined by law. This documentation is kept and organized so that it can immediately be made available to the competent authorities.

4.7. Enhanced Due Diligence

The Bank performs Enhanced Due Diligences when facing conducts, activities or operations characterised by elements that make such events likely to be associated with funds originating from criminal activities or terrorist financing.

The outcome of the Enhanced Due Diligences performed is kept in writing in accordance with the terms and conditions previously mentioned regardless originating a Suspicious Activity Report.



4.8. Cooperation

BPF fully cooperates with any request received from the authorities. The Bank is committed to respond within the deadline and through the proper channel to any request of information executed by the authorities. Compliance with the obligation to cooperate with the authorities is ensured by the Compliance Department.

4.9. Non-disclosure

Banco Português de Fomento and its employees are legally required to not disclose to their customers/partners and third parties any information regarding Suspicious Activity Reports and internal or judicial investigations, except as otherwise provided by law.

4.10. Training

The Bank provides regular training to Directors and employees so they have an adequate knowledge of legal obligations.

In case of new joiners whose responsibilities are directly relevant to the prevention of money laundering and terrorist financing the Bank provides them appropriate training immediately after admission.

Training records are kept under the terms and conditions legally established.

4.11. Sanctions

The Bank is legally bound to comply with the international sanctions regimes adopted by the United Nations Security Council and the European Union involving i) freezing of assets belonging to listed persons or entities, ii) arms embargoes and iii) economic sanctions or restrictions concerning specific sectors of economic activity. Appropriate consultation mechanisms have been adopted by the Bank to achieve this goal.

4.12. Whistleblowing

BPF offers secure and anonymous whistleblowing channels to ensure that reports of violations of law, internal procedures and deontological principles are received and treated adequately.

5. INTERNAL CONTROL

The Bank possesses a sound and effective internal control system composed by the (i) Internal Audit, (ii) Risk Management and (iii) Compliance Departments.



Banco Português de Fomento promotes a culture that encourages a positive and constructive attitude towards risk control and compliance within the Bank and a robust and comprehensive internal control framework. As part of this framework, BPF possesses internal control functions with appropriate and sufficient authority, structure and direct access to the management body to fulfil their mission.

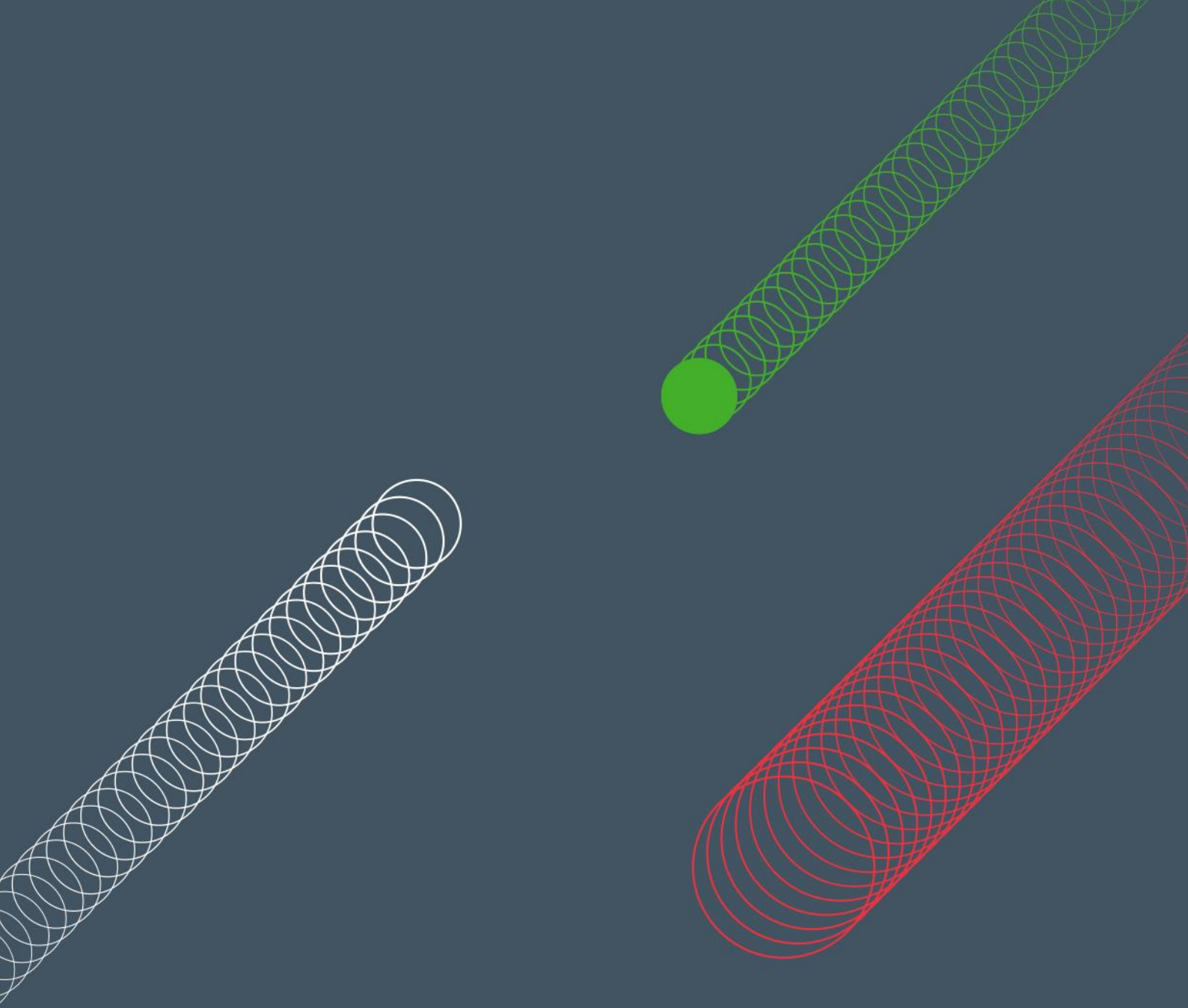


APPENDIX I – LEGAL FRAMEWORK

Legal Document	Subject
Council Directive (EU) 2016/2258 of 6 December 2016	access to anti-money-laundering information by tax authorities
Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015	prevention of the use of the financial system for the purposes of money laundering or terrorist financing
Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015	information accompanying transfers of funds
Law 97/2017 of 23 August 2017	regulates the implementation and enforcement of restrictive measures adopted by the United Nations or the European Union and establishes the penalties applicable to infringements of these measures
Law 92/2017 of 22 August 2017	requires the use of a specific means of payment in transactions involving amounts equal to or greater than EUR 3000
Law 89/2017 of 21 August 2017	approves the Legal Regime of the Central Register of Beneficial Ownership
Law 83/2017 of 18 August 2017	establishes measures to combat money laundering and terrorism financing
Law 58/2020 of 31 August 2020	transposes European Directive 2018/843 of the European Parliament and the European Council of 30th May 2018, that alters the European Directive 2015/849 relative to the prevention of the use of the financial system for money laundering purposes or the financing of terrorism and European Directive 2018/1673 of the European Parliament and the European Council of 23rd October 2018 relative to combating money laundering via criminal law.
Law 52/2003 of 22 August 2003	sets forth measures to combat terrorism
Decree-Law 298/92 of 31 December 1992	approves the Legal Framework of Credit Institutions and Financial Companies



Portuguese Penal Code	whose Article 368-A typifies the laundering crime
<i>Regulatory (Banca de Portugal)</i>	
Notice 3/2020 of 15 July 2020	internal governance and control systems of institutions and establishing the minimum standards for organizational culture.
Notice 2/2018 of 26 September 2018	governs enforcement conditions, procedures, instruments, mechanisms, enforcement measures, reporting obligations and other aspects necessary for ensuring compliance with obligations for the prevention of money laundering and terrorist financing, within the activities of financial entities subject to the Bank's supervision, as well as the means and mechanisms necessary for such entities to comply with the duties enshrined in Law No 97/2017, and also the measures that payment service providers must adopt to detect transfers of funds with missing or incomplete information on the payer or payee
Notice 8/2016 of 30 September 2016	establishes the duties of registration and communication to the Bank of Portugal of payment operations, corresponding to payment services, whose beneficial owner is a natural or legal person having its head office in an offshore jurisdiction
Notice 7/2009 of 16 September 2009	prohibits credit granting to entities having their head office in an offshore jurisdiction considered as non-cooperative or whose ultimate beneficiary is unknown



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