

ANTI-MONEY LAUNDERING

Focusing on the best practices in the industry, and in compliance with national laws, our Bank has developed a system in order to prevent being used for money laundering and terrorist financing, consisting of an organizational structure, an operational structure, policies and procedures, which have been compiled in a Manual.

The **organizational structure** of Anti-Money Laundering and Countering the Financing of Terrorism consists of the following bodies:

The **Board** is the highest authority of the Bank in terms of AML/CFT.

The **Anti-Money Laundering Commission** is composed of two Directors, the General Manager and the Compliance Officer.

The **AML Operational Committee** is composed of the Compliance Officer, the Sales and Distribution Assistant General Management and the Executive Managements of the areas involved in each topic to be dealt with.

The **Compliance Officer**, appointed by the Board, belongs to the Senior Management of the Bank. The appointment of this Officer is notified to the Central Bank of Uruguay, entity regulating the national financial system.

The **Anti-Money Laundering Unit**, led by the Compliance Officer, designs the policies, procedures and controls necessary for proper AML/CFT risk management throughout the Bank's business structure.

The mandate of all such bodies was compiled in the AML/CFT Manual, available in the website of our Bank: www.brou.com.uy (PLA/FT).

The **operational structure** of AML/CFT consists of:

- AML/TF Risk Management System - SARLAFT
- Customer Acceptance Policy
- Customer Due Diligence Policies and Procedures
- Transactions Monitoring System
- Reporting Process for Unusual and/or Suspicious Transactions
- Financial Transactions Reporting to the Central Bank of Uruguay
- Policies and Procedures regarding Correspondent Banks
- Policies and Procedures regarding the Staff
- Independent Review of the Prevention System

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In 2015 prevention work continued in search of greater effectiveness and efficiency of the system, keeping the risk approach. To this end, and in compliance with the latest regulatory requirements, a software tool was developed allowing to enter information online about transactions made by customers who manage third party funds through their accounts. This system, administered by the Preferential Due Diligence Office (a specialized area of the Anti Money Laundering Unit for controlling this type of customers), puts our Bank at the forefront of regulatory compliance and service to our customers.

Like every year, a new version of the Manual on AML/CFT Policies was revised and adopted, introducing operational and policy settings aimed at achieving the best practices in the industry.

As for staff training, the plan of visits scheduled for 2015 was successfully followed. The UPLA (AMLU) team of trainers reached 22 Bank branches across the country, providing direct training to staff and officials at their workplaces. Four talks were also conducted in different regions of the country, and two in Montevideo for the staff of branches and units of Executive Investment Banking. There were induction courses for newly hired officials. UPLA officials continued their training by taking part in courses and events.

There were compliance monitoring and risk assessment visits to the New York branch, and remote checks of the Sao Paulo and Buenos Aires branches, risk mitigation plans and actions were agreed with them in order to properly enforce the existing rules.

At the regional level, the Bank has continued with its policy of integration and participation in Latin American bodies specializing in the prevention of ML/TF. The Compliance Officer is at present the Vice Chair of the Committee for the Prevention of Money Laundering and Terrorist Financing (COPLAFT) of the Latin American Federation of Banks (FELABAN). He has also participated as a speaker at numerous regional and international events.

