



## Bank of Valletta

Office of the Company Secretary

House of the Four Winds,

Triq I-Imtiehen, Il-Belt Valletta VLT 1350 - Malta

T: (356) 2131 2020 F: (356) 2275 3711

E: [customer-care@bov.com](mailto:customer-care@bov.com) **bov.com**

BOV/292

### **COMPANY ANNOUNCEMENT**

Following a meeting of the Board of Directors, it was decided to issue the following Company Announcement pursuant to the Malta Financial Services Authority Listing Rules:

#### **Quote**

Reference is made to recent reports in the media regarding alleged deliberate breaches of anti-money laundering regulations by BOV.

The bank once again refutes in the strongest possible terms that it deliberately breached any law or regulation, and invites any person who has concerns regarding the bank's conduct to raise such concerns with the appropriate supervisory authorities. The bank takes all comments made by the regulators very seriously and responds, in as comprehensive a manner as possible, to explain its action in particular cases which may be raised from time to time by regulators. Our relationship with all regulators is a very professional one as we share the commitment to prevent people using the bank for illegitimate purposes.

The local and international financial landscape is changing rapidly. Political instability in neighbouring North African states, the wave of banking and financial regulation and the internationalisation of the Maltese economy are game-changers for the local banking sector. BOV is taking all the necessary measures to face these challenges by strengthening its anti-financial crime defences in the shortest possible time.

One such measure is the ongoing due diligence review of financial intermediaries which do business with the bank; this exercise has led to the termination of around 70 intermediary relationships over the past year. In the last several months the bank has terminated hundreds of banking relationships many of which were established in the past decade and beyond. This exercise of continuous due diligence will continue in the coming months, and more relationships may have to be terminated if and when there is evidence that they may not be meeting the bank's expectations in terms of proper standards of conduct.

Other measures include the setting up of an Anti-Financial Crime (AFC) Department, with responsibilities which stretch much further than the traditional prevention of money laundering and funding of terrorism function; the recruitment of a considerable number of employees for its Risk, Compliance and AFC functions; and the tightening of its Customer Acceptance Policy which, ironically enough, has led to widespread complaints from practitioners that the bank is being excessively slow in on-boarding new customers.

In taking these and other measures, the bank is being guided by expert external consultancies, including 'Big Four' audit firms and international firms specialised in gaming regulation. In the past three years the bank commissioned three in-depth independent expert reports on its anti-financial crime process and shared the findings of these reports with the local and EU regulators. The process of implementing the recommendations of these reports is now in progress. Anti-money laundering issues are also a regular item of discussion at board and management committee level.

The bank's objective is not to make short term profits, but to ensure long term sustainability. Its primary concern is qualitative, and not quantitative. It will therefore continue to make the necessary investments in people, training and IT in order to protect the stability of the bank itself, and of the local financial services sector.

**Unquote**

**Dr. Ruth Spiteri Longhurst B.A., LL.D.**  
**Company Secretary**

26 May 2016