

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

NEW YORK STATE BANKING DEPARTMENT  
NEW YORK, NEW YORK

|                                   |   |                            |
|-----------------------------------|---|----------------------------|
| _____                             | ) |                            |
| Written Agreement by and among    | ) |                            |
|                                   | ) |                            |
| INTESA SANPAOLO S.p.A.            | ) | Docket No. 06-030-WA/RB-FB |
| Turin, Italy                      | ) | 06-030-WA/RB-FBR           |
|                                   | ) |                            |
| INTESA SANPAOLO S.p.A.            | ) |                            |
| NEW YORK BRANCH                   | ) |                            |
| New York, New York                | ) |                            |
|                                   | ) |                            |
| FEDERAL RESERVE BANK OF NEW YORK  | ) |                            |
| New York, New York                | ) |                            |
|                                   | ) |                            |
| and                               | ) |                            |
|                                   | ) |                            |
| NEW YORK STATE BANKING DEPARTMENT | ) |                            |
| New York, New York                | ) |                            |
| _____                             | ) |                            |

WHEREAS, Intesa Sanpaolo S.p.A., Turin, Italy (the “Bank”), a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)), and the New York State-licensed branch of the Bank, located at 1 William Street, New York, New York (the “New York Branch”), are taking steps to address deficiencies relating to compliance by the New York Branch with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”) policies and procedures, including the Bank Secrecy Act (“BSA”) (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); the AML requirements of Regulation K of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. §§ 211.24(f)

and 211.24(j)); and those of the New York State Banking Department (the “Department”) (3 N.Y.C.R.R. Part 300);

WHEREAS, the New York Branch provides correspondent banking services to its correspondent banks, including non-U.S. banks and the Bank’s non-U.S. branches and affiliates, and also conducts U.S. dollar funds transfer clearing, and examiners have identified compliance and risk management deficiencies at the New York Branch in these operational areas;

WHEREAS, it is the common goal of the Board of Governors, the Federal Reserve Bank of New York (the “Reserve Bank”), the Department, the Bank, and the New York Branch to ensure that the Bank and the New York Branch fully address all deficiencies in the New York Branch’s AML policies and procedures, customer due diligence practices, risk management processes, and internal control environment; and

WHEREAS, on February 20, 2007, the management board of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Corrado Passera, Managing Director and Chief Executive Officer, and Carlo Persico, Executive Vice President and Chief Executive Officer for the Americas, to enter into this Written Agreement (the “Agreement”) on behalf of the Bank, and Gianluca Corrias, Senior Vice President and General Manager, to enter into this Agreement on behalf of the New York Branch, and consenting to compliance by the Bank, the New York Branch, and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u) and 1818(b)(4)), with each and every provision of this Agreement.

NOW, THEREFORE, the Reserve Bank, the Department (collectively, the “Supervisors”), the Bank, and the New York Branch hereby agree as follows:

## **Primary Contact**

1. Within 10 days of this Agreement, the Bank and the New York Branch shall designate an officer to be responsible for coordinating and submitting to the Supervisors the written programs, plans, policies, procedures, and engagement letter required under the terms and conditions of this Agreement.

## **Anti-Money Laundering Compliance**

2. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written BSA/AML compliance program for the New York Branch that is designed to improve the New York Branch's internal controls to ensure compliance with all applicable provisions of the BSA and the rules and regulations issued thereunder, including the requirements of Regulation K of the Board of Governors (12 C.F.R. § 211.24(j)), and with 3 N.Y.C.R.R. Part 300. The program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA and the rules and regulations issued thereunder. At a minimum, the program shall include:

- (a) Improvements to the New York Branch's system of internal controls for correspondent banking and funds transfer clearing activities, including controls to ensure compliance with all recordkeeping and reporting requirements;
- (b) policies and procedures designed to ensure identification and verification of the identity of account holders in accordance with applicable regulations;
- (c) controls designed to ensure compliance with all requirements relating to correspondent accounts for non-U.S. persons;
- (d) an assessment of legal and reputational risks associated with the New York Branch's correspondent banking and funds transfer clearing activities; and

(e) adequate resources for the BSA/AML compliance officer, including sufficient staffing levels, to implement and maintain an effective program for compliance by the New York Branch with all applicable BSA/AML requirements and the institution's internal policies and procedures.

### **Suspicious Activity Reporting and Customer Due Diligence**

3. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or suspected violations of law against or involving the New York Branch and suspicious transactions at the New York Branch to law enforcement and supervisory authorities as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

(a) A methodology for assigning risk levels to the New York Branch's customer base, including correspondent account holders, that considers factors such as type of customer, type of product or service, and geographic location;

(b) a risk-focused assessment of the New York Branch's customer base that:

(i) identifies the categories of customers whose transactions and banking activities are routine and usual; and

(ii) determines the appropriate level of enhanced due diligence necessary for those categories of customers that pose a heightened risk of conducting potentially illicit activities at or through the New York Branch;

- (c) for each customer who requires enhanced due diligence, procedures to:
  - (i) determine the appropriate documentation necessary to verify the identity and business activities of the customer; and
  - (ii) understand the normal and expected transactions of the customer;
- (d) a timetable for the completion of the full remediation of all accounts for customer due diligence and enhanced due diligence that the New York Branch has undertaken;
- (e) for correspondent accounts established, maintained, administered, or managed in the United States for a non-U.S. financial institution (including any non-U.S. branch or affiliate of the Bank), procedures that are designed to ensure compliance with applicable due diligence and other requirements (including the provisions of 31 C.F.R. §§ 103.176 and 103.177) and that, at a minimum, provide for:
  - (i) obtaining and maintaining appropriate information about the respondent, its business operations, markets served, customer base, and its AML procedures, particularly with regard to its customer relationships that may present a heightened risk of money laundering or other concerns; and
  - (ii) ensuring that correspondent banking services provided by the New York Branch are reviewed and approved by appropriate levels of management, and are subject to appropriate ongoing review; and
- (f) establishment of procedures and appropriate monitoring criteria to ensure proper detection and timely reporting of all known or suspected violations of law and suspicious transactions, including, but not limited to:
  - (i) effective monitoring of customer accounts and transactions, including transactions conducted through correspondent accounts;

- (ii) appropriate participation by New York Branch senior management in the process of identifying, reviewing, and reporting potentially suspicious activity;
- (iii) adequate escalation of information about potentially suspicious activity through appropriate levels of management;
- (iv) adequate procedures to ensure the timely and complete preparation and filing of Suspicious Activity Reports and Currency Transaction Reports; and
- (v) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns.

### **Training**

4. Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan to improve the current BSA/AML training of all appropriate personnel at the New York Branch. The training should extend to all aspects of regulatory and internal policies and procedures relating to BSA/AML requirements, and shall include measures to ensure that the training is sufficiently tailored to the particular needs of each department of the Branch. The plan should provide for the training to be updated on a regular basis to reasonably ensure that all appropriate personnel are trained in the most current legal requirements and the New York Branch's risk management processes.

### **Transaction Monitoring System**

5. (a) Within 45 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan, including a timetable, for completing necessary improvements to the New York Branch's current transaction monitoring system. The plan shall also include a methodology for testing the improved transaction

monitoring system to determine that the system is effective.

(b) Within 60 days of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors acceptable written policies and procedures for the monitoring of customer accounts and transactions that are designed to effectively manage legal and reputational risks and ensure compliance with regulatory requirements. The acceptable policies and procedures shall take effect upon the determination by a competent independent outside consultant acceptable to the Supervisors that the improved transaction monitoring system is fully effective. Documentation to support the determination that the improved transaction monitoring system is fully effective shall be retained for subsequent supervisory review.

#### **Transaction Review**

6. Within 30 days of this Agreement, the Bank and the New York Branch shall jointly engage a qualified independent firm (the "Independent Firm") acceptable to the Supervisors to conduct a review of account and transaction activity to determine whether suspicious activity involving accounts or transactions at, by, or through the New York Branch was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the "Transaction Review") and to prepare a written report detailing the Independent Firm's findings (the "Independent Firm's Report"). The Transaction Review shall cover the time period from January 1, 2006 to June 30, 2006. Based on the Supervisors' evaluation of the Transaction Review, the Supervisors may, in their discretion, direct the Bank and the New York Branch to extend the Transaction Review to include time periods subsequent to January 1, 2004, with the scope and methodology for any such extension to be determined in the same manner as described in paragraph 7 of this Agreement.

7. Within 10 days of the engagement of the Independent Firm, but prior to the commencement of the Transaction Review, the Bank and the New York Branch shall jointly submit to the Supervisors for approval an engagement letter that sets forth:

(a) The scope of the Transaction Review, including the types of accounts and transactions to be reviewed;

(b) the methodology for conducting the Transaction Review, including any sampling procedures to be followed;

(c) the expertise and resources to be dedicated to the Transaction Review;

(d) the anticipated date of completion of the Transaction Review and the Independent Firm's Report; and

(e) a commitment that supporting material associated with the Transaction Review will be made available to the Supervisors upon request.

8. Upon completion of the Transaction Review, the Bank and the New York Branch shall provide to the Supervisors a copy of the Independent Firm's Report at the same time that the report is provided to the Bank and the New York Branch.

9. Throughout the Transaction Review, the Bank and the New York Branch shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

### **Approval, Implementation, and Progress Reports**

10. (a) The Bank and the New York Branch shall jointly submit written programs, plans, policies, procedures, and an engagement letter that are acceptable to the Supervisors within the applicable time periods set forth in paragraphs 2, 3, 4, 5, and 7 of this Agreement. An Independent Firm acceptable to the Supervisors shall be retained by the Bank and the New York

Branch within the period set forth in paragraph 6 of this Agreement.

(b) Within 10 days of approval by the Supervisors, the Bank and the New York Branch shall adopt the approved programs, plans, policies, procedures, and engagement letter. Upon adoption, the Bank and the New York Branch shall implement the approved programs, plans, policies, and procedures and thereafter fully comply with them.

(c) During the term of this Agreement, the approved programs, plans, policies, procedures, and engagement letter shall not be amended or rescinded without the prior written approval of the Supervisors.

11. Within 10 days after the end of each month following the date of this Agreement, the Bank and the New York Branch shall jointly submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. Management responses to any audit reports covering BSA/AML matters prepared by internal and external auditors shall be included with the progress reports. The Supervisors may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

## **Notices**

12. All communications regarding this Agreement shall be sent to:

- a. Mr. Daniel Muccia  
Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
- b. Mr. David S. Fredsall  
Deputy Superintendent  
New York State Banking Department  
One State Street  
New York, New York 10004

- c. Mr. Corrado Passera  
Managing Director and Chief Executive Officer  
Intesa Sanpaolo S.p.A.  
Piazza San Carlo 156  
10121 Turin, Italy
  
- d. Mr. Carlo Persico  
Executive Vice President and  
CEO for the Americas  
Intesa Sanpaolo S.p.A.  
New York Branch  
One William Street  
New York, New York 10004
  
- e. Mr. Gianluca Corrias  
Senior Vice President and General Manager  
Intesa Sanpaolo S.p.A.  
New York Branch  
One William Street  
New York, New York 10004

**Miscellaneous**

13. The provisions of this Agreement shall be binding on the Bank, the New York Branch, and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

14. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Supervisors.

15. Notwithstanding any provision of this Agreement, the Supervisors may, in their sole discretion, grant written extensions of time to the Bank and the New York Branch to comply with any provision of this Agreement.

16. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Supervisors, or any other federal or state agency from taking any further or other action affecting the Bank, the New York Branch, or any of their current or former institution-affiliated parties or their successors or assigns.

