

The Policies and Procedures described herein are applicable to and by the universe of Crédito Agrícola Financial Group companies.

1. Identification of the laws and regulations dealing with the issues of Anti-Money Laundering and Know Your Customer as well as the entities involved in reporting, enforcement and supervision

Applicable legislation, instructions and regulations:

- Law 83/2017, dated 18, August, 2017, which establishes the forms of prevention and repression of money laundering;
- Regulation 2/2018 issued by Banco de Portugal, which establishes the applicable rules to prevent money laundering that financial institutions must adopt and enforce and also the rules to be adopted for the opening of accounts, identification of customers and necessary documentation.
- Portuguese Securities Commission (CMVM) Regulation 2/2007, republished by CMVM Regulation No. 12/2018, which establishes the rules to be followed by Financial Institutions in the realm of their activity as financial intermediates, including procedures for account opening, commercial relations and AML.

Entities involved in communication and reporting of incidents:

- Financial Crimes Unit of the Portuguese Investigating Police and Public Attorney
Reporting of potentially suspect incidents
- Banco de Portugal
Statistical reporting on the AML activity

2. Description of current KYC Policies, including information on account opening procedures for retail banking, corporate and correspondent accounts, documentation requirements, identification of beneficial owners, verification of source of funds, and understanding the expected activity

The opening of accounts is carried out in accordance with Regulation 2/2018 issued by Banco de Portugal, as well as internal norms i) Customer and Account Management Norm and ii) Anti-Money Laundering and Terrorist Financing Norm, among others.

Procedures for the opening of accounts, including documentation requirements, are defined in both mentioned internal norms.



Procedures on the verification of the origin of funds are defined in the internal norm regarding AML/CFT.

3. Inclusion of limitations on account openings in certain industries or geographic regions in the Know Your Customer policies

Existing limitations are those outlined in Regulation 2/2018 issued by Banco de Portugal as well as the Crédito Agrícola Mútuo Legal Regime.

There are also limitations regarding entities domiciled in countries that are mentioned in lists published by Banco de Portugal.

4. Description of procedures for updating and reviewing customer information (including verification of customer information, customer on-site visits, required documentation or information)

Information is reviewed from time to time, according to the customer AML risk, within the scope of prevention procedures defined in internal norms. Additionally, and as business relations so justify, the customer's activity, and other characteristics are analyzed and the respective information is updated.

The request for information is made directly to the customer, the banks the customer works with and/or information industry companies such as Dun & Bradstreet and other sources of information.

5. Description of customer risk assessment program, including the procedure for updating the assessment of the customer and associated transactional risk.

Customer risk assessment procedures are defined in the mentioned internal norms.

Within the scope of general commercial relations, control is undertaken by the respective Account Managers, receiving specific and regular training on the subject of prevention of money laundering and combat of terrorist financing. In the realm of compliance risk, the Compliance Department carries out analyses and control verifications, so as to minimize the associated risk.



6. **Description of AML Policies and description of procedures for monitoring account activity of retail banking, corporate and correspondent customers. “Red flags” for certain types of transactions or activity (including: a) sudden unexplained change(s) in banking habits or activity, b) use of multiple accounts to collect funds that are then transferred to the same beneficiaries, c) transactions involving a high volume of incoming or outgoing wire transfers, with no logical or apparent purpose, that come from, go to, or transit through, locations of concern, wire transfers by charitable organizations to companies located in countries known to be bank or tax havens, d) transfer of funds to a commercial account with no logical relationship or connection to the sender of the funds, e) transactions inconsistent with usual and customary business or personal practices).**

The control process is thoroughly detailed in internal norm regarding AML/CFT.

The prevention and control process includes various points, automatic controls coexisting with manual ones:

- Data processing based on the execution of transactions that reflect the relationship between customer and institution are set up in such a way as to issue alerts, both immediate and for long range verification and control independent from transactions, involving various organizational structures.
- Data processing systems issue specific reports for purposes of the analysis and verification of potentially suspicious transactions, taken both as isolated incidents or interrelated events such as amounts, currency, country, product type, activity.

7. **Description of regulatory reporting requirements for suspicious account activity and for large cash transactions**

Banco de Portugal’s Regulation 5/2008 on Internal Control foresees the annual elaboration of an Internal Control Report; in it, and in the AML report, under Banco de Portugal’s Regulation 2/2018, must necessarily be included the description of the AML prevention procedures set up by the institution, including the procedures that regard account movements in suspicious accounts and transactions of any isolated or aggregate amount above EUR 15,000.00.

Communications regarding suspicious operations must be addressed to the competent authorities and must include, among other, information on:

- Identification of the person(s) involved in the transaction, as well as their respective activity.



- The characteristics and details of the transaction (amount(s), timeframe(s), justification(s) presented by the customer, reasons for the suspicion, means and instruments of payment used).

Regulation (Portaria) N.º 310/2018, dated December 4, issued by Justice Ministry, defines a set of types of transactions, essentially related to transactions valued at more than € 50,000,00, and with risk jurisdictions, which must be monthly reported to the Public Ministry and the Financial Information Unit

8. How are new account openings and the movement of funds of entities that are on the embargo or control lists of the Portuguese government, other governments and/or the UN monitored?

Procedures for the opening of accounts are well defined in Banco de Portugal's Regulation 2/2018, duly reflected in internal norm on Customer and Account Management Norm.

Banco de Portugal issues lists of entities, including sovereign states and territories, which are the object of embargoes or which are included in international lists for verification/control purposes. Such lists are divulged internally through the intranet, for both consultation and control.

Caixa Central issues lists of alerts regarding risk entities through the intranet.

The data processing system issues daily reports on all new accounts, which are controlled by the Compliance Department.

When there are associated accounts, the movement of funds control is carried out in accordance with the control procedures defined for all other cases.

9. Description of the role of Crédito Agrícola's Compliance Department concerning AML and KYC laws and regulations, the development of internal policies, and the ensuring of compliance with such regulations and policies. Title of the person responsible for the AML Compliance program and to whom does such person report

The mission of the Compliance function within the scope of money laundering prevention and KYC policies is assured by the Compliance Department, which General Manager (and Head of Compliance) reports directly to the Executive Board of Directors, without prejudice of its independence.



The Compliance Department ensures compliance with AML and KYC laws and regulations, developing internal policies and procedures, and carrying out its implementation.

10. Description of Crédito Agrícola's training programs in place for AML and KYC

Training is both internal and external. Internal training is given directly by the Compliance Department; external training, specifically designed for Crédito Agrícola, is the responsibility of the same Compliance Department, but in conjunction with various external entities such as the Bank Training Institute, the Portuguese Investigating Police and others, and includes documentation on the subjects.

When joining the institution, all new employees undergo a specific training programme, which includes AML and KYC modules; this initial training is complemented or updated later.

11. If accounts for correspondent banks are maintained, what information is required on the types of transactions and on their customers, prior to establishing an account, or in order to maintain an account?

The prevention process is defined in the internal norm that pertains to the opening of accounts and the internal norm regarding money laundering prevention, the control process being identical to the one previously described. Main information required relates to the identification, activity and origin of funds.

Correspondent banks AML policies and procedures, as well as the geographic risk, FATF or other international organizations assessments, and the effectiveness of supervision, are analysed before establishing an account and as long as the account is maintained.

12. Are accounts for offshore banks or shell banks maintained? If "yes", what is the explanation?

No.

13. Do third parties have direct access (by providing checks or other means) to Crédito Agrícola's correspondent accounts (i.e. are third party direct payments made possible through special arrangements without the knowledge of the correspondents?)

No.



14. What are the major issues challenging the banking system in Portugal today regarding AML and KYC? Are there industry forums to discuss the issues? Has Crédito Agrícola attended or participated in any AML conferences?

Numerous and very significant conferences and seminars on AML and KYC have taken place, some initiated by the Public Attorney, others by the Portuguese Investigating Police in conjunction with the Ministries of Justice and Finance and others purely non-State sponsored affairs. In all these events, a vast number of types and forms of suspicious transactions and operations are referred and typified and most are included in Banco de Portugal's Regulation 5/2013.

15. Description of the national laws and regulations governing disclosing client information to third parties

In addition to legislation on AML and KYC, there is also specific legislation on:

- Personal data protection
- Bank secrecy

In a very small nutshell, present legislation states that banks are not allowed to disclose any type of data on its customers, except as pure statistic non-individualized data, and no entities whatsoever, except for the existence of a judicial warrant for the purpose, can access personal data of a bank's customers. However, for AML/CFT purposes, some information must be disclosed when transactions are processed, or may be shared in order to detect suspicious activity.

16. Is Crédito Agrícola in compliance with Portuguese AML and KYC regulations or other applicable global/regional AML programs? Is the Compliance program subject to review and/or approval by a regulatory or supervisory authority?

All internal procedures and norms regarding AML and KYC, including the previously mentioned norms, were designed and are in absolute compliance with applicable Portuguese legislation, programs and limitations being imposed.

As referred in point 7, the Internal Control annual report and the specific AML report sent to Banco de Portugal includes the description of the internal prevention processes and procedures, these being thus known and acknowledged by Portugal's financial supervisory authority.



Crédito Agrícola complies with all the previously mentioned legislation, instructions and regulations, which it has duly and timely transposed into internal norms and divulged at head office level and throughout its branch network.

Helena Aparício

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