Sector policy – Private Banking

Principles

- No site located in uncooperative or sensitive countries
- The Group's Code of Ethics is applied and adapted to local law for all employees (France and abroad)
- Product marketing in strict compliance with regulations for cross-border activities in the customer's country of residence, with strengthened prior control performed by compliance departments
- Knowledge of beneficiaries and beneficial owners and prohibition of anonymous accounts
- Certification of customers' tax compliance with their country of residence
- Creation of a specific Committee reporting to the entity's executive board to approve and monitor sensitive customers
- Implementation of an appropriate risk control system

Introduction

Private banking activities are fully tied to the economic development of the Crédit Mutuel Alliance Fédérale Group[1] in line with its values and rules for business ethics and professional conduct. In particular, transactions related to structuring customers' assets must not encourage concealment, fraud or tax evasion. More generally, cross-border activities, particularly advice and marketing, are conducted in strict compliance with current laws and standards in the customer's country of residence.

This private banking sector policy is binding on all the affected Group entities in France and abroad. It requires approval by the decision-making bodies of Caisse Fédérale de Crédit Mutuel, BFCM, CIC and each entity affected.

Conditions for developing private banking activities

The Group does not open offices in uncooperative countries or those with significant shortcomings in combatting money laundering, terrorist financing or tax fraud. In particular, an office cannot be opened in a country on the internal red list[2]. In practice, opening or acquiring a representative office, branch or subsidiary, or acquiring a business, particularly in a sensitive country, must receive prior approval from Crédit Mutuel Alliance Fédérale Senior Management.

Employees of entities conducting private banking activities, in France and abroad, must comply with the provisions of the Group's Code of Ethics, adapted to local law as applicable. Private external managers must be authorised by a competent authority in their country of residence and subject to internal control by the entity. The same rules are applied to customers put forward by external managers and to the entity's customers.

[1] Federations that are members of Caisse Fédérale de Crédit Mutuel, CIC Group regional banks, their subsidiaries, branches in France and abroad, and the associated Crédit Mutuel federations.

[2] The internal list of risk countries is kept up to date and circulated to all Group entities by the central compliance unit (Group Compliance). The 'red' list includes countries with significant shortcomings in combatting money laundering and/or uncooperative conduct based on criteria communicated by governmental and international bodies (FATF, UN, etc.).

The activities are conducted in strict compliance with local regulatory provisions and the Group's ethical requirements. French regulatory standards related to combatting money laundering, fraud or corruption are applied in cases where they are more restrictive.

Conditions for conducting activities in the entity

The Group's entities involved have adopted a risk classification appropriate to their activities, that takes account of the specific nature of the private banking business. The classification is based on relevant risk criteria relating to the characteristics of customers, their place of residence, the nature of the products and services offered, the distribution channels used and the conditions under which transactions are carried out.

They implement due diligence measures appropriate to the risks presented by their business relationships. Vigilance measures are intensified for high-risk customers. Pursuant to regulations combatting money laundering, terrorist financing and tax fraud, the entities involved immediately refer any doubt about a customer's activity to the competent authority.

Prospecting in a country other than where the entity is located must comply with current regulations in the prospect's country of residence. If local legislation allows advice to be given to a non-resident customer at the customer's request, it may not relate to methods to circumvent the regulations, in particular for purposes of concealment, fraud, tax evasion or any other illegal activity. Personal asset management is offered in strict compliance with current regulations in the customer's country of residence based on a system common to the entities concerned, established under the authority of the Group Private Banking business line. The products and services offered undergo strengthened prior compliance checks, in particular to confirm they meet the provisions of this sector policy.

The Group's entities engaged in private banking activities have adopted an appropriate internal control system, particularly to ensure that: the specific risk analysis was conducted rigorously and in advance: where necessary, the procedures in place have been modified appropriately; and regular risk is implemented with sufficient resources. The Group's central Permanent, Periodic and Compliance control departments are authorised to oversee all the entities involved.

Conditions for customer approval

The information needed to understand the business relationship, and the related documentation, are specified appropriately and proportionately by the internal procedures. Information about private banking customers is detailed, updated and examined regularly: reason for onboarding, knowledge of tax residence, consideration of the various parties to the business relationship, in particular people acting on the behalf of the customer and beneficial owners, information on the expected operation of accounts, origin and destination of the funds contributed/managed, the activity, income, source of the assets and customers' financial position.

Relationships are prohibited with structures whose beneficiaries or beneficial owners are not formally identified. Anonymous accounts are prohibited. Non-resident customers must certify tax compliance with their country of residence for funds deposited or transferred into the Group entity involved. All documentation and supporting documents requested from customers are retained by the entity.

Customers residing in a country included in the internal red list and politically exposed people undergo a process to examine and give prior approval to the relationship, which falls to the executive management of the entities involved. To this end, the entities involved establish a specific committee to approve prospects and examine customers' positions periodically. The Committee's decisions are documented and followed up.