

ANTI-MONEY LAUNDERING POLICY (AML) OF GROUPE BANQUE POPULAIRE

BANQUE CENTRALE POPULAIRE

PUBLIC LIMITED COMPANY WITH A CAPITAL OF MAD 660.982.476,00.
GOVERNED BY ROYAL DECREE N°1.00.70 ISSUED ON OCTOBER 17TH 2000 (ACT N°12-96)
ADDRESS: 101, BOULEVARD MOHAMED ZERKTOUNI. B.P. 10.622-20.100. CASABLANCA, MOROCCO. PHONE:+212.22.20.25.33/
22.22.41.11 - TELEX : BANCEPO 21.723/23.078 - FAX : +212.22.22.26.99/22.20.19.32. SWIFT: BCPO MAMC

www.GBP.ma

SUMMARY

PREAMBLE

I. PRESENTATION

- I.1. Groupe Banque Populaire
- I.2. Legal environment

II. TERMS OF THE AML POLICY

- II.1. Purposes
- II.2. Principles
- II.3. Extent
- II.4. Approbation

III. FRAME OF AML MANAGEMENT

- III.1. Know Your Customer¹ rules
- III.2. Vigilance rules
- III.3. Internal monitoring
- III.4. Due diligence
- III.5. Cooperation

IV. AML ORGANIZATION AND SYSTEM

- IV.1. Structures
- IV.2. Information system
- IV.3. Group declination
- IV.4. Training
- IV.5. Reports
- IV.6. Information keeping
- IV.7. Governance
- IV.8. Internal control
- IV.9. Control authority

ANNEXES

- Annex 1 : Glossary
- Annex 2 : AML-GBP questionnaire

¹ KYC : *Know Your Customer*

PREAMBLE

In application of the legal and regulatory provisions governing anti-money laundering in Morocco, the present policy² represents the formulation of **principles and rules** of management adopted by the Groupe Banque Populaire (GBP)) as well as **the operational systems** used.

The enforcement measures of this policy, in addition to those in force relating to the obligation of vigilance; will be defined and disclosed in consultation with colleagues, the supervision authority and the Financial Information Process Unit³.

I. PRESENTATION

I.1. Groupe Banque Populaire

GBP is a financial and banking group that consists of the organizations of Credit Populaire du Maroc (CPM), their branches and foundations.

CPM is a group of banks established by the royal decree n°1.60.232 issued on February 2nd, 1961 and reorganized by Act n°12-96 issued on October 17th, 2000. It consists of:

1. **Banque Centrale Populaire (BCP)**, which is a credit establishment in the form of a public limited company with a board of directors, and with a fixed capital held by :
 - the Public Treasury for 40.42%;
 - Banques Populaires Régionales (BPR) for 18.84%;
 - Office Chérifien des Phosphates (OCP) for 6.62%;
 - the staff of Crédit Populaire du Maroc (CPM) for 4.30%;
 - various shareholders (including the floating exchange) for 30.02%.

² This policy is also a declination of terms of the Group Conformity Charter.

³ Cf. Decree of the Law application n ° 43-05 governing this Unit.

BCP is the central banking organization of the Group and on this account it is responsible, among other things, for refinancing the Banques Populaires Régionales, the treasure management and the common shared services as well as the centralization of the statutory statements. BCP is an investment and corporate finance bank.

- 2. Banques Populaires Régionales (BPR)**, which are cooperative banks with a variable capital held mainly by the customers-shareholders. They are each organized with a supervisory board and a board of directors, which are namely in charge of the development of the banking activity in terms of their respective territorial divisions.

The 11 BPRs and the BCP form the organizations of the CPM and run the largest banking network in Morocco.

CPM is put under tutelage of a Management Committee, which is a collegial authority composed of representatives of BCP's board of directors and the BPR's supervisory boards. This committee is in charge namely of general orientations, as well as administrative, technical and financial control of the organization, and the Group's management.

GBP has subsidiaries and foundations in different fields related to its diversification and external growth strategy, such as bank, finance, stock exchange, leasing, consumer credit and insurance. (www.gbp.ma)

I.2. Legal environment

The regulation corpus governing Know Your Customers obligations, vigilance and anti-money laundering in Morocco, is composed of:

- The royal decree n°1.07.79 issued on April 17th, 2007 setting up the Law n° 43-05 relating to "anti-money laundering policy"⁴ ;
- The Royal decree n°1.96.83 issued on August 1st, 1996 including Law n° 15-95 forming "Code of commerce" (article 488);
- The royal decree n° 1-03-140 issued on June 05th, 2003 including promulgation of the Law n°03-03 relating to "fighting terrorism" ;
- The circular n°41/G of Bank Al-Maghrib⁵ issued on August 02nd, 2007 relating to "the obligation of vigilance incumbent upon the credit institutions" ;
- The specific conditions applicable to funds transfer intermediaries (FTI), published in the decree n°5558 issued on 06/09/2007 and the implemented measures enacted by Bank Al-Maghrib in its circular 37/G/2007 and n°05/2007.

⁴ Law 43-05 is the VI A of the chapter IX of the part I of the book III of the Penal Code promulgated by Dahir n°1-59-413 issued on November 26th, 1962.

⁵ An authority of supervision and regulation of the banking system in Morocco.

This system adopts the 49 recommendations of the GAFI/FATF relating to anti-money laundering policy (40 general recommendations of 1996-2003) and the financing of terrorism (9 special recommendations of 2001-2004), to which the Kingdom subscribes according to the UN conventions.

II. TERMS OF THE GBP AML POLICY

II.1. Purposes

The GBP AML Policy aims at establishing the **client relationship** with the external partners (clients, banks, outsources), on the basis of sound banking practices in conformity with the applicable laws, regulations and norms.

It is also in line with the commercial and financial development strategy of the Group, based on the increase in performance and safety.

This policy is declined in terms of principles, rules of management, and in terms of operational devices and measures which aim at preventing and managing any risk of anti-money laundering.

II.2. Principles

The GBP AML policy is based on the following principles:

1. respect and agreement with legal and regulatory provisions and norms in force governing anti-money laundering policy and the financing of terrorism in Morocco;
2. definition and implementation of formalized management measures and rules regarding customer identification and KYC ;
3. monitoring and follow-up of client operations, namely those presenting significant risks ;
4. internal organization of the monitoring processes and regulatory intelligence (identified and dedicated structures, AML information systems, process of centralizing the information...);
5. keeping and updating the documentation relating to customers and their operations ;
6. raise awareness of the staff and ensure training to techniques of identifying and preventing suspicious operations;
7. due diligence and cooperation with regulation and control authorities (Bank Al-Maghrib, Financial Information Treatment Unit and judiciary authorities) ;
8. non establishment of business relations (partnership agreements, agreements on opening of account, shareholdings...) with correspondents and organizations operating in countries that do not implement a legislation on anti-money laundering according to the GAFI classification or with the Shell-banks and banks without physical presence;
9. non-opening of anonymous accounts, in conformity with the above-mentioned legal and regulatory provisions and with the know you customer's rules ;

10. non establishment of account relationships with customers whose official identity is not certain, or who refuse to provide the requested official documents ;
11. specific treatment and diligences regarding the official lists of the local authorities, the UN, the Office of Foreign Assets Control (OFAC), the EU and any other authority recognized by the GAFI;
12. specific diligences regarding transactions relating the financing of terrorism.

II.3. Extent

According to the provisions of Law 43-05/2007 and the circular of Bank Al-Maghrib n°41-G/2007, the terms of the present policy are applied to all organizations and subsidiaries of GBP in Morocco and abroad, such as presented hereinbefore.

Subsidiaries, branches and organizations of the Group abroad apply the local provisions as regards anti-money laundering policy and terrorism financing, and respect the prescriptions of the present policy when they are more restrictive than those of the hosting countries.

II.4. Approbation

According to Article 2 of the above-mentioned circular of Bank Al-Maghrib, the present GBP anti-money laundering policy and its management rules are submitted for the prior approbation of the CPM Management Committee and the Group's subsidiaries boards of directors.

This system is in line with review and periodic adaptation process to the evolution of the regulatory context and the Group's activities.

III. Frame of GBP AML Management

III.1. Know Your Customer rules (KYC)

a) Identification rules:

1. The **client** is either a physical person or legal entity which establishes (or has the intention of establishing) commercial relations with the bank, in accordance with the code of commerce and the banking Law, and for which the bank should have all official documents allowing it to be sure of its real existence and to receive all the information needed for its identification and to come to know him.
2. GBP organizations have to receive the **information** allowing the identification of any person who resorts to their services for the execution of any operation, even punctual, such as funds or cash transfers.

3. When opening an account, or starting a relationship with the client, an interview report is established with the applicant and, if necessary, with his representative, so as to be sure of their identity and to receive any useful information and documents relating to the applicants' activities and to the environment in which they act. The **interview reports** are conserved in the clients' folders.
4. **The account opening file** is established in the name of each client, **physical person and legal entity**, in view of obtaining the required documents for the identification of each customer's information (national identity number, resident card, passport, status, etc...)

b) Qualification of the correspondents and foreign organizations

The above identification elements are also applicable to foreign correspondents and financial fund transfer intermediaries. The Group organizations should also make sure that :

- Their correspondents are subject to regulation concerning anti-money laundering and the financing of terrorism at least equivalent to those applicable in Morocco, and that their system of vigilance, are regularly evaluated by the supervision authority ;
- The financial funds transfer intermediaries with whom they establish relationships respect the national provisions applying to funds transfer.

At this level, the Group has prepared a GBP AML questionnaire that is transmitted, for completion, to all international correspondents and intermediaries on the occasion of each relationship establishment or renewal. (cf. annex 2)

Revisions of this questionnaire are subject to a specific study in the light of the GAFI recommendations and the national legislation regarding anti-money laundering and fund transfers.

On the other hand, the Group abides by the international norms and fills out all AML questionnaires received from the correspondents and partners abroad duly completed by the Group's Compliance Officer. (Cf. www.gbp.ma)

III.2. Vigilance rules: follow-up and control of the customer's operations

1. For each client category or profile, monitoring thresholds are established, beyond which operations may be considered as unusual and suspicious and should be subject to a deep investigation (checking, documentation...) by branches and structures in charge of supervision.
2. The unusual and suspicious operations include also operations which:
 - Do not seem to have any economic justification or any lawful evident background;

- Are ordered with unusual frequency or concern amounts which highly exceed the usual operations made by the client ;
 - Appear in unusual conditions of complexity.
3. Specific vigilance is intended for:
- financial operations held by certain professional intermediaries (Funds Transfer intermediaries, currency exchange offices, real estate companies, casinos...) for their own account and for the account of their clients;
 - operations executed by persons domiciled at a third party's address or who frequently change the address ;
 - accounts of physical persons held by representatives ;
 - The clients' operations presenting a high risk profile, namely, persons holding or having publicly exposed functions.
4. Conditions for opening new accounts and the fund transfers of significant importance are subject to a centralized control materialized by a transmission of information to the Group's Compliance Function. This allows the bank to make sure that any information relating to the concerned clients are available and that the executed transfers do not concern operations of unusual or suspicious nature.

III.3. Internal control

A structure intended for the management of the internal vigilance and anti-money laundering system exists at the level of the Compliance function of the Group. It is in charge of :

- Insuring the link with the Financial Information Treatment Unit ;
- Centralizing and examining the reports of branches on operations seen as unusual or suspicious found daily by the vigilance system of the Group ;
- Insuring a specific follow-up of the accounts recording operations considered as unusual or suspicious ;
- Informing regularly the board of directors about clients presenting a high risk profile.

The GBP entities are also provided with compliance functions or nominated relevant functions, responsible for compliance monitoring and anti-money laundering within the framework of a centralized system.

III.4. Due diligence

The vigilance and anti-money laundering management structure within the Group's Compliance function, is the only one entitled to present **suspicion claims** to the Unit as defined by the Law 43-05 relating to anti-money laundering policy.

This structure prepares also the periodic regulatory reports on the AML activity of GBP, intended for the supervision authority and the Group governance organs.

III.5. Cooperation

The GBP cooperation process regarding anti-money laundering policy and financing terrorism, takes place through:

- The conformity diligences in relation with requests and requisitions of the national control and regulatory authorities, the international authorities, registered correspondents or foreign organizations;
- The processing of the official foreign lists (UN, OFAC, EU...);
- The organization of annual review meetings with the regional organizations such as FATF-MENA ;
- The exchange of information, training and experiences with the local partners and international organizations.

IV. ORGANIZATION AND AML SYSTEM

IV.1. Structures

GBP has a pyramidal structure for management of due diligence activity and anti-money laundering policy, within the framework of a centralized device.

IV.2. Information system

The Group organizes its anti-money laundering information system around two axes :

- A transactions screening system against the official lists ;
- A customer profiling system and continuous monitoring of the transactions and accounts.

IV.3. Group harmonisation

The GBP AML system is organized in a centralized way according to the same norms and management rules, which are adapted to the specificities and activities of each Group entity, in accordance with the Group dimension principle.

IV.4. Training

The Group's staff, directly or indirectly concerned by the implementation of the legal and regulatory obligations relating to vigilance and anti-money laundering policy, is appropriately trained.

The staff is particularly aware of the risks and responsibilities their institution would be confronted with in case of unlawful practices.

IV.5. Reports

Within the framework of the supervision and management of anti-money laundering activity, the Group's conformity function has to draw up three types of reports:

- A half-yearly report to Bank Al-Maghrib, after the approbation of the Group governance entities, on the **typology of operations** having been declared suspicious and/or classified as being unusual or suspicious ;
- An annual report to the supervision authority, after the approbation of the governance entities, on the **practice of compliance** which reserves a specific chapter to anti-money laundering ;
- The **reports** to the attention of the Unit.

IV.6. Information keeping

During ten years, the Group organizations have to keep all documentary evidences relating to the executed operations with their clients starting from their execution date, pursuant to the regulation in force.

They also keep for the same period of time, the documents including information on :

- Their clients, starting from the closing date of their accounts or the termination of business with them ;
- The operations applicants.

The organization of the files' keeping should allow to recreate any transaction and to communicate within the required time limits, the information requested by the specialized authorities.

IV.7. Governance

The GBP AML governance system is structured around the following committees:

- The CPM Management Committee : the Group's ruling committee which ratifies the AML policy, the operational systems and reports ;
- The supervisory and direction boards of CPM's organisations (BCP and BPRs) and their subsidiaries : approval and validation decision-making authorities ;
- The risk management and compliance committee : decision making and supervisory authority ;
- The Group compliance function : monitoring, coordination and co-operation authority ;
- The compliance functions and/or relevant functions at the level of the Group's organizations : monitoring and management authorities.

IV.8. Internal control

The activity of vigilance and anti-money laundering is subjected to internal control obligations, in particular :

- The system of identification, measuring and control of the risk of money laundering risk ;
- The vigilance and anti-money laundering operational systems.

IV.9. Control authorities

The national control and supervision authorities of the anti-money laundering system in banks are :

- The Financial Information Treatment Unit (UTRF) whose authorisations, missions and prerogatives have been formulated by the Law 43-05 and will be governed by application decree ;
- The banking supervisory authority: Bank Al-Maghrib ;
- The judiciary authority and any other authority acting under the mandate or diligence of the Unit.

Done on June 22nd, 2009 in Casablanca

M. Mohamed BENCHABOUN

**PRESIDENT OF THE MANAGEMENT COMMITTEE OF
CRÉDIT POPULAIRE DU MAROC**

ANNEXES

ANNEX 1. GLOSSARY

- **Anti-money laundering (AML)** : Anglo-Saxon term indicating anti-money laundry of capitals (LAB)
- **Bank Al-Maghrib (BAM)** : supervision and control authority of the finance institutions in Morocco, according to the provisions of the banking Law n°34-03/2006.
- **Money laundering**: the process that consists in reconverting products (funds) of an unlawful nature (criminal) to possessions which underlying crime cannot be discovered. (Cf. for more information on infractions and generating facts, refer to the first article of the law 43-05 relating to anti-money laundering).
- **GAFI/FATF** : Financial Action Task Force is an intergovernmental organization which aims at thinking up and developing, at the national and international level, some policies of anti-money laundering and financing terrorism. The FATF tries hard to increase the needed political willing for amending at the national level laws and regulations in the domains of its competence. The FATF controls the achieved advances by its members, examines the accurate techniques and counter-measures for money laundering and financing terrorism, and encourages the passing and the implementation of the adequate measures at the international level. The FATF has many branches among which FATF-MOAN in the Middle East and the North Africa.
- **Know Your Customer (KYC)**: formalized policy which imposes measures and rules of management adopted by the institution as regards its client relation qualification, according to the regulations and laws in force.
- **Money laundering processes**: the international committees list three stages to this process :
 - **Investment**: is the conversion of unlawful funds into legal products (precious metals, monetary investments...)
 - **Layering**: consists of the transactions structuring through crossed transfers, and cross-border transfers between financial places... this stage consists in separating products from their illegal origin having recourse to multiple or complex financial transactions.
 - **Integration**: is the process of investing the funds coming from the layering stage (financial, stock exchange, real estate, tourist investments, and luxury industry...) (cf. www.fatf-gafi.org)
- **FITU** : financial information treatment unit in Morocco. An organization that is in charge of anti-money laundering and terrorism financing (Cf. section 3 of law 43-05).

ANNEX 2. AML / GBP QUESTIONNAIRE

Section I – General information	
Name of the financial institution (FI)	
Legal form	
Address	
Date of incorporation	
Banking license number	Please provide copy of the license
Legal status	Please provide copy of the legal status
Main activities of the FI	<ul style="list-style-type: none"> ▪ ▪ ▪ ▪
Banks references	<u>Name of the bank:</u> Address:..... Tel / fax:..... E-mail:..... <u>Name of the bank:</u> Address:..... Tel / fax:..... E-mail:.....
Web Site	
Ownership structure	<input type="checkbox"/> list in addendum or <input type="checkbox"/> Web Site
Members of the Board of Directors	<input type="checkbox"/> list in addendum or <input type="checkbox"/> Web Site
Local and foreign branches	<input type="checkbox"/> list in addendum or <input type="checkbox"/> Web Site

Section II Anti Money Laundering (AML) and Anti Terrorism Financing (ATF) policies and procedures	
1- Is your institution subject to a national regulatory authority?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If your answer is « Yes », please provide the name of the regulatory authority:	
2- Did your country enact legislation and regulation for anti-money laundering (AML) and anti-terrorism financing (ATF)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If your answer is « Yes », please provide a copy of these regulations.	
If your answer is « No », please provide explanations:	
3- Do these regulations/ legislation comply with all the GAFI recommendations? If your answer is « No », please indicate recommendations which not comply.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4- Do you have a Compliance Officer in charge of AML and ATF prevention?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If your answer is « Yes », please provide her / his contact details: Name:..... Address:..... Tel / fax:..... E-mail:.....	
5- Does your institution have AML and ATF procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6- Do your AML and ATF procedures comply with your national regulation/ legislation and with the GAFI recommendations? If your answer is « No », please indicate recommendations which not comply.	<input type="checkbox"/> Yes <input type="checkbox"/> No
7- Does your AML and ATF policies and procedures require to:	
- Recognize and check the true identity of customers and checking their legitimacy before transacting any business with them?	<input type="checkbox"/> Yes <input type="checkbox"/> No
- Recognize and check the true identity of walk-in customers?	<input type="checkbox"/> Yes <input type="checkbox"/> No

- Monitor client activity to detect suspicious transactional activity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
- Report suspicious activities and transactions to the appropriate AML and ATF authority?	<input type="checkbox"/> Yes <input type="checkbox"/> No
- If your answer is « Yes », please provide the name of this authority.	
- Protect the agents of the institutions in charge of reporting to the authority	<input type="checkbox"/> Yes <input type="checkbox"/> No
- Keep all the records related to customer identification and their transactions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
- If your answer is « Yes », please indicate for how long you keep them:	
8- Does your institution make sure that the AML and ATF procedures are well applied by your local and foreign branches?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If your answer is « No », please provide explanations:	
9- Has your bank developed an Internal Audit Function in order to test the system for prevention of AML and ATF?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10-Has your institution provided AML and ATF training to the employees?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11-Does your institution conduct business or maintain currently accounts with shell banks?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12-Does your institution open or maintain anonymous accounts?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13-Does your institution comply with the GAFI's seventh special recommendation on terrorism financing? If your answer is « No », please indicate recommendations which not comply.	<input type="checkbox"/> Yes <input type="checkbox"/> No
14-Does your institution applies an enhanced due diligence regarding Politically Exposed Persons?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15-Does your institution applies an enhanced due diligence regarding the use of new technology to deal with customers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16-Does your institution make sure that it only operates with financial institutions that possess licenses to operate in their countries of origin?	<input type="checkbox"/> Yes <input type="checkbox"/> No
17-Does your institution make sure that the AML and ATF international regulation is respected by their ?	<input type="checkbox"/> Yes <input type="checkbox"/> No
18-Does your institution carry out some of its functions to other companies?	<input type="checkbox"/> Yes <input type="checkbox"/> No

If your answer is « Yes », please indicate if you make sure that these companies respect your AML and ATF policies and procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No
19-Has your institution been subject to sanctions or punitive actions related to AML and ATF during the past five years?	<input type="checkbox"/> Yes <input type="checkbox"/> No

The information provided above is a true declaration of the Institution named in section I and was completed by a person who is authorized to do it.

Authorized signature: Name: Title: Address: Tel / fax: E-mail:	Date:
---	--------------