

Prospectus summary



ISSUE OF PERPETUAL SUBORDINATED BONDS WITH LOSS-ABSORPTION MECHANISM AND CANCELLATION OF PAYMENT OF THE INTEREST

TOTAL AMOUNT OF THE ISSUE: 1 000 000 000 MAD

	Tranche A (revisable every 10 years - unlisted)	Tranche B (annually revisable unlisted)
Ceiling	1 000 000 000 MAD	
Number of securities	10 000 perpetual subordinated bonds	
Nominal value	100 000 MAD	
Tradability of securities	Over the counter <i>(Strictly reserved for qualified investors under Moroccan Law)</i>	
Rate	Revisable every 10 years, for the first 10 years the rate will be determined with reference to the secondary curve rate of the 10-years Treasury Bills as published by Bank Al Maghrib on June 16, 2017, plus a risk premium	Annually, for the first year the rate will be determined with reference to the full 52-week rate determined on the basis of the BDT secondary market benchmark curve as published by Bank Al-Maghrib on 16 June 2017 plus a risk premium
Risk premium	Between 325 pbs and 375 pbs	Between 300 pbs and 325 pbs
Principle repayment	Subject to the agreement of Bank Al-Maghrib and carried out linearly over a minimum period of 5 years	
Repayment guarantee	The present issue is not the subject of any guarantee	
Maturity	Perpetual, with the possibility of early repayment starting from the fifth year, upon the request of the borrower only, subject to a notice of a minimum period of five years and after the agreement of Bank Al Maghrib	
Allocation method	French tendering method	

SUBSCRIPTION PERIOD: FROM JUNE 19, 2017 TO JUNE 21, 2017

The subscription of these bonds and their trading on the secondary market are strictly reserved for investors qualified under Moroccan law as listed in this prospectus

CONSULTING BODY	CENTRALIZING BODY IN CHARGE OF THE PLACEMENT
	

Approval of the Moroccan Stock Market Authority (AMMC)

In accordance with the provisions of AMMC circular, delivered in application of Section 14 of Dahir (Royal Decree) related to law no. 1-93-212 dated September 21st, 1993 as amended and supplemented, the original copy of the present prospectus has been approved by AMMC on June 9th 2017 under reference no. VI/EM/013/2017.

DISCLAIMER

The Moroccan Authority of Capital Markets (AMMC) approved, on June, 9th, 2017, a prospectus summary related to the issue of subordinated bonds by BMCE Bank. The perpetual subordinated bond is distinguished from the classical bond, on the one hand, by the rank of claims contractually defined by the subordination clause and by its indefinite duration. The effect of the subordination clause is to condition, in the event of the liquidation of the issuer, repayment of the loan to the satisfaction of all other debts including subordinated bonds with a fixed maturity that have been issued and which could be issued later. In addition, the attention of potential investors is drawn to the fact that an investment in subordinated perpetual bonds is subject to the risk of depreciation of the nominal value of securities and cancellation of interest payments.

The prospectus approved by the AMMC is at the disposal on the AMMC website: www.ammc.ma

I. PRESENTATION OF THE OPERATION

The present bond issue is governed by Dahir No. 1-14-193 of 1st Rabii I 1436 promulgating Law No. 103-12 on credit institutions and similar institutions (Banking law), Law 1-93-212 of September 21, Law 17-95 relating to public limited companies as amended and supplemented, Circular 14 / G / 2013 Of Bank Al-Maghrib on the calculation of the regulatory capital of credit institutions (in particular Article 20 on additional capital instruments) and the circular of the CMMA.

I. Operation regulatory framework

At its meeting of March 27, 2017, the Board of Directors decided to request the Ordinary General Meeting of Shareholders to authorize the issuance of a perpetual subordinated bonds for a total amount of one billion four hundred million dirhams (1,400,000,000 MAD).

The Ordinary General Meeting, held on May 23, 2017, having heard the Report of the Board of Directors, has authorized the Board of Directors to carry out one or more issues of perpetual subordinated bonds with loss-absorbing clauses governed by The provisions of articles 292 to 315 of Law No. 17-95 relating to public limited companies, as amended and supplemented, and by the circular of Bank Al Maghrib No. 14 / G / 13 (in particular article 20 relating to additional equity instruments) Up to a ceiling of one billion four hundred million dirhams (1,400,000,000 DH).

The issue (s) so authorized shall be made by way of a public offering, in one or more tranches, within a maximum period of five (5) years.

The amount of the subordinated bond may be limited to the amount subscribed by investors in compliance with the provisions of article 298 of Law 17-95 relating to public limited companies.

Pursuant to article 294 of Law No. 17-95 relating to public limited companies, as amended and supplemented, the Ordinary General Meeting has delegated to the Board of Directors all powers to:

- To decide the authorized subordinated bond issue (s) and to determine the terms and the final nature thereof;
- Definitively carry out the authorized subordinated issue (s);
- And in general, take all appropriate measures, all in accordance with the legal and regulatory conditions in force.

On June 8, 2017, pursuant to the powers granted to it by the Ordinary General Meeting of May 23, 2017, the Board of Directors decided to issue perpetual subordinated bonds for an amount of 1 billion MAD (MAD 1,000,000,000) representing a part of the total authorized amount by the Ordinary General Meeting on May 23, 2017.

The Ordinary General Meeting has decided that the amount of the perpetual subordinated bond may be limited to the amount subscribed by investors under the conditions provided for in article 298 of Law No. 17-95 relating to public limited companies.

The terms of the transaction as decided by the Board of Directors held on June 8, 2017 are set out in detail in this prospectus.

The table below sets out the authorization to issue subordinated bonds and the amounts that may be raised by BMCE Bank of Africa in respect of this issue:

OGA authorizing the operation	Authorization	Part consumed	Remainder
OGA of May 23, 2017	1,4 Billion MAD	-	-
June 2017 issue	-	1.0 Billion MAD	0.4 Billion MAD

Source : BMCE Bank of Africa

II. Operation objectives

Through this operation, BMCE Bank of Africa aims to achieve the following objectives:

- Strengthen existing regulatory capital and therefore strengthen the Tier 1 capital ratio and BMCE Bank of Africa's solvency ratio;
- Finance the day-to-day operations relating to the exercise of the business of BMCE Bank of Africa;
- Financing international development of BMCE Bank of Africa;
- Support the development plan in Morocco, Europe and sub-Saharan Africa.

In accordance with Bank Al-Maghrib Circular 14/G/2013 on the calculation of the regulatory capital of credit institutions, funds raised through this transaction shall be classified as additional Tier 1 capital.

III. Offer structure

BMCE Bank of Africa is planning to issue 10,000 perpetual subordinated bonds with a nominal value of 100,000 MAD. The total amount of the operation amounts to one billion MAD (1,000,000,000 MAD) distributed as follows:

- Tranche "A" with a perpetual maturity, at a rate adjustable every 10 years, not listed on the Casablanca Stock Exchange, with a ceiling of 1,000,000,000 MAD and a nominal value of 100,000 MAD;
- Tranche "B" with a perpetual maturity, at an annually adjustable rate, not listed on the Casablanca Stock Exchange, with a ceiling of 1,000,000,000 MAD and a nominal value of 100,000 MAD;

The total amount reserved for the two tranches must in no case exceed the sum of 1,000,000,000 MAD.

The present issue is reserved, both on primary and secondary markets, for qualified investors under Moroccan law: Collective Investment in Transferable Securities (UCITS), financial companies¹, credit institutions, insurance and reinsurance companies, the CDG and pension and retirement agencies.

Account-holders, brokers and other financial intermediaries must, under no circumstances, accept orders for purchases (on the secondary market) of the bonds covered by this information circular made by investors other than qualified investors listed in this Prospectus.

¹ As defined by article 20 of Law No. 103-12.

IV. Information relating to the securities to be issued

Disclaimer

A perpetual subordinated bond differs from ordinary bonds by the ranking of claims contractually defined by the subordination clause and by its indefinite duration. The effect of the subordination clause is to condition, in the event of the liquidation of the issuer, repayment of the loan and all other debts including subordinated bonds with a specified maturity that have been issued or which could be issued later. In addition, potential investors should note that an investment in perpetual subordinated bonds, purpose of this notice, is subject to the risk of depreciation of the nominal value, and the cancellation of interest payments².

Characteristics of Tranche A (Bonds with a revisable rate every 10 years, not listed on the Casablanca Stock Exchange)

Nature of Securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registering with the authorized affiliates and admitted to the registration with the central depository (Maroclear).
Legal form	Bearer perpetual subordinated bonds
Tranche ceiling	1,000,000,000 MAD.
Maximum number of securities to be issued	10,000 perpetual subordinated bonds.
Nominal value per unit	100,000 MAD.
Loan maturity	Perpetual, with the possibility of early repayment from the 5th year only upon the request of the borrower, subject to a minimum notice of five years and after the agreement of Bank Al Maghrib.
Subscription period	From 19 June 2017 to 21 June 2017 inclusive.
Possession date	June 23, 2017
Issue price	100%, i.e. 100,000 MAD at the date of subscription.
Allocation method	French tendering method
Nominal interest rate	<p>Revisable rate every 10 years</p> <p>For the first 10 years, the nominal interest rate is calculated through linear interpolation on the reference rates curve of the secondary market of the 10-year Treasury bills as published by Bank Al-Maghrib on 16 June 2017 plus a risk premium Between 325 bps and 375 bps (to determine the outcome of the closing of the subscription). This reference rate shall be published in a legal gazette on June 19, 2017.</p> <p>Over 10 years and for each 10-year period, the reference rate is the 10-year rate calculated from the secondary curve of Treasury bills as published by Bank Al-Maghrib, 5 working days preceding the last anniversary date of the coupon for each 10-year period, plus a risk premium which will be set at the end of the subscription period.</p> <p>For the first 10 years, the selected nominal interest rate will be published by BMCE Bank of Africa on June 23, 2017 in a legal gazette. Beyond this period and for each 10-year period, the nominal interest rate will be communicated to bondholders 5 business days before the anniversary date.</p>

² See Part VIII. Risk Factors - Section II. Risks related to perpetual subordinated bonds

Calculation method	<p>Beyond 10 years and for each 10-years period, the reference rate to be used shall be determined as follows:</p> <ul style="list-style-type: none"> ▪ The reference rate for subordinated securities will be calculated on the basis of the last 10-years Treasury Bill rate recorded or calculated by linear interpolation on the secondary market rate curve as published by Bank Al-Maghrib within 5 working days Preceding the last anniversary date of the coupon for each 10-years period. <p>The determination of the reference rate shall be carried out using the linear interpolation method using the two points surrounding the 10-years full maturity (actuarial basis).</p>
Risk premium	<p>Between 325 and 375 basis points.</p>
Interest	<p>Interest shall be paid annually on the anniversary dates of the possession date, i.e. June 23 of each year. Payment will be made on the same day or the first business day following June 23 if it is not a business day.</p> <p>Interest on perpetual subordinated bonds shall cease to accrue from the date on which the capital is repaid by BMCE Bank of Africa.</p> <p>BMCE Bank of Africa may, at its discretion and with the prior approval of Bank Al-Maghrib, decide to cancel (in whole or in part) payment of the amount of interest for an indeterminate period and on a non-cumulative basis, in order to meet its obligations (in particular following a request from Bank Al-Maghrib). As a result of this decision, any canceled interest is no longer payable by the issuer or is considered to be accumulated or due to the holders of perpetual subordinated bonds.</p> <p>In the event of cancellation of the payment of the amount of interest, the issuer must inform the holders of perpetual subordinated bonds and the AMMC within a period of no less than 60 calendar days prior to the payment date of this decision. Holders of perpetual subordinated bonds are informed by a notice published in a legal announcement journal stating the amount of canceled interest, the reasons for the decision to cancel payment of the interest amount and the corrective measures that have been adopted. No deferral of interest shall be possible in connection with this transaction.</p> <p>The distribution of interest can only come from distributable items and is not linked to the loan quality of BMCE Bank of Africa.</p> <p>BMCE Bank of Africa may decide, at its own discretion, to increase the amount of the coupon payable which will consequently exceed the coupon amount determined on the basis of the formula below. It shall inform the AMMC and the bondholders representative accordingly, and it will be published in a legal gazette.</p> <p>Interest shall be calculated using the following formula: [Nominal x Nominal rate].</p> <p>Interest shall be calculated on the basis of the last nominal amount as defined in the « Absorption of Losses » clause.</p>
Principal repayment	<p>The repayment of the capital is subject to Bank Al-Maghrib's agreement and is made on a straight-line basis over a minimum period of five years (refer to « early repayment » clause).</p>
Early repayment and redemption	<p>BMCE Bank of Africa undertakes not to proceed with the early redemption of the perpetual subordinated bonds subject of the present issue before a period of five years from the date of issuance. For over 5 years, early repayment of all or part of the capital may only be carried out upon the request of the issuer, subject to a minimum of five years notice and the approval of Bank Al-Maghrib.</p>

Any early repayment (total or partial) will be made in proportion to all the tranches of the perpetual subordinated bonds subject of the present issue on a straight-line basis over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early repayment, as soon as the early repayment decision is made with a notice at least sixty days before the date of the beginning of this repayment. These notices will be published in a legal notice journal and will specify the amount and duration and the start date of the reimbursement.

In the event of early repayment, the issuer must inform the AMMC.

The issuer can not repay the perpetual subordinated bonds, subject to this issue, in full or in part, until their nominal value is depreciated in accordance with the "Absorption of Losses" clause. In the event that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, becomes less than 6.0% of the risk-weighted assets, on an individual or consolidated basis during the repayment period, the later shall be carried out on the basis of the initial nominal value of the securities.

BMCE Bank of Africa is prohibited from redeeming perpetual subordinated bonds subject of the present issue as long as their nominal value is depreciated in accordance with the "Absorption of Losses" clause. The issuer is required to inform all holders of perpetual subordinated bonds subscribing to the present issue of any redemption procedure by a notice published in a legal notice journal specifying the number of bonds to be redeemed, the time and the price of the redemption. BMCE Bank of Africa will proceed to the pro rata redemption of the presented redemption orders (in case the number of securities presented exceeds the number of securities to be redeemed).

In the event of a merger, demerger or partial transfer of assets of BMCE Bank of Africa during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations in respect to the perpetual subordinated bonds shall be automatically forwarded to the substituting legal entity in the rights and obligations of BMCE Bank of Africa.

In the event of the liquidation of BMCE Bank of Africa, the capital repayment is subordinated to all other debts (refer to "Loan ranking").

Loss absorption

Securities are depreciated³ when the *Common Equity Tier 1* (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated by the amount corresponding to the differential between Tier 1 capital (theoretical Tier 1 capital) to reach 6.0% of risk-weighted CET 1 and CET 1 (after taking into account of the tax effect)⁴.

The aforementioned depreciation shall come into effect within a period not exceeding one month, by reducing the nominal value of the securities of the corresponding amount up to a minimum nominal value of 50 dirhams (in accordance with Article 292 of Law 17- 95 relating to public limited companies, as amended and supplemented).

³ A possible depreciation of the nominal value of the securities would enable BMCE Bank of Africa to recognize an exceptional income which would increase its net income, which would allow for an improvement in its equity.

⁴ The historical evolution of the ratio on basic own funds (CET 1) and the solvency ratio is presented in Section IX.5. Analysis of the main balance sheet items (for consolidated ratios) and in Section VIII.2.2. Risk Control - Solvency Ratios and Part VII. Risk Factors - Section II. Risks related to perpetual subordinated bonds (for corporae-based ratios).

At the end of each half-yearly period (semi-annual publication dates of solvency ratios) or on an extraordinary or interim calculation date requested by Bank Al Maghrib, the issuer should verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, meets the minimum level of 6.0% of weighted risks, on an individual and consolidated basis. To this end, BMCE Bank of Africa will ensure compliance with the requirements of the regulator for the reporting of solvency ratios through its semi-annual reports of the Consolidated Financial Statements (available on the issuer's website) guaranteeing the transparency of financial information. These publications shall be sent to the representative of the bondholders group comprising the holders of the perpetual subordinated bonds subject of the present issue, together with the regulator, and must contain details of the prudential ratios (Ratio of Tier 1 or CET1 and solvency ratio), the composition of regulatory capital and the allocation of risk weighted assets. As a result, the issuer shall publish, with the prior approval of its Board of Directors, its solvency within 18 months. This publication shall be made at each balance sheet date or at an interim date in the event of a material event affecting regulatory ratios.

If the minimum ratio of 6.0% is not met, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrib and the AMMC and send to the holders of perpetual bonds, Within 5 working days, a notice published in a legal journal specifying the occurrence of a trigger event for the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of loss calculation, the corrective measures that have been implemented and the date on which the depreciation takes effect.

Following a possible depreciation of the nominal value of the securities and if the financial situation of the issuer improves after requiring such depreciation, BMCE Bank of Africa may immediately trigger, with the prior approval of Bank Al-Maghrib, the valuation mechanism in whole or in part, of the nominal value which has been the subject of the depreciation.

The issuer must inform the holders of perpetual subordinated bonds, within one month, by notice published in a legal announcements journal of the decision to appraise the nominal amount, the calculation method and the effective date of that assessment.

In the case of there was other instruments with a loss-absorbing mechanism, the depreciation/appreciation of the nominal value shall be pro-rata among all instruments whose triggering threshold has been exceeded on the basis of last nominal value preceding the date of the triggering of the loss absorption mechanism.

Interest shall be calculated on the basis of the last par value prior to the coupon payment date (taking into account the depreciation/appreciation of the par value).

In the event of a depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.

Tradability of securities

Tradable over-the-counter.

The perpetual subordinated bonds of Tranche A may only be traded between qualified investors.

Anterior assimilation

There is no assimilation of perpetual subordinated bonds subject of Tranche A to the subordinated bonds and perpetual subordinated bonds of a previous issue by BMCE Bank of Africa.

Subsequent assimilation

In the event BMCE Bank of Africa subsequently issues new securities

	having in all respects rights identical to those of the present issue, the Company may, without requiring the consent of the holders, proceed with the assimilation of all securities of successive issues, thus unifying all operations relating to their management and negotiation.
Loan rank	<p>The share capital is subject to a subordination clause.</p> <p>The application of this clause does in no way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest.</p> <p>In the event of the liquidation of BMCE Bank of Africa, the perpetual subordinated securities of the present issue shall only be repaid after all preferred or unsecured creditors have been paid up.</p> <p>The present perpetual subordinated bonds shall be repaid only after all other subordinated borrowings which have been issued and which may subsequently be issued by BMCE Bank of Africa both in Morocco and abroad have been repaid.</p> <p>The refund shall be made on the basis of the lesser of the following amounts:</p> <ul style="list-style-type: none"> ▪ The initial reduced nominal value of the amount of any repayments previously made; ▪ The amount available after all preferred or unsecured creditors and subordinated debt holders that have been issued and which may subsequently be issued by BMCE Bank of Africa both in Morocco and abroad have been paid up.
Repayment guarantee	The present issue has not been subject to a special guarantee, of any nature whatsoever.
Rating	The present issue has not been subject to any rating request.
Representation of the bondholders body	<p>Pending the holding of Bondholders General Meeting, the Board of Directors held on June 8, 2017, designated Mr. Hamad Jouahri as a temporary representative of Tranche A and B bondholders, in accordance with the relevant statutory provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A and B of the present issue, grouped into one single body.</p> <p>In addition, BMCE Bank Board of Directors undertakes to call for a general meeting of bondholders to appoint a permanent representative of the bondholders' body within a period of one year, starting from the opening of the subscription period.</p>
Applicable law	Applicable law.
Competent court	Commercial Court of Casablanca.

Characteristics of Tranche B (Bonds with an annually revisable rate, not listed on the Casablanca Stock Exchange)

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with the central depository (Maroclear).
Legal form	Bearer perpetual subordinated bonds.

Tranche ceiling	1,000,000,000 MAD.
Maximum number of securities to be issued	10,000 perpetual subordinated bonds.
Nominal value per unit	100,000 MAD.
Loan maturity	Perpetual, with the possibility of early repayment from the 5th year only upon the request of the borrower, subject to a minimum notice of five years and after the agreement of Bank Al Maghrib.
Subscription period	From June 19, 2017 to June 21, 2017 inclusive.
Possession date	23 June 2017
Issue price	100%, i.e. 100,000 MAD at the date of subscription.
Allocation method	French tendering method.
Nominal interest rate	<p>Annually revisable.</p> <p>For the first year, the nominal interest rate is calculated through linear interpolation on the basis of the 52-week BDT secondary market benchmark rates curve (Monetary rate) as published by Bank Al-Maghrib on 16 June 2017 (excluding Risk premium), plus a risk premium of between 300 and 325 basis points (to determine the outcome of the subscription closing). This reference rate shall be published in a legal gazette on June 19, 2017.</p> <p>The nominal interest rate shall be published by June 23, 2017 by BMCE Bank of Africa in a legal notice journal.</p> <p>On each anniversary date, the benchmark rate is the full 52-week rate (money rate) determined by reference to the secondary curve of the Treasury bills published by Bank Al-Maghrib, 5 working days preceding each anniversary date.</p> <p>The reference rate thus obtained will be increased by a risk premium between 300 and 325 basis points (to be determined at the end of the subscription period) and will be communicated to the bondholders 5 working days prior to the anniversary date.</p>
Calculation method	<p>On each anniversary date, the reference rate to be withheld shall be determined as follows:</p> <ul style="list-style-type: none"> The reference rate of the subordinated securities shall be calculated on the basis of the last rate of the 52-week Monetary T-bills recorded or calculated by linear interpolation on the secondary market rate curve as published by Bank Al-Maghrib, Prior to each anniversary date. <p>This linear interpolation shall be carried out after the conversion of the rate immediately above the maturity of 52 weeks (actuarial basis) into an equivalent monetary rate.</p> <p>The calculation formula is:</p> $(((\text{Actuarial rate} + 1) ^ {k / \text{exact number of days} *}) - 1) \times 360 / k;$ <p>Where k: maturity of the actuarial rate to transform</p> <p>* Exact number of days: 365 or 366 days.</p> <ul style="list-style-type: none"> The rate thus obtained shall be increased by a risk premium of between 300 and 325 basis points (to be determine at the closing of the subscription).
Risk premium	Between 300 and 325 basis points.

Interest

Interest shall be paid annually on the anniversary dates of the possession date, i.e. June 23 of each year. Payment will be made on the same day or the first business day following June 23 if it is not a business day.

Interest on perpetual subordinated bonds shall cease to accrue from the date on which the capital is repaid by BMCE Bank of Africa. No deferral of interest shall be possible in connection with this transaction.

BMCE Bank of Africa may, at its discretion and with the prior approval of Bank Al-Maghrib, decide to cancel (in whole or in part) payment of the amount of interest for an indeterminate period and on a non-cumulative basis, in order to meet its obligations (in particular following a request from Bank Al-Maghrib). As a result of this decision, any canceled interest is no longer payable by the issuer or is considered to be accumulated or due to the holders of perpetual subordinated bonds.

In the event of cancellation of the payment of the amount of interest, the issuer must inform the holders of perpetual subordinated bonds and the AMMC within a period of no less than 60 calendar days prior to the payment date of this decision. Holders of perpetual subordinated bonds are informed by a notice published in a legal announcement journal stating the amount of canceled interest, the reasons for the decision to cancel payment of the interest amount and the corrective measures that have been adopted. No deferral of interest shall be possible in connection with this transaction.

The distribution of interest can only come from distributable items and is not linked to the loan quality of BMCE Bank of Africa.

BMCE Bank of Africa may decide, at its own discretion, to increase the amount of the coupon payable which will consequently exceed the coupon amount determined on the basis of the formula below. It shall inform the AMMC and the representative of bondholders accordingly, and it will be published in a legal gazette.

Interest shall be calculated using the following formula:

$[[\text{Nominal} \times \text{Nominal rate} \times (\text{exact number of days} / 360 \text{ days})]$.

Interest shall be calculated on the basis of the last nominal amount as defined in the « Absorption of Losses » clause.

Principal repayment

The repayment of the capital is subject to Bank Al-Maghrib's agreement and is made on a straight-line basis over a minimum period of five years (refer to « early repayment » clause).

Early repayment and redemption

BMCE Bank of Africa undertakes not to proceed with the early redemption of the perpetual subordinated bonds subject of the present issue before a period of five years from the date of issuance. For over 5 years, early repayment of all or part of the capital may only be carried out upon the request of the issuer, subject to a minimum of five years notice and the approval of Bank Al-Maghrib.

Any early repayment (total or partial) will be made in proportion to all the tranches of the perpetual subordinated bonds subject of the present issue on a straight-line basis over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early repayment, as soon as the early repayment decision is made with a notice at least sixty days before the date of the beginning of this repayment. These notices will be published in a legal notice journal and will specify the amount and duration and the start date of the reimbursement.

In the event of early repayment, the issuer must inform the AMMC.

The issuer cannot repay the perpetual subordinated bonds, subject of the present issue, in full or in part, until their nominal value is depreciated in

accordance with the “Absorption of Losses” clause. In the event that the Common EquityTier 1 (CET 1) ratio, as defined by Bank Al Maghrib, becomes less than 6.0% of the risk-weighted assets, on an individual or consolidated basis during the repayment period, the later shall be carried out on the basis of the initial nominal value of the securities.

BMCE Bank of Africa is prohibited from redeeming perpetual subordinated bonds subject of the present issue as long as their nominal value is depreciated in accordance with the “Absorption of Losses” clause. The issuer is required to inform all holders of perpetual subordinated bonds subscribing to the present issue of any redemption procedure by a notice published in a legal notice journal specifying the number of bonds to be redeemed, the time and the price of the redemption. BMCE Bank of Africa will proceed to the pro rata redemption of the presented redemption orders (in case the number of securities presented exceeds the number of securities to be redeemed).

In the event of a merger, demerger or partial transfer of assets of BMCE Bank of Africa during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations in respect to the perpetual subordinated bonds shall be automatically forwarded to the substituting legal entity in the rights and obligations of BMCE Bank of Africa.

In the event of the liquidation of BMCE Bank of Africa, the capital repayment is subordinated to all other debts (refer to “Loan ranking”).

Loss absorption

Securities are depreciated⁵ when the *Common EquityTier 1* (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated by the amount corresponding to the differential between Tier 1 capital (theoretical Tier 1 capital) to reach 6.0% of risk-weighted CET 1 and CET 1 (after taking into account of the tax effect)⁶.

The aforementioned depreciation shall come into effect within a period not exceeding one month, by reducing the nominal value of the securities of the corresponding amount up to a minimum nominal value of 50 dirhams (in accordance with Article 292 of Law 17-95 on public limited companies as amended and supplemented by Law 20-05).

At the end of each half-yearly period (semi-annual publication dates of solvency ratios) or on an extraordinary or interim calculation date requested by Bank Al Maghrib, the issuer should verify that the Common EquityTier 1 (CET 1) ratio, as defined by Bank Al Maghrib, meets the minimum level of 6.0% of weighted risks, on an individual and consolidated basis. To this end, BMCE Bank of Africa will ensure compliance with the requirements of the regulator for the reporting of solvency ratios through its semi-annual reports of the Consolidated Financial Statements (available on the issuer's website) guaranteeing the transparency of financial information. These publications shall be sent to the representative of the bondholders group comprising the holders of the perpetual subordinated bonds subject of the present issue, together with the regulator, and must contain details of the prudential ratios

⁵ A possible depreciation of the nominal value of the securities would enable BMCE Bank of Africa to recognize an exceptional income which would increase its net income, which would allow for an improvement in its equity.

⁶ The historical evolution of the ratio on basic own funds (CET 1) and the solvency ratio is presented in Section IX.5. Analysis of the main balance sheet items (for consolidated ratios) and in Section VIII.2.2. Risk Control - Solvency Ratios and Part VII. Risk Factors - Section II. Risks related to perpetual subordinated bonds (for corporae-based ratios).

(Ratio of Tier 1 or CET1 and solvency ratio), the composition of regulatory capital and the allocation of risk weighted assets. As a result, the issuer shall publish, with the prior approval of its Board of Directors, its solvency within 18 months. This publication shall be made at each balance sheet date or at an interim date in the event of a material event affecting regulatory ratios.

If the minimum ratio of 6.0% is not met, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrif and the AMMC and send to the holders of perpetual bonds, Within 5 working days, a notice published in a legal journal specifying the occurrence of a trigger event for the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of loss calculation, the corrective measures that have been implemented and the date on which the depreciation takes effect.

Following a possible depreciation of the nominal value of the securities and if the financial situation of the issuer improves after requiring such depreciation, BMCE Bank of Africa may immediately trigger, with the prior approval of Bank Al-Maghrif, the valuation mechanism in whole or in part, of the nominal value which has been the subject of the depreciation.

The issuer must inform the holders of perpetual subordinated bonds, within one month, by notice published in a legal announcements journal of the decision to appraise the nominal amount, the calculation method and the effective date of that assessment.

In the case of there was other instruments with a loss-absorbing mechanism, the depreciation/appreciation of the nominal value shall be pro-rata among all instruments whose triggering threshold has been exceeded on the basis of last nominal value preceding the date of the triggering of the loss absorption mechanism.

Interest shall be calculated on the basis of the last par value prior to the coupon payment date (taking into account the depreciation/appreciation of the par value).

In the event of a depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.

Tradability of securities

Tradable over-the-counter.

The perpetual subordinated bonds of Tranche B can only be traded between qualified investors.

Anterior assimilation

There is no assimilation of perpetual subordinated bonds subject of Tranche B to the subordinated bonds and perpetual subordinated bonds of a previous issue by BMCE Bank of Africa.

Subsequent assimilations

In the event BMCE Bank of Africa subsequently issues new securities having in all respects rights identical to those of the present issue, the Company may, without requiring the consent of the holders, proceed with the assimilation of all securities of successive issues, thus unifying all operations relating to their management and negotiation.

Loan rank

The share capital is subject to a subordination clause.

The application of this clause does in no way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest.

In the event of the liquidation of BMCE Bank of Africa, the perpetual subordinated securities of the present issue shall only be repaid after all

	<p>preferred or unsecured creditors have been paid up.</p> <p>The present perpetual subordinated bonds shall be repaid only after all other subordinated borrowings which have been issued and which may subsequently be issued by BMCE Bank of Africa both in Morocco and abroad have been repaid.</p> <p>The refund shall be made on the basis of the lesser of the following amounts:</p> <ul style="list-style-type: none"> ▪ The initial reduced nominal value of the amount of any repayments previously made; ▪ The amount available after all preferred or unsecured creditors and subordinated debt holders that have been issued and which may subsequently be issued by BMCE Bank of Africa both in Morocco and abroad have been paid up.
Repayment guarantee	The present issue has not been subject to a special guarantee, of any nature whatsoever.
Rating	The present issue has not been subject to any rating request.
Representation of the bondholders' body	<p>Pending the holding of Bondholders General Meeting, the Board of Directors held on June 8, 2017 designated Mr. Hamad Jouahri as a temporary representative of Tranche A and B bondholders, in accordance with the relevant statutory provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A and B of the present issue, grouped into one single body.</p> <p>In addition, BMCE Bank Board of Directors undertakes to call for a general meeting of bondholders to appoint a permanent representative of the bondholders' body within a period of one year, starting from the opening of the subscription period.</p>
Applicable law	Applicable law.
Competent court	Commercial Court of Casablanca.

V. Operation Schedule

The subscription is open is available through the placement agent. The Operation schedule is as follows:

Order	Operation stages	Date
1	Approval of the AMMC	June 09, 2017
2	Publication of a Prospectus extract in a legal gazette	June 13, 2017
3	Interest rate observation by Bank Al Maghrib	June 16, 2017
4	Publication of the reference rate in a legal gazette	June 19, 2017
5	Opening of the subscription period	June 19, 2017
6	Closing of the subscription period at 15h	June 21, 2017
7	Allocation of securities (final status)	June 21, 2017
8	Publication of the retained nominal interest rate and the results of the transaction in a legal gazette	June 23, 2017
9	Payment / Delivery	June 23, 2017

VI. Placement agent and financial intermediaries

Type of financial intermediaries	Name	Address
Financial Advisor and Global Coordinator	BMCE Capital Conseil	63, Bd Moulay Youssef, Casablanca
Placement agent	BMCE Bank	140, Avenue Hassan II, Casablanca
Coupon calculation agent	BMCE Bank	140, Avenue Hassan II, Casablanca
Body responsible for the securities financial services and domiciliation	BMCE Bank	140, Avenue Hassan II, Casablanca

II. PRESENTATION OF BMCE BANK OF AFRICA

I. GENERAL INFORMATION

Corporate name:	Banque Marocaine du Commerce Extérieur/BMCE Bank/BMCE Bank Of Africa.
Headquarters:	140, avenue Hassan II, Casablanca.
Phone :	05 22 49 80 04/03
Fax:	05 22 26 49 65
Website:	www.bmcebank.co.ma
Legal form:	Public Limited Company with a Board of Directors.
Date of incorporation:	August 31 st , 1959.
Life span:	99 years.
Registration number in the Trade Registry:	27 129 Casablanca
Fiscal year:	From January 1 st , to December 31 st
Corporate purpose: <i>(Article 3 of the bylaws)</i>	<p>BMCE Bank aims, within the framework of Dahir (Royal Decree) no. 1-14-193 dated Rabii I 1st, 1436 promulgating law no. 103-12 relating to credit institutions and equivalent institutions:</p> <ul style="list-style-type: none"> ▪ At performing all banking, foreign exchange, treasury, backing, acceptance, discounting, rediscounting, current account overdraft operations and any form of credit in the short, medium and long term; taking out any loan, any commitments in any currency; buying, selling or disposing of any movable or immovable property; conducting all transit operations or fee-based or precious metals trading operations; ▪ At making all investments, subscriptions, stock exchange purchases and sales or otherwise, in cash or forward, of securities and drafts of all kinds; ▪ At taking, holding and managing equity interest in all banking, financial, real estate, industrial and commercial undertakings for itself or on behalf of third parties; ▪ and generally, at performing all banking, financial, commercial, industrial, movable and unmovable operations that may be directly or indirectly related to its corporate purpose.
Share capital at March 31st, 2017:	MAD 1 794 633 900 consisting of 179 463 390 shares with a nominal value of MAD 10.
Legal documents	Legal documents of the company, including the Articles of Incorporation, the minutes of general meetings and the reports of external auditors may be consulted at the headquarters of BMCE Bank.
List of relevant legislations:	<p>By its legal form, BMCE Bank is governed by the Moroccan law and Law No. 17-95, as amended and supplemented;</p> <p>By its activity, BMCE Bank is governed by Dahir No. 1-14-193 of Rabii I 1st,</p>

1436, promulgating law No. 103-12 related to credit institutions and similar bodies (Banking Law);

By its listing of shares on Casablanca Stock Exchange, BMCE Bank is subject to all laws and regulations relating to the financial market, namely:

- Dahir No. 1-93-211 of September 21st, 1993 on the Stock Exchange as amended and supplemented by laws 34-96, 29-00, 52-01, 45-06 and 43-09 ;
- General Regulation of the Stock Exchange approved by the decree of the Minister of the Economy and Finance n ° 1268-08 of July 7, 2008 modified and supplemented by the decrees of the Minister of the Economy and Finance n ° 1156- 10 of 7 April 2010, No. 30-14 of 06 January 2014 and No. 1955-16 of 4 July 2016
- Dahir on law no. 1-93-212 of rabii II 4th, 1414 (September 21st, 1993) as amended and supplemented by law no. 23-01, 36-05 and 44-06;
- AMMC general rules approved by approved by Order of the Minister of Economy and Finance No. 822 08 of April 14th, 2008;
- Dahir bearing Law No. 35-96 on the creation of the central depository and the introduction of a general regime for book-entry of certain securities, amended and supplemented by Law No. 43-02;
- General regulations of the central depository approved by the decree of the Minister of Economy and Finance n ° 932-98 of 18 hijra 1418 (16 April 1998) supplemented and amended by the decree 1961-01 published in BO 4966 of 3 January 2002 and Order No. 77-05 of March 17, 2005, Dahir No. 1-04-21 of April 21, 2004 promulgating Law No. 26-03 relating to public offers on the stock market and amended by Law No. 46-06;
- AMMC circular entered into force in October 2014;

By its issue program of its deposit certificate, BMCE Bank is subject to BAM circular no. 2/G/96 of 30/01/1996 on certificates of deposit and its amendment.

The company is also subject to law no. 35-94 on NDS.

Tax system:	BMCE Bank is subject, as a credit institution, to the corporate tax (37%) and to VAT (10%).
Competent court in case of dispute:	Commercial Court of Casablanca.

II. Information relating to the issuer

1. Shareholding structure

The capital of BMCE Bank amounts to MAD 1 794 633 900 consisting of 179 463 390 shares with a nominal value of MAD 10.

Since 2012, the shareholding structure of BMCE Bank is as follows:

Table 1 : Evolution of the Company's Shareholding

Shareholders	% of the share capital				
	2012	2013	2014	2015	2016
Controlling stake	36,63%	37%	36,47%	36,32%	36,31%
RMA*	28,15%	30,02%	29,99%	29,84%	29,83%
Finanacom	7,97%	6,47%	5,97%	5,97%	5,97%
SFCM	0,51%	0,51%	0,51%	0,51%	0,51%
Stable shareholdings	46,48%	46,48%	46,48%	47,57%	44,37%
BES VIDA COMPAHIA DE SEGUROS SA	2,58%	2,58%	2,58%	2,58%	-
Banque Fédérative du Crédit Mutuel	26,21%	26,21%	26,21%	26,21%	26,21%
Caisse de Dépôt et de Gestion	8,46%	8,46%	8,46%	9,55%	9,55%
MAMDA/MCMA	5,14%	5,14%	5,14%	5,14%	4,52%
CIMR	4,09%	4,09%	4,09%	4,09%	4,09%
Others	19,33%	16,53%	17,06%	16,11%	19,33%
BMCE Employees	1,54%	1,50%	1,46%	1,31%	1,30%
Floating	15,36%	15,03%	15,60%	14,80%	18,03%
Total	100%	100%	100%	100%	100%

As of February 28, 2017, the shareholding of BMCE BANK is as follows:

Table 2 : Shareholding as of February 28, 2017

Shareholders	Number of shares held	% of capital	% of voting rights
Controlling stake	65 154 539	36,31%	36,31%
RMA*	53 541 983	29,83%	29,83%
Finanacom	10 705 351	5,97%	5,97%
SFCM	907 205	0,51%	0,51%
Stable shareholdings	79 628 486	44,37%	44,37%
Banque Fédérative du Crédit Mutuel	47 029 054	26,21%	26,21%
Caisse de Dépôt et de Gestion	17 138 328	9,55%	9,55%
MAMDA/MCMA	8 112 300	4,52%	4,52%
CIMR	7 348 804	4,09%	4,09%
Others	34 680 365	19,33%	19,33%
BMCE Employees	2 328 306	1,30%	1,30%
Floting	32 352 059	18,03%	18,03%
Total	179 463 390	100%	100%

Source : BMCE Bank

(*) Excluding mutual funds and RMA

III. BMCE Bank Administrative Bodies

1. Board of Directors

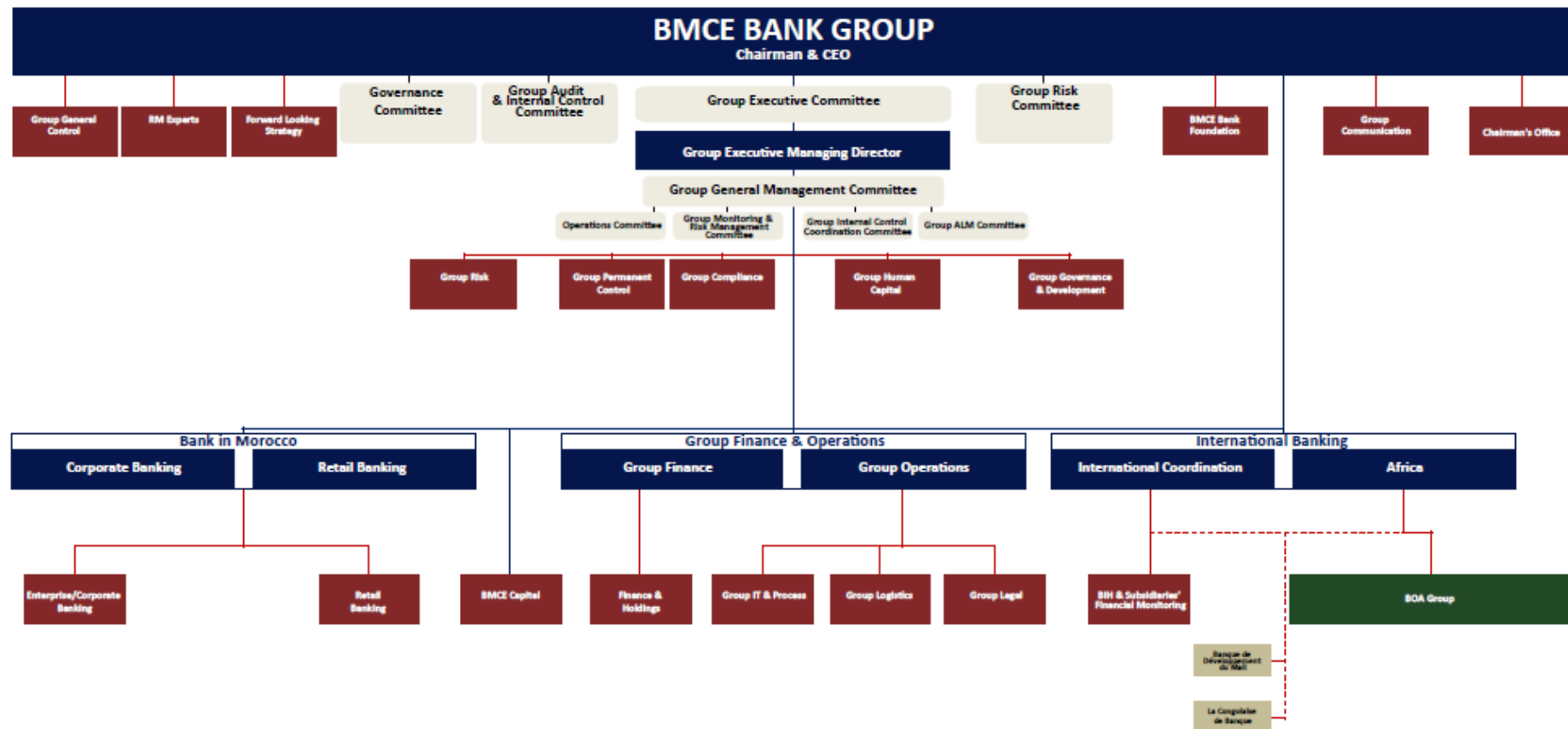
BMCE Bank is administered by a Board of Directors composed of eleven members and chaired by Mr. Othman Benjelloun, CEO.

Table 3 Members of the Board of Directors as of May 24, 2017

Directors	Appointment date	Expiry of office term	Family relationship
MR. Othman BENJELLOUN <i>Chief Executive Officer</i>	1995	General Meeting called to approve the 2018 accounts	No family relationship to other members
BANQUE FEDERATIVE DU CREDIT MUTUEL (Holding du Groupe Crédit Mutuel / CIC) <i>represented by Mr. Michel LUCAS</i>	2005	General Meeting called to approve the 2019 accounts	<i>Idem</i>
CAISSE DE DEPOT ET DE GESTION <i>represented by Mr. Abdellatif ZAGHNOUN</i>	2010	General Meeting called to approve the 2021 accounts	<i>Idem</i>
RMA <i>represented by Mr. Zouheir BENSAID</i>	1995	General Meeting called to approve the 2018 accounts	<i>Idem</i>
FINANCECOM <i>represented by Mr. Hicham El AMRANI</i>	2001	General Meeting called to approve the 2020 accounts	<i>Idem</i>
MR. Azeddine GUESSOUS <i>Intuitu personae</i>	2017	General Meeting called to approve the 2022 accounts	<i>Idem</i>
Mr. François HENROT <i>Independent director</i>	2016	General Meeting called to approve the 2021 accounts	<i>Idem</i>
Mr. Brian C.Mck. HENDERSON <i>Independent director</i>	2016	General Meeting called to approve the 2021 accounts	<i>Idem</i>
Mr. Philippe DE FONTAINE VIVE <i>Independent director</i>	2016	General Meeting called to approve the 2021 accounts	<i>Idem</i>
Mr. Christian DE BOISSIEU <i>Independent director</i>	2016	General Meeting called to approve the 2021 accounts	<i>Idem</i>
Mrs. Hadeel IBRAHIM <i>Independent director</i>	2017	General Meeting called to approve the 2022 accounts	<i>Idem</i>
MR. Brahim BENJELLOUN TOUIMI <i>Group Executive Managing Director</i>	2004	General Meeting called to approve the 2021 accounts	<i>Idem</i>

Source : BMCE Bank

2. BMCE Bank Organization Chart (March 2017)



IV. BMCE Bank Of Africa Activity

1. Evolution of loans

During the period under review, the evolution of loans by type of customers is presented as follows:

Table 4 Loans by customer type over the period 2014 - 2016

In MAD Million	2014	2015	Var.	2016	Var.
Receivables from credit institutions and similar bodies	19 190	24 495	27,6%	24 563	0,3%
Customer loans	99 394	113 329	14,0%	116 660	2,9%
Cash Loans	27 462	29 833	8,6%	31 744	6,4%
Consumer loans	8 396	9 329	11,1%	9 743	4,4%
Equipment loans	15 643	15 886	1,6%	18 910	19%
Real estate loans	34 852	36 320	4,2%	37 666	3,7%
Other loans ⁷	10 547	18 885	79,1%	15 154	-19,8%
receivables acquired by factoring	-	-		669	NS
Accrued interest receivable	757	717	-5,3%	654	-8,8%
Outstanding debts	1 737	2 358	35,8%	2 120	-10,1%
Total loans	118 584	137 824	16,2%	141 223	2,5%

Source : BMCE Bank – Activité agrégée⁸

At the end of 2015, outstanding loans improved by 16.2% to MAD 137 824 million. This evolution essentially covers:

- A 27.6% increase to MAD 24,495 million in receivables from credit institutions and similar institutions;
- An increase of 79.1% to MAD 18,885 million in other loans;
- An increase of 8.6% in cash loans to MAD 29,833 million;
- 4.2% growth in real estate loans to MAD 36,320 million;
- And a deterioration of 35.8% in outstanding loans to MAD 2,358 million, attributed mainly to a campaign to clean up the accounts and the downgrading of individually significant relationships. Provisions have also increased, a corollary of the increase in ESCs.

At the end of 2016, outstanding loans increased by 2.5% to MAD 141,223 million. This mainly reflects (i) the 6.4% growth in cash loans at MAD 31,744 million, (ii) the 3.7% increase in real estate loans at MAD 37,666 million and (iii) the increase of 19 % Of equipment credits to MAD 18,910 million, mitigated by the withdrawal of 19.8% of other loans to MAD 15,154.

It should be noted that real estate loans and cash loans alone account for more than half of total customer receivables.

⁷ Other loans including namely repurchases.

⁸ Includes BMCE S.A., BMCE Tanger Offshore and BMCE Paris.

2. Evolution of customer deposits

The evolution of customer deposits by type of product over the period 2014 - 2016 is as follows:

Table 5 Evolution of customer deposits by type of products:

In MAD Million	2014	2015	Var.	2016	Var.
Accounts payable	56 389	61 704	9,4%	67 872	10,0%
Saving accounts	19 485	20 735	6,4%	22 063	6,4%
Term deposits	25 249	29 138	15,4%	30 656	5,2%
Other accounts payable	8 448	9 025	6,8%	9 957	10,3%
Accrued interests payable	532	604	13,5%	576	-4,6%
To customer deposits	110 102	121 206	10,1%	131 124	8,2%

Source : BMCE Bank – Activité agrégée

In 2015, customer deposits increased by 10.1% to MAD 121,206 million, mainly reflecting a 9.4% improvement in demand accounts payable at MAD 61,704 million (50.9%) combined with an increase of 15.4% of term deposits at MAD 29,138 million.

At the end of 2016, customer deposits increased by 8.2% to MAD 131 124 million, mainly benefiting from the 10.3% increase in MAD 9,957 million in other accounts payable.

III. FINANCIAL SITUATION OF BMCE BANK - CONSOLIDATED FINANCIAL STATEMENTS IFRS 2014-2016

I. Consolidated Statements of BMCE Bank of Africa Group

1. IFRS consolidated income statement

The income statements for the period from December 31, 2014 to December 31, 2016 are as follows:

Table 6 Evolution of the income statement for the period 2014-2016

K MAD	2014	2015	Var.	2016	Var.
<i>Interest and similar income</i>	12 701 901	13 502 956	6,30%	14 505 242	7,4%
<i>Interest and similar expenses</i>	-4 959 094	-4 962 142	0,10%	-5 259 644	6,0%
MARGIN OF INTEREST	7 742 807	8 540 814	10,30%	9 245 598	8,3%
<i>Commissions received</i>	2 247 263	2 290 577	1,90%	2 572 675	12,3%
<i>Commissions provided</i>	-333 395	-339 423	1,80%	-455 730	34,3%
MARGIN ON COMMISSIONS	1 913 868	1 951 154	1,90%	2 116 945	8,5%
<i>Gains or losses on financial instruments At fair value through profit or loss</i>	1 093 341	441 412	-59,60%	982 990,0	122,7%
<i>Net gains or losses on available-for-sale financial assets</i>	100 886	211 536	109,70%	229 923,0	8,7%
RESULT OF MARKET ACTIVITIES	1 194 227	652 948	-45,30%	1 212 913	85,8%
<i>Income from other activities</i>	1 022 668	1 044 522	2,10%	884 515	-15,3%
<i>Expenses of other activities</i>	-376 343	-372 633	-1,00%	-469 956	26,1%
NET BANKING INCOME	11 497 227	11 816 805	2,80%	12 990 015	9,9%
<i>General charges of exploitation</i>	-5 827 763	-6 261 222	7,40%	-6 678 453	6,7%
<i>Amortization and depreciation allowance for intangible and tangible assets</i>	-666 100	-672 006	0,90%	-696 947	3,7%
GROSS OPERATING INCOME	5 003 364	4 883 577	-2,40%	5 614 615	15,0%
<i>Risk cost</i>	-1 778 322	-1 439 956	-19,00%	-1 616 531	12,3%
OPERATING INCOME	3 225 042	3 443 621	6,80%	3 998 084	16,1%
<i>Share in the profits of companies accounted for under the equity method</i>	81 621	97 733	19,70%	103 652	6,1%
<i>Net gains or losses on other assets</i>	17 306	74 609	331,10%	-111 741	-249,8%
<i>Changes in the value of goodwill</i>	-	0		-31 514	
PROFIT BEFORE TAXES	3 323 969	3 615 963	8,80%	3 958 481	9,5%
<i>Income tax</i>	-631 790	-961 233	52,10%	-1 123 654	16,9%
NET PROFIT	2 692 179	2 654 730	-1,40%	2 834 827	6,8%
<i>Non-Group profits</i>	748 315	699 195	-6,60%	798 641	14,2%
NET PROFIT SHARE OF THE GROUP	1 943 864	1 955 535	0,60%	2 036 186	4,1%

Source : BMCE Bank

2. IFRS consolidated balance sheet

Table 7 Group consolidated balance sheet over the period 2014-2016

Assets - KMAD	2014	2015	Var	2016	Var
Cash, Central Bank, Treasury, Postal Check Service	9 966 747	10 403 090	4,40%	12 155 637	16,8%
Financial assets at fair value through profit or loss	28 609 790	25 760 228	-10,00%	38 890 923	51%
Derivative hedging instruments	-	7 207		2 938	-59,2%
Available-for-sale financial assets	4 891 427	6 846 572	40,00%	8 317 725	21,5%
Loans and receivables on credit institutions and similar	16 072 610	20 971 036	30,50%	21 221 229	1,2%
Loans and receivables from customers	155 152 943	173 279 696	11,70%	179 774 222	3,7%
Difference in the revaluation of the hedged portfolios	-	-			
Held-to-maturity investments	18 153 337	24 559 458	35,30%	25 136 170	2,3%
Current tax assets	199 008	63 550	-68,10%	414 191	551,8%
Deferred tax assets	445 733	473 814	6,30%	521 548	10,1%
Accruals and other assets	4 978 851	5 364 187	7,70%	6 440 776	20,1%
Non-current assets held for sale	-	-		-	
Investments in companies accounted for under the equity method	513 766	585 787	14,00%	631 268	7,8%
Investment property	835 047	3 035 131	263,50%	3 746 146	23,4%
Property, plant and equipment	5 847 075	6 516 029	11,40%	6 988 825	7,3%
Intangible assets	744 273	703 525	-5,50%	828 970	17,8%
Goodwill	832 470	852 310	2,40%	852 310	0,0%
Total assets	247 243 077	279 421 620	13,00%	305 922 878	9,5%

Source : BMCE Bank – Consolidated accounts IFRS

Issuance of perpetual subordinated bonds

Liabilities - KMAD	2014	2015	Var	2016	Var
Central Banks, Treasury, Postal Check Service	-	-		-	
Financial liabilities at fair value through profit or loss	2 745 648	2 046 594	-25,50%	2 098 276	2,5%
Derivative hedging instruments	2 018	-	-100,00%	-	
Amounts owed to credit institutions and similar	33 142 978	51 176 027	54,40%	49 708 268	-2,9%
Customer debts	161 268 876	178 255 021	10,50%	190 050 335	6,6%
Issued debt securities	13 170 353	8 967 697	-31,90%	13 186 303	47,0%
Revaluation differences of the hedged portfolios	-	-		-	
Current tax liabilities	55 341	131 027	136,80%	641 287	389,4%
Deferred tax liabilities	1 099 810	1 130 452	2,80%	1 198 242	6,0%
Accruals and other liabilities	7 636 569	6 315 040	-17,30%	14 278 900	126,1%
Liabilities related to non-current assets held for sale	-	-		-	
Technical reserves for insurance contracts	-	-		-	
Provisions for risks and liabilities	523 011	650 913	24,50%	685 204	5,3%
Grants, allocated public funds and special guarantee funds	-	-		-	
Subordinated debt	6 795 304	8 639 297	27,10%	10 493 376	21,5%
Capital and related reserves	12 488 381	12 899 418	3,30%	13 299 090	3,1%
Consolidated reserves				-	
-Group share	1 481 861	2 101 501	41,80%	2 934 250	39,6%
-Minority share	4 000 114	4 381 320	9,50%	4 520 991	3,2%
Unrealized or deferred gains and losses, Group share	149 436	65 587	-56,10%	-9 794	NS
Unrealized or deferred gains and losses, Minority interest	-8 802	6 996	NS	3 323	-52,5%
Net income for the year		-		-	
-Group share	1 943 864	1 955 535	0,60%	2 036 186	4,1%
-Minority shares	748 315	699 195	-6,60%	798 641	14,2%
Consolidated shareholders' equity	20 803 169	22 109 552	6,30%	23 582 687	6,7%
TOTAL Liabilities	247 243 077	279 421 620	13,00%	305 922 878	9,5%

Source : BMCE Bank – Consolidated accounts IFRS

IV. RISK FACTORS

I. Risks Relating to the Banking Sector

1. Counterparty risk management

Loans granted (to customers and credit institutions) by the Bank (Consolidated Activity) amounted to MAD 201 billion at end-December 2016 against MAD 194.2 billion at December 31st, 2015.

BMCE Bank is keen to further develop its field of intervention to the SME segment. Indeed, this segment carries higher margins and presents a source of opportunities not only in Bank lending but also in financing and restructuring activities.

Since 2015, the quality of the portfolio in host countries has deteriorated slightly for the banking sector as a whole. The impact on our subsidiaries is more moderate (except for Ghana, Kenya and BHB) reflecting an improvement in risk management.

The evolution of outstanding receivables is more sustained than that of loans, notably with the entry into force of the Convergence scheme and the stricter positions of our various regulators. Group claims amounted to 7.8% in 2016 against 7.04% in 2015.

In addition, there was a significant increase in allowances in order to cope with the loss ratio and to ensure better coverage of outstanding receivables. Thus, the Group achieved satisfactory coverage of 62% in 2016, compared to 59% in 2015.

Moreover, the portfolios of BOA entities are mostly corporate, and thus have a solid guarantee, which explains the claims ratio that are lower than the sector's.

The Bank has undertaken a sensible consolidation effort of its receivables portfolio, an effort it keeps under its risk management policy and in compliance with prudential rules established by Bank Al-Maghrib, and the proper risk practices.

Therefore, the Bank has implemented a risk management system based on several governing bodies, on the one hand, and current management, on the other.

Involved in the risk management and monitoring of the Bank and the Group are:

- Group Audit and Internal Control Committee (CACI);
- Executive Committee (CSD), responsible for the variation in equity and operational measures of the strategic guidelines of the Group and their monitoring;
- Credit committees, which approve all commitments;
- Audit Committee of defecting and decommissioning accounts;
- Group Risk Committee, assisting the Board of Directors in terms of strategy and risk management, ensuring in particular that the overall risk strategy is tailored to the risk profile of the bank and the Group, to the degree risk aversion, to its systematic importance, to its size and to its financial position;
- Group Steering & Risk Management committee and BMCE Bank Steering & Risk Management Committee. They ensure the efficiency of the risk control system and its adequacy with the risk management policy defined on the Loan, Market and Operational risk elements.

The Bank's credit activity is part of the general credit policy approved by the highest authorities of the Bank. The stated guidelines include - among others - compliance with the Group's ethics, allocation of responsibilities, existence and implementation of procedures and rigorous risk analysis. This general policy has been translated into specific policies and specific procedures adapted to the nature of activities and counterparties, based in particular on an internal rating system, a power delegation system and a limit management system to mitigate concentration risks.

The power delegation system takes the form by approval levels, depending on the customer segment, the aggregate amount of the facilities offered to the customer and the type of exposure (public and semi-public companies, exposure to banks, etc.).

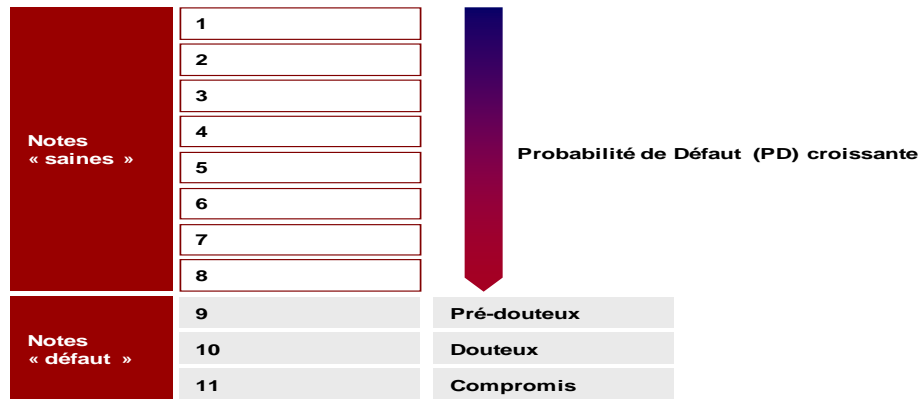
The Bank's rating system is a two-dimensional system, combining a credit rating that assesses the risk inherent in the transaction and a financial rating obtained on the basis of the debtor's financial situation. In addition to the quantitative aspects, other quality ones are taken into account in developing the rating. (Development potential, activity sector, rating of the parent company, country risk and payment incidents).

Within the framework of Basel regulations, Bank Al-Maghrib has set the minimum number of classes a rating system must have, required at minimum as follows:

- 7 classes pour proper counterparties;
- 1 class for counterparties in default.

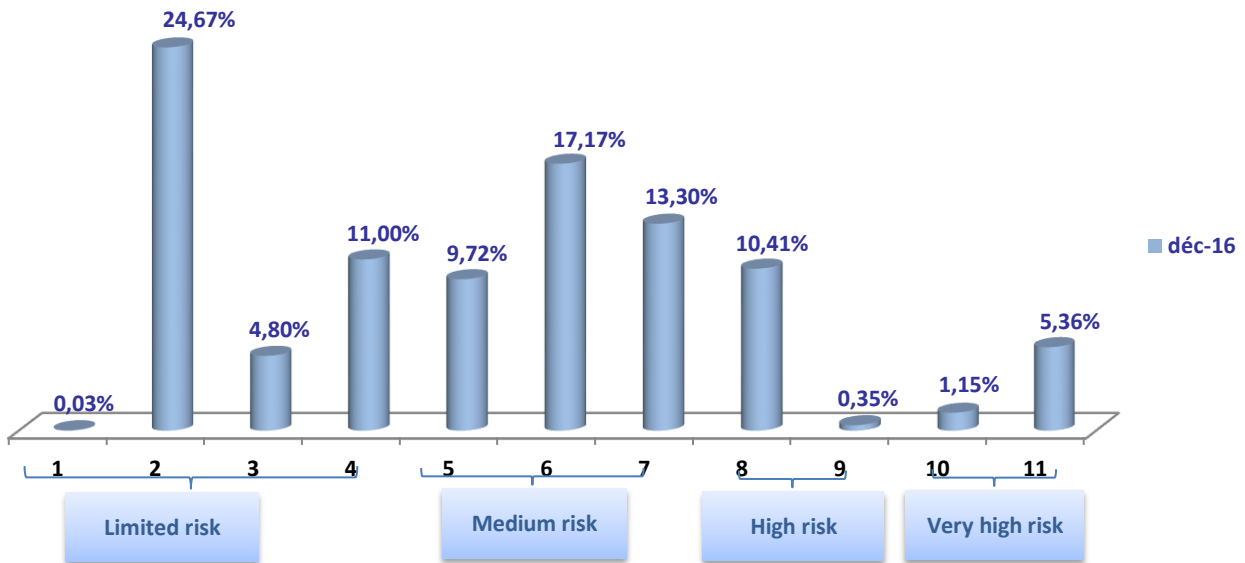
According to the rating scale adopted by BMCE Bank of Africa, the final grade of the counterparty extends over 11 levels:

Category		Class	Definition
Investment grade	Limited risk	1	Extremely stable in the short and medium term; very stable in the long term; solvable even in serious financial distress
		2	Very stable in the and medium term; stable in the long-term; sufficient solvency even during persistent adverse events
		3	Solvable in the short and medium term even after major difficulties; slightly negative events can be absorbed in the long term
		4	Very stable in the short-term; no change threatening the loan expected within the coming year; sufficient substance in the medium-term to survive; long term evolution remains uncertain
Medium risk	5	Stable in the short-term; no change threatening the loan expected within the coming year; can only absorb small adverse events	
	6	Limited capacity to absorb unexpected adverse events	
	7	Very limited capacity to absorb unexpected adverse events	
Sub-investment grade	High risk	8	Low capacity of interest and principal on time. Any change in the internal and external economic and business conditions will make it difficult to fulfill commitments
		9	Inability of interest and principal reimbursement on time. The fulfillment of commitments is related to the favorable evolution of business as well as internal and external economic conditions
	Very high risk	10	Very high risk of failure, inability of interest and principle repayment on time. Partial interest and principal non-payment
		11	Total non-payment of interest and principal



Source : BMCE Bank

The distribution of commitments by risk class as of December 2016 is as follows:



2. Rate and Liquidity Risk

1) Decision-making in terms of ALM

The ALCO committee (ALM committee) is responsible of the supervision of rate and liquidity risk management and regularly receives reports on compliance with established limits and guidelines.

The Audit and Internal Control Committee examines the management framework and the main rate and liquidity policies and submits them for approval to the Board of Directors.

The Board of Directors approves the management framework and is notified of the rate and liquidity position of BMCE Bank.

Within the Finance Division, the ALM Department monitors the establishment of policies, strategies and contingency plans, in terms to interest rate and liquidity risk management; it also recommends and monitors the ceilings falling within this framework.

2) Global liquidity risks

The short-term liquidity ratio (Liquidity Coverage Ratio, LCR) on a consolidated basis stood at 135% at end-December 2016 exceeding the BAM regulatory limit fixed at 70%.

At end-December 2016, the liquidity gap over 12 months recorded a liquidity surplus of MAD +12.7 billion compared to MAD +10.4 billion at end-December 2015.

3) Global rate risks

The results of the stress testing performed at December 31st, 2016 in relation to the impacts of a change in interest rates of 200 bps on the interest margin and the economic value of the Equity stand in accordance with the limits set by ALCO.

Indeed, this impact is estimated at MAD 101 million, i.e. 1.7% of projected GNP in 2016, inferior to ALCO limit fixed at 5%.

The change in the economic value of Shareholders' equity facing a rate shock of 200 bps is estimated at MAD 1 135 million, i.e. 6.7% of Equity regulations, also inferior to ALCO limit fixed at 20%.

The rate Gap over 12 months (excess of assets over liabilities to floating rate) for the year is set at MAD +3.1 million at December 31st, 2016, against MAD +3.2 million at end-December 2015.

3. Rate and Liquidity Risk (Market Risks)

1. Liquid risk analysis

The monetary the liability is of MAD 12 955 million whose duration equals 2.39 days, while the liquid assets are of MAD 32 600 million.

Furthermore, it is noted that 99.71% of bond assets value consist of Treasury Bills, which ensures nearly a total liquidity. This category of assets is set at MAD 7 029 million.

2. Interest rate risk analysis

Assets are mainly bonds, consisting of Treasury Bills, Negotiable Debt Securities and Bonds.

These assets are mainly financed by short liabilities whose duration is 2.39 days.

The bond portfolio (at December 31st, 2016) displays an average yield of 2.64% for an average duration of 3.63 years and an average sensitivity of 3.53 years. Its outstanding market value amounts to MAD 7 399 million.

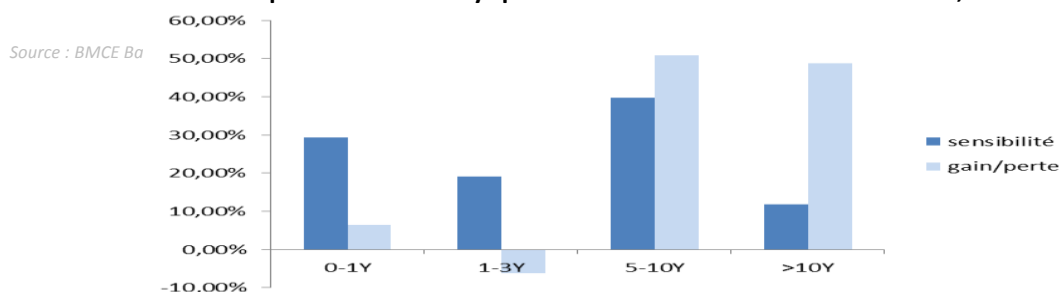
A parallel change in interest rates of +100 bps would therefore lead to an average loss of MAD 255 million.

A parallel change in interest rates of + 200 bps would result in an average loss of MAD 507 million.

The spectrum of sensitivities below shows the choice of ventilation of the total sensitivity on the different paper categories, and therefore the choice of projection of the rate risk on the different bands of maturities.

The graph below shows that the bond portfolio mainly consists of short and medium term papers.

Bond portfolio sensitivity spectrum of BMCE Bank at December 31st, 2016



1) Exchange risk

Table 8 Exchange risks by currency types

Currencies	Currency position *	Exchange value in KMAD	% EQUITY
EUR	-5 946	-63 352	0,38%
LYD	4	32,0898	0,00%
SEK	836	931,6384	0,01%
CHF	-1 081	-10 722	0,07%
TND	34	148,8146	0,00%
CAD	-62	-465	0,00%
DZD	3 918	357,41955	0,00%
KWD	387	12 772	0,08%
SAR	9305	25005,79175	0,15%
AED	3 194	8 768	0,05%
JPY	-66	-6	0,00%
DKK	3 736	5 354	0,03%
NOK	1 537	1 800	0,01%
USD	-29 277	-295 189	1,79%
GBP	232	2 894	0,02%

Source : BMCE Bank

(*) Assets –liabilities in the same currency +/- term net commitments +/- option delta-Data at 31-12-2016

The sum of net currency positions is as follows:

- For long positions: MAD 58 065 thousand, i.e. 0.35 % of net equity.
- For short positions: MAD 369 734 thousand, i.e. 2.24 % of net equity.

The table above shows that BMCE Bank of Africa remains within prudential limits established by Bank Al-Maghrif, which are set at 10% of equity by currency and 20% for all currencies.

3. Regulatory risk

The development of regulations in the Group's countries of presence is subject to constant monitoring by local subsidiaries, and by the Center for Intelligence. The results are regularly shared with Risk teams, as part of the group's risk community, to estimate the potential impact on bank portfolios locally, and ultimately on the group. These items are considered in setting exposure limits on a social and consolidated basis.

Table 9 Solvency ratio as of December 31st, 2016 (Basel III) on a consolidated basis

	Risk-weighted assets (MAD Thousand)
Weighted loan risks	195 243 881
Weighted market risks	9 950 723
Weighted operational risks	21 626 047
Total risk-weighted assets	226 820 651

Source : BMCE Bank

Table 10 Minimum solvency ratio

	Amount (KMAD)
Basis equity	20 572 728
Eligible equity	27 926 180
Total risk-weighted assets	226 820 651
Minimum solvency ratio	12,3%

Source : BMCE Bank

The Bank's solvency ratio, reflecting its ability to meet all of its commitments through its own funds, remains above the regulatory standard, fixed at 12%.

This ratio is set at 12.3% on a consolidated basis at the end of the 2nd semester of 2016.

Individual basis	Dec-16	June-17	Dec-17
Core Tier I Ratio	8,90%	8,10%	8,00%
Tier I Ratio	9,00%	9,10%	9,20%
Capital Adequacy Ratio	13,00%	13,10%	13,20%

Consolidated	Dec-16	June-17	Dec-17
Core Tier I Ratio	8,50%	8,40%	8,40%
Tier I Ratio	9,10%	9,20%	9,40%
Capital Adequacy Ratio	12,30%	12,30%	12,40%

BMCE Bank's projected ratios on an individual and consolidated basis for the year 2017 remain higher than the current regulatory requirements: 9.0% for the Tier 1 Capital ratio (Tier 1) and 12.0% for the capital adequacy ratio, thanks to the internal policy of capital management.

4. Shareholdings Portfolio Risks

At end of 2016, impairment provisions on aggregate social basis and including CCA, totaling an amount of MAD 480 million compared to MAD 703 million at end 2015, i.e. a decrease of -32%. The main provisions concern companies in liquidation such as ESFG (MAD 159 million), ESI (MAD 135 million), HANOUTY (MAD 122 million), and EMAT (MAD 30 million).

Allocations of the period total an amount of almost MAD 7 million. As for recoveries, they amount to MAD 228 million, a net recovery of MAD 222 million.

5. Operational Risk:

Operational risk is defined as the risk of loss resulting from inadequate or failure attributable to procedures, human resources, internal systems or external events that may affect the smooth running of the business.

The operational risk management system aims to meet three objectives:

- Identification and assessment of operational risks;
- Appreciation of control environment;
- Implementation and monitoring of preventive and/or corrective actions addressing identified Major Risks.

Operational risks can be analyzed and categorized according to criteria qualitative and quantitative, as follows: causes, consequences (in terms of impact financial or otherwise), score, qualification and level of mastery, and are classified by Basel event type.

6. Country Risk:

Country risk means the possibility that a sovereign counterparty of a country is unable or unwilling to meet their obligations overseas for socio-political, economic or financial considerations.

Country risk may also result from limiting the free movement of capital or other political or economic factors; it is then called transfer risk. It can also result from other risks in connection with the occurrence of events affecting the value of liabilities on the concerned country (natural disasters, external shocks).

Despite the slowdown in growth in many countries, inflation is rising. Many factors are behind such levels: Highly volatile food prices, the end of subsidies in annuitant states and the strong currency depreciations that have much effect on the prices of imported goods.

State responses to this high inflation varies from exchange control (Angola, Nigeria, Zambia) and increase in policy interest rates.

Stress tests are established every six months to assess the impact of these circumstances on the solvency and loss at Group level. These stress tests cover countries where the Group's exposure is important as well as those showing political instability.

II. Risks related to perpetual subordinated bonds

The risk factors listed hereinafter cannot be considered as exhaustive and may not cover the full risks of investing in perpetual subordinated bonds.

Potential investors who may subscribe to perpetual subordinated bonds subject of the present Circular, must note that an investment in this type of bond is subject to the following main risks:

7. Risk related to the complexity of the instrument

The bonds that are the subject of the present perpetual subordinated bond issue are complex instruments insofar as the "pay-off" associated with them is not entirely foreseeable. The issuer has complete discretion to cancel the payment of interest for an indefinite period and on a non-cumulative basis. Also, the nominal value of the bonds can be depreciated in the event that the trigger threshold is reached. In addition, a nominal appreciation is expected but remains subject to the agreement of Bank Al-Maghrib. Finally, an increase in the coupon is possible but it remains at the sole discretion of the issuer and there is no deterministic mechanism of its activation. These aspects make it difficult to predict the future cash flows of bonds, as their forecasts use several assumptions and parameters (financial health of the issuer, forecast level of prudential ratios, other commitments and obligations of the issuer, etc.). The complexity of the bonds therefore makes their management, and particularly their valuation, complex.

8. Risk related to the perpetual nature of subordinated debt securities

Perpetual subordinated bonds are issued for an undetermined maturity and, consequently, repayment of the capital may only be made at the initiative of the issuer and with the prior agreement of Bank Al-Maghrib. This repayment may not be made until 5 years from the date of issue, subject to a minimum five-year notice period. It is possible that the issuer does not resort to the redemption of the bonds.

9. Risks related to the subordination clause

The share capital is subject to a subordination clause, according to which, in the event of liquidation of the issuer, perpetual subordinated bonds shall be reimbursed at a price equal to their nominal value. This repayment shall only take place after all preferred and unsecured creditors have been paid up and after all the other subordinated loans that have been issued and which may subsequently be issued by the issuer up to the amount available. In the event of a depreciation of the nominal value, the issuer has not undertaken to limit or stop distributions to bondholders. In the event of non-compliance with the aforementioned regulatory ratios, Bank Al-Maghrib may, either in place of or in addition to the disciplinary sanctions provided for by Law 103-12 (banking law), prohibit or limit the distribution of dividend in accordance with the provisions set forth in article 91 of the aforementioned law.

10. Risk related to the depreciation of the nominal value of the securities (loss absorption mechanism)

Once the Common Equity Tier 1 (CET 1), as defined by Bank Al Maghrib, falls below the trigger set by the issuer (set at 6.0% as part of this Prospectus in accordance with the provisions of Bank Al-Maghrib's technical memorandum laying down detailed rules for the application of Circular No 14 / G / 2013 relating to the capital of credit institutions), on an individual or consolidated basis, securities are depreciated corresponding to the differential (after tax impact) between theoretical Tier 1 capital (theoretical CET1), allowing to reach 6.0% CET 1 ratio and the CET 1 effective capital.

Interest will therefore be calculated on the basis of the nominal amount, which is subject to change as defined in the loss absorption mechanism.

However, after a possible depreciation of the nominal value of the securities and if the financial situation of the issuer requires such depreciation improves, BMCE Bank of Africa may immediately trigger, with the prior agreement of Bank Al-Maghrib, the valuation in whole or in part of the nominal value which has been subject to impairment. The amount of the appreciation of the nominal value remains at the discretion of the issuer and is not defined deterministically.

BMCE Bank of Africa ensures constantly to respect the international standards of the Basel Committee and the Bank AL-Maghrib regulatory guidelines. To this end, the Group has a regulatory risk management policy enabling it to:

- Have a solid financial base to meet all of its commitments;
- Comply with all regulatory ratios required by Bank Al-Maghrib;
- Constitute an additional matrix of capital to absorb the shocks of regulatory and internal stress tests and to ensure compliance with the post stress thresholds, namely:
 - A Tier 1 capital ratio of at least 9.0% (vs. 9.1% on a consolidated basis for BMCE Bank as at 31 December 2016);
 - A ratio of Tier 1 and Tier 2 capital at least equal to 12.0% (vs. a 12.3% ratio on a consolidated basis for BMCE Bank as at 31 December 2016).
- Meet the solvency ratio requirements of the regulator (semi-annual Pillar III publications to ensure transparency of financial information: detail of prudential ratios, composition of regulatory capital, allocation of risk-weighted assets).

11. Risk related to the possibility of cancellation of the payment of interest

The investor is subject to the risk of cancellation of the payment of the interest amount (in whole or in part) for an indefinite period and on a non-cumulative basis. The decision of such cancellation remains at the discretion of the issuer, with the prior approval of Bank Al-Maghrib, in order to meet its obligations. The cancellation of the coupons is not considered as an event of default by the issuer vis-à-vis the holders of the bonds subject to this issue.

BMCE Bank of Africa may, however, decide at its own discretion to increase the amount of the coupon payable which will consequently exceed the coupon amount determined in accordance with the calculation method set out in this Prospectus. However, the increase in interest is not related to the occurrence of one or more defined events (such as the cancellation of previous coupons). Also, a spontaneous increase in the coupons may not be consistent with the economic and financial interests of the issuer and its shareholders.

Moreover, the annual amount of interest payable in connection with this operation remains very insignificant compared to the bank's own capital levels and therefore their contribution to compliance with regulatory ratios remains very limited or not significant. To this end, BMCE Bank of Africa does not consider the use of the cancellation of the payment of the interest amount as part of its regulatory risk management policy.

12. Risks affecting the CET 1 ratio

The degradation of the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, to a level below 6.0%, thus triggering the depreciation of the nominal value of securities, could be caused by several factors:

- The realization of substantial losses following a possible increase in the loss experience or a downward and material change in the interest rate environment;

Issuance of perpetual subordinated bonds

- The introduction of new accounting standards;
- The entry into force of new regulatory requirements, in particular in terms of the methodology for calculating prudential ratios;
- Increase in the balance sheet, not accompanied by a sufficient increase in the level of own funds;
- Exceptional size distribution to shareholders;

In the event of the occurrence of one or more of these risk factors, the deterioration of the level of the CET 1 ratio can only occur if BMCE Bank and its shareholders do not implement all the corrective measures enabling it to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 9.0% and a ratio, a minimum solvency of 12.0%.

13. Liquidity and marketability of securities risks

Because of their complexity, Bonds described in the present Prospectus are not suitable for unqualified investors. Also, the trading of these bonds is strictly reserved for qualified investors even on the secondary market. This limitation could reduce the liquidity of the bonds subject to this issue in relation to other bonds whose tradability is not restricted.

14. Risk related to the presence of several options in favor of the issuer

The Bonds, object of the present Prospectus, contain several options in favor of the issuer, namely:

- Early redemption;
- Bonds nominal value appreciation / depreciation;
- Interest payment cancelation.

Any potential investor must take these options into account when making an investment based on its own objectives and constraints. The investor must also integrate these options into its bid proposal as well as the determination of the fair value of the securities.

15. Risk related to the additional indebtedness

The issuer may subsequently issue other debts ranking at or above the bonds set forth in this Prospectus. Such issues would reduce the amount recoverable by the holders of these bonds in the event of the liquidation of the issuer.

Disclaimer

The aforementioned information is only one part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference No VI/EM/013/2017 on June 9th 2017.
The AMMC recommends reading the complete Prospectus made available to the public in French.