



Prospectus - Summary

ISSUING A SUBORDINATED BOND

OVERALL AMOUNT OF THE ISSUE: MAD 1 000 000 000

MATURITY: 7 YEARS

	Variable-rate unlisted bonds
Ceiling	MAD 1 000 000 000
Maximum number of securities	10 000 bonds
Nominal value	MAD 100 000
Maturity	7 years
Rate	Variable annually. For the 1st year, the face interest rate is calculated with reference to the monetary 52-week T-bonds on the basis of the treasury bond secondary curve published on 21st November, 2014 by Bank Al Maghrib: 2,8%. The rate thus obtained shall be increased by a risk premium of 75 base points, i.e.3,55%
Risk premium	75 bps
Securities negotiability	By mutual agreement
Repayment guarantee	<i>None</i>
Method of repayment	<i>In fine</i>
Method of allocation	<i>Pro rata</i>

Issued reserved for qualified investors referred to in this information note

Financial Adviser and Overall Co-ordinator



Body charged with investment and domiciliation agent for securities



APPROVAL OF THE CDVM (FINANCIAL AUTHORITY)

In accordance with the CDVM circular, delivered in application of Section 14 of the Dahir n° 1-93-212 of September 21st, 1993 relating to the Conseil Déontologique des Valeurs Mobilières (CDVM) and to the information required by legal making public offering as amended and extended, the original copy of the present prospectus has been approved by the CDVM on November 27th, 2014 under reference VI/EM/045/2014.

WARNING

The CDVM approved on November 27th,2014, a prospectus related to the issue of subordinated bonds by BCP.

The prospectus summary approved by the CDVM is available at any time at the headquarters of BCP and at its financial advisor's. It is also available from the order collecting entities.

The prospectus is publicly available on the CDVM website: www.cdvm.gov.ma.

I. PRESENTATION OF THE OPERATION

I.1. LEGAL FRAMEWORK OF THE OPERATION

The Ordinary General Meeting held on 23 May 2014 having been made aware of the meeting of the Board of Directors in relation to a bond issue programme, and using the power that is reserved to it by article 294 of law no. 17-95 on public limited-liability companies, as amended and supplemented by law no. 20-05, hereby authorises the Board of Directors to issue one or more subordinate bonds, with or without a public offering, up to a ceiling, for all bonds to be issued, of three billion Moroccan dirhams (MAD 3 000 000 000).

The authorisation thus granted by the Ordinary General Meeting is valid for five (5) years from the date on which the Meeting is held.

The Ordinary General Meeting grants full powers to the Chairperson of the Board of Directors, and to all persons appointed by the Chairperson, for the purpose of deciding upon the periods that she / he deems appropriate, and before the expiry of the aforementioned period of five (5) years, for carrying out one or more subordinate bond issues, with or without public offering, to a ceiling, for all bonds to be issued, of three billion Moroccan dirhams (MAD 3 000 000 000), and to determine the proportions, conditions, and terms of the subordinate bond issue(s) as she / he deems appropriate and in accordance with the company's interest, the whole to be in accordance with applicable legal and regulatory provisions.

I.2. OBJECTIVES OF THE ISSUE PROGRAMME

The Banque Centrale Populaire is setting up its development strategy, which is part of a dynamic process of continuing development and which aims at boosting its position in the banking landscape.

The main aim of this mission is to:

- finance the Banque Centrale Populaire's development projects without altering its currently regulatory own funds
- boost current regulatory own funds, and, in consequence, boost the CPM's solvency.

I.3. STRUCTURE OF THE OFFER

BCP envisages issuing 10 000 subordinate bonds with a nominal value of 100 000 Moroccan dirhams. The overall amount of the transaction is one billion Moroccan dirhams (MAD 1 000 000 000), at an unlisted annually variable rate, with a ceiling of 1 000 000 000 Moroccan dirhams and a nominal value of MAD 100 000.

The total amount shall not under any circumstances exceed 1 000 000 000 Moroccan dirhams.

This issue is reserved for qualified investors under Moroccan law: *Organisme de Placement Collectif en Valeurs Mobilières* (OPCVM – Undertaking for Collective Investment in Transferable Securities (UCITS)), financial companies, credit establishments, insurance and re-insurance companies, the *Caisse de Dépôt et de Gestion* (Deposit and Management Fund), and pensions and retirement bodies.

Limiting subscription to qualified investors aims at facilitating the management of subscriptions on the primary market. It remains understood that any investor who wishes to acquire the bonds may do so on the secondary market.

I.4. STRUCTURE OF THE OFFER

The bonds have the following characteristics:

Nature of securities	Unlisted bonds dematerialised by being registered with the central depository (Maroclear) entered in books with accredited affiliates.
Legal form	To bearer
Issue ceiling	MAD 1 000 000 000
Maximum number of securities to be issued	10 000 titres
Unit nominal value	MAD 100 000
Maturity	7 ans
Subscription period	From December 08 ,2014 to December 10,2014 inclusive
Dividend date	December 17, 2014
Due date	December 17, 2021
Risk premium	75 bps
Issue price	At par, i.e. MAD 100 000 on dividend date
Mode of allocation	<i>Pro rata</i>
Negotiability of security	By mutual agreement (outside Stock Exchange) The issue conditions contain no restrictions on the free negotiability of the bonds.
Date for determining interest rate	The coupon shall be revised annually on the anniversary of the loan's dividend date, i.e. on December 17 each year. The issuer shall give notice of the new rate 5 working days before the anniversary date. Interest shall be paid on the anniversary date, or, if that is not a working day, then on the first working day following.
Face interest rate	Reviewable annually For the 1 st year, the face interest rate is calculated with reference to the monetary 52-week T-bonds on the basis of the treasury bond secondary curve published on 21 st November, 2014 by Bank Al Maghrib: 2,8%. The rate thus obtained shall be increased by a risk premium of 75 base points, i.e. 3,55%. For the following years, the nominal rate of the subordinated securities shall be calculated on the basis of the last rate of the monetary 52-week T-bonds observed or calculated by linear interpolation on the rate curve of the secondary market as published by Bank Al-Maghrib, by 5 stock exchange business days preceding each anniversary. The rate thus obtained shall be increased by a risk premium of 75 basis points. The reference rate thus obtained shall be increased by the risk premium of 75 bps
Method of calculating the reference rate	At each anniversary date, the reference rate that be adopted shall be determined according to the following terms: The reference rate of the subordinated securities shall be calculated on the basis of the last rate of the monetary 52- week T-bonds observed or calculated by linear interpolation on the rate curve of the secondary market as published by Bank Al-Maghrib, by 05 stock exchange business days preceding each anniversary date. The rate thus obtained shall be increased by a risk premium of 75 basis points.
Coupon payment	Coupons shall be served annually on the anniversary dates of the issue dividend date, i.e. on December 17 each year. Payment shall take place on that same day, or, if that not a working day, on the first working day after December 17.

	Interest shall be calculated according to the following formula: $[\text{Nominal} \times \text{Face Rate}] \times [\text{exact number of days}] / 360$. Interest shall stop accruing on the day when the BCP makes the capital available for repayment. No interest can be carried over as part of the transaction.
Repayment of principal	<p>The BCP's bond issue shall involve repayment of principal <i>in fine</i>.</p> <p>In case of merger, de-merger, or partial contribution of assets by the BCP, taking place during the period of the loan and involving the universal transmission of equity in favour of a different legal entity, the rights and obligations under the bonds shall automatically be transferred to the legal entity that takes on the BCP's rights and obligations.</p>
Early repayment	<p>During the life of the loan, the BCP shall not make early repayment of the bonds that are covered by this issue.</p> <p>However, the BCP reserves the right to buy back bonds on the secondary market, on condition that such a transaction is permitted by legal and regulatory provisions. Those buy-backs shall have no effect for subscribers who wish to retain their securities for the normal term, or for the normal amortisation timescale. Bonds that are thus bought back shall be cancelled.</p>
Assimilation clause	<p>The bonds covered by this information note are not subject to assimilation to securities covered by a previous issue.</p> <p>If the BCP subsequently issues new securities that, in all respects, enjoy rights that are identical to those of this issue, the BCP may, without requiring the consent of the bearers of previous bonds, and provided that issue contracts make provision for it, assimilate the entirety of securities from subsequent issues, thus unifying all transactions relating to their management and trading.</p>
Rank / Subordination	<p>The capital and interests of this loan are subject to a subordination clause.</p> <p>The application of this clause shall not affect whatsoever the legal provisions relating to the accounting principles of loss allocation, the obligations of shareholders and the rights of underwriters, in accordance with the conditions set out in the contract, to obtain the payment of their securities in capital and interests.</p> <p>In case of liquidation of BCP, the repayment of the capital and interests on the subordinated securities of this issue shall occur only after the compensation of all secured and unsecured creditors. The repayment of the present subordinated securities shall take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by BCP both in Morocco and abroad, proportionally to their amount, if applicable.</p>
Repayment guarantee	Bonds issued by the BCP are not covered by any particular guarantee.
Rating	This issue has not been the subject of a rating request.
Applicable law / Competent jurisdiction	Moroccan law, with, as competent jurisdiction, Casablanca Commercial Court.
Representation of bondholders	<p>Until the General Meeting of Bondholders is held, the BCP's Board of Directors has appointed Mr. Hdid, a chartered accountant, as a temporary representative.</p> <p>That decision shall take effect at the opening of the subscription period.</p> <p>The BCP undertakes to summon the general meeting of bondholders to nominate the permanent representative of the bondholders, and to do so within one year of the subscription period being opened.</p>

I.5. TIMESCALE OF THE TRANSACTION

Order	Stages	Deadline
1	Obtaining CDVM approval	27 November 2014
2	Publishing the extract from the information note in a legal gazette	03 December 2014

3	Opening the subscription period	08 December 2014
4	Closing the subscription period	10 December 2014
5	Compilation and synthesis of results	11 December 2014
6	Communication of operation results to investors	11 December 2014
7	Publishing the transaction results in a legal gazette	17 December 2014
8	Settlement / Delivery	18 December 2014

I.6. FINANCIAL INTERMEDIARIES

Type of financial intermediary	Name
	Upline Corporate Finance
Financial adviser	37 Boulevard Abdellatif ben Kaddour, Casablanca Tel.: 05 22 99 71 71
	Banque Centrale Populaire
Clearing House	101 Boulevard Zerktouni, Casablanca Tel.: 05 22 22 02 17
	Banque Centrale Populaire
Collector of subscription orders	101 Boulevard Zerktouni, Casablanca Tel.: 05 22 22 02 17

I.7. TERMS AND CONDITIONS OF SUBSCRIPTION AND ALLOCATION

I.7.1. SUBSCRIPTION PERIOD

The subscription period for this issue shall start on December 08, 2014 and shall close on December 10, 2014, both dates inclusive.

I.7.2. SUBSCRIBERS

Subscribers who are covered by this bond issue are qualified investors under Moroccan law as defined below:

1. Financial companies referred to in article 14 of dahir no. 1-05-178 of 14 February 2006 establishing the promulgation of law no. 34-03 on credit establishment and similar bodies, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern them.
2. Credit establishments referred to in article 1 of dahir no. 1-05-178 quoted above, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern them.
3. *Organismes de Placement Collectif en Valeurs Mobilières* (OPCVM – Undertakings for Collective Investment in Transferable Securities) governed by the dahir that establishes law no. 1-93-213 of Rabi' II 1414 AH (21 September 1993) on undertakings for collective investment in transferable securities, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern them.
4. Insurance and re-insurance businesses that are accredited and governed by law no. 17-99 establishing the Insurance Code, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern them.
5. The *Caisse de Dépôt et de Gestion*, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern it.

6. Pensions and retirement bodies, subject to compliance with legislative, regulatory, and statutory provisions as well as prudential rules that govern them.

Subscriptions are all in cash, regard of the subscriber category.

I.7.3. IDENTIFYING SUBSCRIBERS

The BCP must ensure that subscribers belong to one of the categories defined above. To that end, it must obtain a copy of the document that attests that identification, and attach that copy to the subscription form.

For each subscriber category, the identification documents to be produced are:

Category	Documents to attach
OPCVM	<ul style="list-style-type: none"> • Photocopy of the approval decision • For a <i>Fonds Commun de Placement</i> (FCP – Mutual Investment Fund), the number of the certificate of deposit with the Court Registry. • For a SICAV (<i>Société d'Investissement à Capital Variable</i> – Unit Trust), the business register number.
Qualified investors under Moroccan law, other than OPCVM	Form showing entries in the business register, and including the business purpose as well as highlighting their inclusion in the category.

I.7.4. TERMS OF SUBSCRIPTION

Subscribers can make one or more subscription requests by specifying the number of securities requested and the rate subscribed per level from a base point. Subscription requests are cumulative on a daily basis per subscription amount. Subscribers can be served up to the amount of their request and subject to the availability of securities.

No subscription floor or ceiling has been set in respect of the bond issue covered by this information note, subject to the amount of the transaction, i.e. 1 billion Moroccan dirhams.

The BCP is required to take subscription orders from subscribers using subscription application forms that are firm and that are duly completed, signed, and dated by subscribers in accordance with the sample form attached.

The BCP must verify the financial capacity of subscribers to this issue.

Furthermore, the BCP undertakes not to accept subscriptions outside the subscription period.

The BCP shall collect subscription orders during the whole subscription period. The BCP must not accept subscription orders collected by a body other than itself.

Each subscription application form must be duly completed, signed, and dated by the subscriber or that person's proxy holder, and passed to the BCP. All subscriptions must be made in cash, and must be expressed as a number of securities.

Each subscriber must place its subscription order(s) by specifying the number of securities requested and the amount of the subscription. No later than 14:00 hours during the entire subscription period, each subscriber must present a firm subscription application form based on the sample form attached.

Subscription application forms are irrevocable after the subscription period is closed.

I.8. TERMS AND CONDITIONS FOR PROCESSING ORDERS

I.8.1. TERMS AND CONDITIONS FOR ALLOCATION

Requests made shall be served until the issue ceiling is reached. If the number of bonds requested is greater than the number of securities available. Allocation shall be *pro rata* on the basis of an allocation rate.

The allocation rate shall be determined by the ratio:

“Amount offered / Amount requested”.

If the number of securities to be shared out based on the *pro rata* rule defined above is not a whole number, the number of securities shall be rounded down to the nearest whole number. Remaindered securities shall be allocated at a rate of one bond per subscriber, with priority going to subscribers making the largest requests.

When the subscription period is closed, if the cumulative amount allocated is less than MAD 1 000 000 000, subscriptions shall be cancelled.

I.8.2. TERMS AND CONDITIONS FOR CANCELLING SUBSCRIPTIONS

If the financial operation should fail, subscriptions must be repaid within 3 working days from the date of compilation and synthesis of results.

Any subscription that does not respect the conditions contained in this information note is likely to be cancelled by the lead manager.

I.9. TERMS AND CONDITIONS FOR REGISTRATION

I.9.1. TERMS AND CONDITIONS FOR PAYMENT BY SUBSCRIBERS

Settlement / delivery between the issuer (the BCP) and the subscribers shall take place in accordance with the procedure in force, and shall be done on the dividend date, which is set for December 17, 2014. Securities are payable in cash, in a single instalment, and registered to the name(s) of the subscriber(s) on December 17, 2014.

I.9.2. ISSUE DOMICILIATION

The BCP is the designated domiciliation agent for the transaction, and is tasked with carrying out all the operations that are inherent in the securities issued as part of the issue that is the subject of this information note.

I.10. TERMS AND CONDITIONS FOR PUBLISHING THE RESULTS OF THE TRANSACTION

The BCP shall publish the results of the transaction in a legal gazette on December 18, 2014.

I.11. TAX REGIME OF SECURITIES TO BE ISSUED

Investors' attention is drawn to the fact that the Moroccan tax regime is presented below for the purposes of information only, and is not an exhaustive indication of the tax situations that apply to each investor.

Legal persons who wish to take part in this transaction are invited to consult their financial adviser(s) with a view to determining the tax regime that applies to their particular case. Subject to legal or regulatory changes, the regime currently in force is the following:

I.11.1. ISSUE DOMICILIATION

Persons subject to IS (*Impôt sur les Sociétés* – Corporation Tax)

Fixed-return investment products are subject to deduction at source of 20% on the amount of provisional advances and any remainder from the IS for the financial year during which the deduction was made. In that case, when paying in the said profits, beneficiaries must give:

- the company name and address of the registered office or main establishment
- the business register number and the number of the tax item under corporation tax.

Persons subject to IS (*Impôt sur les Revenus* – Income Tax)

Fixed-return investment products are subject to IR at a rate of

- 30% for beneficiaries who are physical persons and who are not subject to the IR under the BNR (*Bénéfice Net Réel* – Real Net Profit) regime or the BNS (*Bénéfice Net Simplifié* – Simplified Net Profit) regime
- 20% against the IR payment, with a right of restitution for beneficiaries who are legal persons and physical persons subject to the IR under the BNR regime or the BNS regime. When paying the said profits, the said beneficiaries must give:
 - ✓ their full name, address, and CIN (*Carte d'Identité Nationale* – National Identity Card) number
 - ✓ their tax item number under IR.

I.11.2. TAX ON CAPITAL GAINS

Legal Persons

In accordance with the provisions of the CGI (*Code Général des Impôts* – General Tax Code), profits on the transfer of bonds and other debt securities are subject, on a case-by-case basis, to IR or IS.

II. ISSUER INFORMATION

II.1. ACTIVITY

II.1.1. GENERAL INFORMATION

The Banque Centrale Populaire is a Crédit Populaire du Maroc (CPM) body. The latter was set up by dahir no. 1-60-232 of 2 February 1961, and is governed by law no. 12-96 establishing reform of the CPM, as supplemented and amended by law no. 42-07 of 20 October 2008 and law no. 44-08 of 24 August 2010.

The CPM is defined as group of banks, and is made up of the Banque Centrale Populaire and ten (10) regional Banques Populaires. The CPM's mission is to encourage development activity for all medium-sized or small businesses, working in handicrafts, industry, or services, by distributing credits. It contributes to mobilising savings at regional level at which savings are collected, and to promoting banking activities at regional level.

Company name	Banque Centrale Populaire – BCP
Registered address	101 Boulevard Zerktouni, Boîte Postale 20100, Casablanca
Telephone numbers	(+212) 522 20 25 33 / 522 22 41 11 / 522 22 25 89
Fax numbers	(+212) 522 22 26 99 / 522 20 93 40
Web site	www.gbp.ma
Legal form	The BCP is a <i>Société Anonyme (SA) à Conseil d'Administration</i> (Limited-Liability Company with a Board of Directors) governed by the provisions of law no. 20-05 ¹ .
Date of creation	The Banque Centrale Populaire was set up by virtue of dahir no. 1-60-232 of 2 February 1961 as a <i>Société Coopérative à Capital Variable</i> (Variable-Capital Co-operative Company).
Duration	99 years
Business register number	Casablanca Business Register no. 28173
Financial year	From 1 January to 31 December
Business purpose	Article 5 of the Banque Centrale Populaire's articles of association states: <p style="text-align: center;">1- Banking operations</p> <ul style="list-style-type: none"> ▪ By way of its habitual profession, the company's business is to carry out all transactions that are likely to be carried out by banks by virtue of the provisions of law no. 34-03 on credit establishments and similar bodies, and by virtue of any legislation that amends or that adds to that law. ▪ The company carries out its banking activities under the oversight as well as the administrative, technical, and financial control of the Crédit Populaire du Maroc's Steering Committee.

¹ The BCP was transformed from a variable-capital co-operative company into a limited-liability company pursuant to article 16 of law 16-96, as amended and supplemented.

2- Central banking body for regional Banques Populaires

- The company is the central banking body for regional Banques Populaires Régionales, and is governed by the aforementioned law no. 12/96.
- To that end, it is tasked with:
 - offsetting mutual claims and debts between the bodies that make up the Crédit Populaire du Maroc
 - financing the regional Banques Populaires under the conditions set by the Steering Committee
 - acting as a clearing house for subscriptions to public or private transferable securities collected by the bodies that make up the Crédit Populaire du Maroc
 - consolidating the accounts of the bodies that make up the Crédit Populaire du Maroc and their subsidiaries. To establish its consolidated accounts, the consolidating body is made up of the bodies that make up the Crédit Populaire du Maroc
 - managing, under the conditions set by the Steering Committee:
 - treasury surpluses from the regional Banques Populaires
 - services of common interest to the bodies that make up the Crédit Populaire du Maroc
 - the Crédit Populaire du Maroc's support fund
 - acting as a clearing house for declarations of all types with respect to Bank Al-Maghrib, the Administration, and Professional Bodies
 - any task that it is assigned by the Steering Committee pursuant to the provisions of article 11 of law no. 12-96.

By virtue of the provisions of article 55 of law no. 12-96, the Banque Centrale Populaire provides regional Banques Populaires, on a temporary basis, with management staff necessary for their proper functioning.

3 – Activities for the Steering Committee

- The Banque Centrale Populaire acts as secretary to the Crédit Populaire du Maroc's Steering Committee, by virtue of the provisions of article 14 of law no. 12-96.
- In accordance with article 11 of the said law, the Steering Committee may task the Banque Centrale Populaire with implementing decisions that are taken by the Steering Committee by virtue of its powers recognised by law.
- The decisions of the said Committee are binding on the Banque Centrale Populaire.

	<p>4 – Functioning, investment, and stake-acquisition operations - Subsidiaries</p> <ul style="list-style-type: none"> ▪ Subject to compliance with regulations, procedures, and conditions for financing budgets drawn up by the Crédit Populaire du Maroc’s Steering Committee, the company may carry out the following operations: <p>4.1- Functioning:</p> <ul style="list-style-type: none"> ▪ The company may incur all operating expenses needed for its activity. <p>4.2- Investment:</p> <ul style="list-style-type: none"> ▪ The company may carry out all types of investments in fixed and movable assets as required for the performance of its activity, safeguarding its interest, and its staff housing. <p>4.3- Acquiring holdings in the capital of regional Banques Populaires</p> <p>The acquisition by the Banque Centrale Populaire of holdings in one or more of the bodies that make up the Crédit Populaire du Maroc is subject to the prior agreement of the steering committee, which sets the levels, terms, and conditions thereof.</p> <p>4.4 – Other acquisitions of stakes and subsidiaries</p> <ul style="list-style-type: none"> ▪ Subject to compliance with the provisions of law no. 34-03 and with current regulations, and subject to authorisation from the Steering Committee, the company may: ▪ acquire holdings in all existing companies or businesses, or companies or businesses that are being set up, giving priority to those of local or regional interest ▪ set up or close down a subsidiary in Morocco or abroad, that subsidiary being tasked with managing or exploiting activities that are common to the Banques Populaires Group ▪ however, the company may not intervene directly in territories where regional Banques Populaires carry out their activities unless with the agreement of the regional Banque Populaire concerned. In case of conflict, the matter is decided by the Steering Committee ▪ more generally, the Company may carry out all banking, financial, commercial, industrial, moveable-property, and fixed-property transactions that may be directly or indirectly linked to its business purpose.
Current equity capital	<ul style="list-style-type: none"> ▪ As of 31 December 2013, 1 731 419 230 Moroccan dirhams divided into 173 141 923 shares.
Legal documents	<ul style="list-style-type: none"> ▪ Legal documents, in particular articles of association,

	<p>minutes of shareholders' meetings, auditors' reports, and management reports may be consulted at the BCP's registered office.</p>
<p>Applicable legislation and regulations</p>	<ul style="list-style-type: none"> ▪ Given its legal form, the BCP is governed by Moroccan law and by law 17-95 of 30 August 1996 on limited-liability companies, as amended and supplemented by law 20-05 ▪ Given the fact that it comes under the Crédit Populaire du Maroc, the BCP is governed by law 12-96, as supplemented and amended by law 42-07, and by law 44-08 on the CPM ▪ Given its activity, the BCP is governed by dahir no. 1-05-178 of 15 Muharram 1427 AH (14 February 2006) promulgating law no, 34-03 on the activity of credit establishments and similar bodies (banking law) ▪ Given its stock-exchange listing, the BCP is subject to all legal and regulatory provisions relating to the financial market, in particular: <ul style="list-style-type: none"> ▪ the dahir establishing law no. 1-93-211 of 21 September 1993 on the Stock Exchange, amended and supplemented by laws 34-96, 29-00, 52-01, and 45-06 ▪ the General Stock-Exchange Regulations approved by order no. 499-98 of 27 July 1998, issued by the Ministry for the Economy and Finance and amended by order no. 1960-01 of 30 October 2001, issued by the Ministry for Privatisation and Tourism. The latter was amendment by the amendment of June 2004 that came into force on 22 November 2004, and by order no. 1268-08 of 7 July 2008 ▪ the dahir establishing law no. 1-93-212 of 21 September 1993 on the <i>Conseil Déontologique des Valeurs Mobilières</i> and on information required of persons making a public offering, as amended and supplemented by laws no. 23-01, 36-05, and 44-06 ▪ the dahir establishing law no. 35-96 on setting up a central depository and a general regime for entry into books of certain securities, amended and supplemented by law no. 43-02 ▪ the general regulation of the central depository, approved by order no. 932-98 of 165 April 1990, issued by the Ministry for the Economy and Finance and amended by order no. 1961-01 of 30 October 2001, issued by the Ministry for Privatisation and Tourism ▪ dahir no. 1-04-21 of 21 April 2004 promulgating law no. 26-03 on public offerings on the stock market, as amended and supplemented by law 46-06 ▪ the general regulations of the <i>Conseil Déontologique des Valeurs Mobilières</i> approved by order no. 822-08 of 14 April 2008, issued by the Ministry for the Economy and Finance
<p>Tax regime</p>	<ul style="list-style-type: none"> ▪ As a credit establishment, the BCP is subject to corporation tax (37%) and VAT (10%).
<p>Competent court in case of dispute</p>	<ul style="list-style-type: none"> ▪ Casablanca Commercial Court

II.2. SHAREHOLDER STRUCTURE

Historic development of the shareholder body

Shareholder	31-Dec-11		31-Dec-12		31-Dec-13		30-Sep-14	
	Number of securities held*	% of capital and voting rights	Number of securities held*	% of capital and voting rights	Number of securities held*	% of capital and voting rights	Number of securities held*	% of capital and voting rights
Regional Banques Populaires	54 948 059	35.16%	76 357 911	44.10%	78 635 423	45.42%	90 949 635	52.53%
Treasury	26 869 360	17.20%	10 420 877	6.02%	10 420 877	6.02%	1	0.00%
CPM employees	8 484 454	5.43%	7 664 326	4.43%	6 805 537	3.93%	5 522 324	3.19%
OCP	8 752 736	5.60%	8 752 736	5.06%	8 752 736	5.06%	8 752 736	5.06%
Selected institutional investors	19 096 158	12.22%	15 952 335	9.21%	18 017 555	10.41%	20 196 185	11.66%
Various (including floating on the stock exchange)	38 109 819	24.39%	53 993 738	31.18%	50 509 795	29.17%	47 721 042	27.56%
Self-owner shares	0	0.00%	0	0.00%	0	0.00%	0	0.00%
TOTAL	156 260 586	100%	173 141 923	100%	173 141 923	100%	173 141 923	100%

*The number of securities held was doubled following the increase in capital by incorporating part of the reserves
 Source: BCP and Casablanca Stock Exchange

At the end of 2010, and following the merger between the Banque Populaire Casablanca and the BCP, the latter's capital stood at MAD 664 107 480.

On 13 September 2011, the BCP increased its capital as follows:

- a capital increase reserved for selected institutional investors. The overall amount of the transaction was 3 140 838 060 Moroccan dirhams covering 7 813 030 BCP shares at a price of 402 Moroccan dirhams per share
- a capital increase reserved for Bank staff. The overall amount of the transaction was 1 336 028 130 Moroccan dirhams covering 3 906 515 BCP shares at a price of 342 Moroccan dirhams per share.

On 02 November 2011, the BCP decided to increase its equity capital by 781 302 930 Moroccan dirhams by incorporating part of the reserves. That increase in capital was done by creating 78 130 293 new shares, each with a nominal value of 10 Moroccan dirhams. In that way, the BCP's equity capital stood at MAD 1 562 605 860, divided into 156 260 586 shares, each with a nominal value of 10 Moroccan dirhams.

On 30 May 2012, the BCP carried out a capital increase reserved for BPCE Maroc. The overall amount of that increase was MAD 1 653 072 441. The BCP's equity capital rose by MAD 82 242 410 to reach MAD 1 644 848 270, covering 164 484 827 shares.

On 26 September 2012, 10% of the BCP's capital held by the Treasury was transferred to regional Banques Populaires was transferred to regional Banques Populaires for MAD 3.3 billion.

On 22 October 2012, the BCP carried out a capital increase reserved for the SFI. The overall amount of that increase was MAD 1 740 076 296. The BCP's equity capital increased by MAD 86 570 960 to reach MAD 1 731 419 230, covering 173 141 923 shares.

On 17 April 2014, 6% of the BCP's capital held by the Treasury was transferred to regional Banques Populaires for a total amount of MAD 2.055 billion.

On 30 September 2014, the BCP's shareholders were made up as follows:

Shareholders	Number of shares and voting rights	% holding
REGIONAL BANQUES POPULAIRES	90 949 635	52.53%
<i>BP MEKNES</i>	9 967 854	5.76%
<i>BP AGADIR</i>	9 982 745	5.77%
<i>BP EL JADIDA</i>	6 160 804	3.56%
<i>BP FES</i>	9 971 754	5.76%
<i>BP LAËYOUNE</i>	4 937 490	2.85%
<i>BP TANGIER</i>	9 971 010	5.76%
<i>BP MARRAKESH</i>	9 970 641	5.76%
<i>BP RABAT</i>	9 972 145	5.76%
<i>BP NADOR</i>	10 005 207	5.78%
<i>BP OUJDA</i>	10 009 985	5.78%
STAFF	5 522 324	3.19%
OCP	8 752 736	5.06%
BPCE Maroc	8 224 241	4.75%
SFI Group	8 657 096	5.00%
Others	56 558 215	32.67%
Total	173 141 923	100%

Source: BCP

During financial year 2012, the number of BCP shares held by regional Banques Populaires increased to 74 880 861 shares (as against 54 948 059 shares at the end of 2011). That increase was due to the acquisition of new BCP shares on the market, and to the transfer of 10% of the BCP's capital by the State in favour of regional Banques Populaires on 26 September 2012.

In addition, on 30 May 2012, BPCE Maroc took a 5.00% holding in the BCP's capital. In that way, the BCP's capital rose from MAD 1 562 605 860 to MAD 1 644 848 270, divided into 164 484 827 shares with a nominal value of MAD 10.

Finally, on 22 October 2012, the SFI took a 5% holding in the BCP's capital. In that way, the BCP's capital reached MAD 1 731 419 230, divided into 173 141 923 shares with a nominal value of MAD 10.

On 17 April 2014, 6% of the BCP's capital held by the Treasury was transferred in favour of regional Banques Populaires for a total of almost MAD 2 billion.

II.3. BOARD OF DIRECTORS

At the end of September 2014, the BCP's Board of Directors was made up as follows:

Name	Function	Date of appointment or co-option	Date of renewal of term	Date of expiry of term
Mr. Mohamed Benchaaboun	Chairperson and Managing Director	General Meeting held on 23/05/2008	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
Mr. Mohamed Belghazi	Board Member	Co-option by the Board of Directors on 25/03/2010	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
OCP S.A.	Represented by Mr. Mostafa Terrab, Chairperson and Managing Director	Co-option by the Board of Directors on 18/03/2009	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016

Ms. Fouzia Zaaboul	Treasury and External Finances Director at the Ministry for the Economy and Finance	Co-option by the Board of Directors on 14/07/2010	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
Banque Populaire, Rabat-Kenitra	Represented by its Chairperson of the Board of Management, Mr. Jalil Sebti	General Meeting of 25/05/2005	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
Banque Populaire, Marrakech-Béni Mellal	Represented by its Chairperson of the Board of Management, Mr. Abdelkhalek Bendriss	Board of Directors meeting of 25/09/2009	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
Banque Populaire, Meknès	Represented by its Chairperson of the Board of Management, Mr. Abdelaziz Trachen	General Meeting of 25/05/2005	General Meeting of 24/05/2011	General Meeting ruling on the accounts of financial year 2016
Banque Populaire, Tangier-Tetouan	Represented by its Chairperson of the Board of Management, Mr. Mohamed Boulghmair	General Meeting of 24/05/2011	-	General Meeting ruling on the accounts of financial year 2016
Banque Populaire, El Jadida Safi	Represented by its Chairperson of the Board of Management, Mr. Mohamed Adib	General Meeting of 24/05/2011	-	General Meeting ruling on the accounts of financial year 2016
BPCE MAROC	Represented by Mr. François Pérol, Chairperson of the Board of Management of the Banque Populaire et Caisse d'Epargne	Board of Directors meeting of 04/09/2012	General Meeting of 24/05/2013	General Meeting ruling on the accounts of financial year 2016
Mr. Adriano Arietti	Independent board member	General Meeting of 24/05/2013	-	General Meeting ruling on the accounts of financial year 2016
Mutuelle Centrale Marocaine d'Assurances (MCMA)	Represented by Mr. Hicham Belmrah	General Meeting of 24/05/2013	-	General Meeting ruling on the accounts of financial year 2016

II.5. STRUCTURE OF THE BCP'S HOLDINGS

The Banque Centrale Populaire controls several subsidiaries. As of 30 June 2014, the BCP's subsidiaries were:

Subsidiaries	Field of activity	% in capital and voting rights
Maroc Leasing	Leasing	53.11%
Vivalis (ex-Assalaf Chaabi)	Consumer credit	64.02%
Upline Group	Business bank	74.87%
Maroc Assistance Internationale	Assistance	77.43%
Chaabi Bank Europe (ex-BCDM)	Bank	100%
BPMG	Bank	77.25%
BPMC	Bank	62.50%
Chaabi International Bank offshore	Off-shore bank	70.00%
Chaabi LLD	Long-term rental	73.62%
BP Shore Immo	Property	51.00%
BP Outsourcing Process	Holding	52.00%
Médiafinance	Capital market	60%*
Chaâbi Capital Investissement	Fund of investment funds	49.00%
Atlantic Microfinance For Africa	Holding	100.0%
Atlantic Business International	Holding	50.00%

Source: BCP

(*) Médiafinance: 89.95% of voting rights

(**)

Following the Board of Directors' decision of 19/12/2012, financial year 2013 saw a transaction to restructure investment funds. That restructuring aimed at doing the following:

- transferring the Moussahama I fund to the Chaabi Capital Investissement fund, and contributing the Moussahama II fund to the Chaâbi Capital Investissement fund
- restructuring and recapitalising the Chaâbi Capital Investissement fund by setting up a financing plan for 2012-2014 for Chaâbi Capital Investissement, and financing it by a contribution in own funds of MAD 852 million, 49% from the BCP and 51% et de 51% from the 10 regional Banques Populaires, each contributing 5.1%.

II.6. THE BCP'S ACTIVITY

Development of credit

Net outstanding loans to clients by type of loan are as follows:

(In million MAD)	2011	2012	2013	Var 12/11	Var 13/12	30/06/2014	Var 06-14/13
Treasury loans and consumer credit	31 848	33 543	32 086	5%	-4%	34 777	8%
Equipment loans	21 871	19 287	21 850	-12%	13%	21 973	1%
Property loans	19 558	20 172	21 830	3%	8%	23 040	6%
Other loans	5 317	5 643	8 696	6%	54%	7 878	-9%
Net outstanding loans to clients	78 594	78 645	84 461	0.10%	7.40%	87 668	3.80%

Source: BCP – Corporate financial statements

At the end of June 2014, net outstanding loans to clients rose by 3.8% to MAD 87.7 million. That rise was due essentially to the rise in property loans by 6% to MAD 23.0 million, as well as treasury loans and consumer credit rising by 8% to MAD 34.7 million, with respect to the end of 2013.

Development of client deposits

Net client deposits by type of product are as follows:

(In million MAD)	2011	Part	2012	Part	2013	Part	30/06/2014	Part
Sight accounts in credit	27 909	56%	30 595	62%	30 228	59%	31 547	62%
Savings accounts	3 352	7%	3 647	7%	4 040	8%	4 264	8%
Term deposits	15 676	31%	12 186	25%	14 651	29%	13 055	25%
Other accounts in credit	2 940	6%	3 127	6%	2 282	4%	2 393	5%
Client deposits	49 877	100%	49 555	100%	51 202	100%	51 259	100%
% growth	11%		-1%		3%		0.10%	

Source: BCP – Corporate financial statements

At the end of June 2014, clients' deposits rose by 0.1% to MAD 51.3 million. That rise is essentially due to the 4% rise in sight accounts in credit, balanced out by the 11% fall in term deposits.

III. FINANCIAL DATA

III.1. CONSOLIDATED BALANCE SHEET

In million MAD	2011	2012	2013	30/06/2014	Δ 11 /12	Δ 12/13	Δ 13/06-14
Cash, Central Banks, Public Treasury, Postal Cheque Service	5 404	7 448	6 798	6 796	38%	-9%	0%
Financial assets at fair value by result	10 038	17 486	21 862	25 484	74%	25%	17%
Financial assets available for sale	13 918	17 274	16 422	20 471	24%	-5%	25%
Loans and advances to credit establishments and similar	9 159	12 893	11 537	12 760	41%	-11%	11%
Loans and advances to clients	170 498	184 200	199 827	206 302	8%	8%	3%
Investments held until maturity	17 257	17 974	19 841	17 996	4%	10%	-9%
Current-tax assets	733	736	586	1 167	0%	-20%	99%
Deferred-tax assets	65	302	294	353	>100%	-3%	20%
Accrued income and other assets	3 318	4 475	3 874	7 199	35%	-13%	86%
Equity holdings accounted for by the equity method	29	23	73	72	-21%	>100%	-1%
Tangible fixed assets	6 150	7 148	7 647	7 984	16%	7%	4%
Intangible fixed assets	373	442	498	504	18%	13%	1%
Goodwill	418	1 035	1 040	1 038	>100%	1%	0%
TOTAL IFRS ASSETS	237 359	271 435	290 299	308 125	14%	7%	6%
Cash, Central Banks, Public Treasury, Postal Cheque Service	3	204	101	319	>100%	-51%	>100%
Financial liabilities at fair value by result	-	-	-	31	n.a	n.a	n.a
Hedging derivatives	-	-	48	7	n.a	n.a	-85%
Debts to credit establishments and similar	14 954	25 489	28 877	32 018	70%	13%	11%
Debts to clients	183 584	201 913	209 991	221 360	10%	4%	5%
Debts represented by a security	635	-	-	-0	-100%	n.a	n.a
Debt instruments issued	3 067	4 852	8 095	3 713	58%	67%	-54%
Current-tax liabilities	501	540	887	1 301	8%	64%	47%
Deferred-tax liabilities	794	1 028	1 032	933	29%	0%	-10%
Accrued income and other liabilities	2 800	3 081	3 510	11 778	10%	14%	>100%
Technical provisions of insurance contracts	202	84	107	283	-58%	27%	>100%
Provisions for liabilities and charges	1 399	1 673	1 596	1 656	20%	-5%	4%
Subsidies, restricted public funds, and special guarantee funds	3 043	2 805	2 576	2 724	-8%	-8%	6%
Subordinated debt	1 556	1 590	1 590	1 634	2%	0%	3%
Capital and associated reserves	11 940	16 031	16 545	17 344	34%	3%	5%
Consolidated reserves	9 552	8 158	11 111	10 295	-15%	36%	-7%
- Group share	2 267	2 715	3 294	3 508	20%	21%	7%
- regional Banques Populaires' share	6 043	3 518	5 758	4 663	-42%	64%	-19%
- Minority shareholders' share	1 242	1 926	2 059	2 124	55%	7%	3%
Unrealised or deferred gains or losses – group share	288	778	1 028	1 034	>100%	32%	1%
- Group share	301	819	1 021	1 025	>100%	25%	0%
- Regional Banques Populaires' share	-21	-45	7	9	>100%	<-100%	28%
- Minority shareholders' share	8	3	0	1	-63%	-97%	>100%
Net result for the financial year	3 039	3 209	3 206	1 694	6%	0%	-47%
- Group share	1 826	1 877	1 952	1 131	3%	4%	-42%
- Regional Banques Populaires' share	1 022	1 107	1 031	336	8%	-7%	-67%
- Minority shareholders' share	190	225	223	227	18%	-1%	2%
TOTAL IFRS LIABILITIES	237 359	271 435	290 299	308 125	14%	7%	6%

Source: BCP consolidated IFRS accounts

III.2. CONSOLIDATED PROFIT-AND-LOSS ACCOUNT

In million MAD	2011	2012	2013	Δ 11 /12	Δ 12/13	30/06/2013	30/06/2014	Δ 06-13 /06-14
Interest and similar profits	11 494	12 690	13 872	10%	9%	6 800	7 217	6%
Interest and similar losses	-3 682	-4 098	-4 493	11%	10%	-2 223	-2 384	7%
MARGIN OF INTEREST	7 812	8 591	9 379	10%	9%	4 577	4 833	6%
Commission charged	1 059	1 423	2 101	34%	48%	949	1 080	14%
Commission paid	-75	-92	-205	23%	>100%	-74	-104	40%
MARGIN ON COMMISSION	984	1 331	1 896	35%	42%	875	977	12%
Net gains or losses on financial instruments at fair value by result	501	696	1 369	39%	97%	568	1 220	>100%
Gains or losses on financial assets available for sale	538	461	275	-14%	-40%	296	246	-17%
RESULT OF MARKET ACTIVITIES	1 039	1 157	1 644	11%	42%	864	1 466	70%
Profits from other activities	523	543	547	4%	1%	288	330	14%
Charges from other activities	-202	-117	-284	-42%	>100%	-120	-147	22%
NET BANKING PROFIT	10 156	11 505	13 181	13%	15%	6 484	7 459	15%
General operating charges	-4 425	-4 774	-5 750	8%	20%	-2 747	-2 944	7%
Provision for amortisation and depreciation of tangible and intangible fixed assets	-512	-588	-744	15%	26%	-357	-384	8%
GROSS OPERATING PROFIT	5 219	6 144	6 688	18%	9%	3 381	4 131	22%
Risk cost	-697	-1 273	-1 970	83%	55%	-977	-1 801	84%
OPERATING PROFIT	4 522	4 871	4 718	8%	-3%	2 404	2 329	-3%
Share in net profit of equity affiliates	1	-1	5	<-100%	<-100%	-0	1	<-100%
Gains or losses on other assets	75	14	98	-81%	>100%	15	43	>100%
Variation in the value of goodwill	-	-	-0	n.a	n.a	-1	0	<-100%
PRE-TAX PROFIT	4 597	4 884	4 821	6%	-1%	2 418	2 373	-2%
Tax on profits	-1 558	-1 675	-1 615	8%	-4%	-750	-679	-10%
NET PROFIT	3 039	3 209	3 206	6%	0%	1 667	1 694	2%
Profit – regional Banques Populaires' share	1 022	1 107	1 031	8%	-7%	550	336	-39%
Profit- outside Group	190	225	223	18%	-1%	114	227	99%
NET PROFIT – BCP GROUP'S SHARE	1 827	1 877	1 952	3%	4%	1 003	1 131	13%

Source: BCP consolidated IFRS accounts

IV. RISKS

The CPM has a risk-management executive that is tailored to its co-operative structure and to its risk profile, of which responsibility for control, measuring, and supervision is shared between:

- the bodies that deal with internal checks (inspection, audit, compliance, etc.)
- the Group General Risk Management, the Risk Management Cluster, and other functions dedicated to and / or involved in monitoring risks (credit, market, liquidity, and operational)
- the bodies that deal with governance and steering (Steering Committee, Risk Management Committee, Investment Committee, Executive Recruitment Committee, etc.)

Furthermore, and in particular as part of implementing the new provisions arising from Basel II regulations, the Group continues to reinforce the structuring of its arrangements for identifying, measuring, and monitoring risks by large risk areas.

IV.1. CREDIT RISKS

General presentation of the arrangements for managing credit risks

The arrangement for checking and managing credit risks rests mainly on the following bases:

- collective decision-making that takes the form of setting up credit committees at all levels (Internal Credit Committee, Recovery and Large Risks Committee, etc.)
- separating tasks between commercial entities and those tasked with assessing, monitoring, and managing credit-related risks
- using circulars to define the attributions as well as the terms and conditions for the functioning of all committees
- applying a ceiling per credit beneficiary as given by Bank Al Maghrib (one borrower or group of interlinked borrowers, as defined by the issuing institution).

Those bases are contained within a general verification framework that meets the regulatory requirements set out by Bank Al Maghrib in the matter. Within the BCP, the risk-management arrangement and the internal verification system comply in the same way as the group with individual monitoring of risk-generating activities. That monitoring is essentially based on three pillars of supervision, i.e.:

- the rating system
- monitoring sectoral and individual concentration
- significant risks

Internal rating system

Since 2008, the Group has had in place a system for rating businesses, which it has placed at the heart of its arrangements for monitoring and managing risk. Apart from its role as a tool to help with deciding credit grants, as well as identifying and quantifying risks relating to business portfolios, the system's role gradually expanded to cover other aspects of credit activity, in particular:

- pricing: product pricing is indexed on rating scales
- organisation: rating is an essential factor in the system of delegating powers for granting credit
- monitoring: special monitoring is done of counterparties that are the least rated, or with ratings that have deteriorated
- commercial strategy: commercial targets assigned to the network are expressed by risk level with a view to a more controlled development of jobs.

It is appropriate to recall that since 2011, the internal rating system has been enriched by a new model put in place to covering rating of property projects.

As regards Personal Banking clients, grant scoring currently covers property loans and consumer credit. Furthermore, the bank has embarked on a project that covers the needs of its Retail rating system (individuals, professionals, and micro-businesses) that will serve as the basis for the second tranche that is required for moving to an internal-rating approach.

Arrangement for monitoring concentration risk

Particular attention is paid to managing concentration risk by:

- managing individual concentration by complying with regulatory requirements in respect of division of risk division, and by monitoring the largest areas of exposure
- monitoring sectoral exposure that is managed by means of periodic reports, sectoral studies, and monitoring records.

The process of operational monitoring of that exposure by sector is based on indicators and limits indicators and limits; not complying with those indicators and limits leads to measures and prior requirements.

Arrangements for monitoring significant debts

In addition to the arrangement for monitoring and checking exposure, close monitoring of significant debts that shows signs of deterioration (chronically exceeding lines of credit, authorisations that fall due and that are not renewed, counterparties operating in significant sectors, clients showing insufficiency of allocated flows, unpaid debts, etc.) is done by the risk functions. It enables maximum upstream identification of advance signs of potential deterioration in our counterparties in order to deal with them promptly, at a time when actions to protect the bank's interests can still be reasonably effective and not overly onerous.

IV.2. MARKET RISKS

Market risk is the risk of loss caused by unfavourable development of market factors, e.g. exchange rates, share prices, the cost of raw materials, etc.

With the aim of regulating and controlling market risks, the BCP has set up a risk-management arrangement that complies with Basel II standards and with best practise in the matter. That arrangement is based on clear guidelines, internal policies and procedures that are consistent with objectives as regards return, and levels of risk tolerance; in addition, they are consistent with own funds. The guidelines are:

- controlling risks on exposure
- strengthen the development of market activities as part of strategic orientations of the plan in the medium term
- comply with banking regulations in matters of prudential risk management
- adopt best practices with regard to risk management for all activities.

The aim of managing market risks is to manage and control exposure to market risks, in order to optimise the risk / return profile, whilst maintaining a market profile that is consistent with the BCP's status as a financial establishment of the first rank and a significant actor in relation to financial products.

The Bank's level of tolerance of market risks is shown by arrangements for limiting and delegating powers. Those levels of tolerance are set so that exposure to market risks cannot generate losses that may compromise the BCP's financial solidity and expose it to unconsidered or significant risks.

Arrangements for managing and monitoring market risks

With a view to regulating and overseeing market risks across a range of activities, the BCP has set up an arrangement that is based on four strands:

- a system for delegating powers that defines the process of requesting, of validating limits, and of authorising extensions
- steering and arbitration between the various market activities
- monitoring and overseeing risk indicators by entities and bodies that control market risks
- a set of tools for managing and controlling market risks.

Market risks that arise from the bank portfolio are monitored, managed, and incorporated into the framework of managing the structural risk of rates and liquidity.

Managing limits

Beyond the limits that apply to all market activities, i.e. position limits by instrument, counterparty limits, and transaction limits. Certain limits have been put in place for bond activities and exchange activities.

The entire limits arrangement is organised as a scale of delegation of powers setting limits by instrument, by market, and by actor, as well as by VAR (Value At Risk). The process of proposing and validating limits is governed by an internal circular. Limits are checked daily by the Middle Office, and monthly by the Risk-Management Cluster.

Tools for monitoring and managing risks

The BCP has adopted a structure for managing and monitoring market risks that includes use of VAR methodology and sensitivity analysis for all its trading portfolio.

The method selected for calculating the VAR is based on a historic model. Also performed is a calculation of a parametric VAR with normal distribution (with a Variance / Co-variance matrix).

An overall VAR is calculated for all trading activities and by nature of instrument.

In parallel to VAR calculations, effects in terms of profits and losses (P / L) based on standard scenarios or stress scenarios are estimated for the whole trading portfolio. Those scenarios are chosen from three categories, i.e. historically-proven scenarios, hypothetical scenarios, and adverse scenarios.

Market risks are monitored daily by the Middle Office and by the function that deals with market risks. The Management Committees (the Investment Committee and the Risk-Management Committee) carry out daily supervision of levels of exposure, returns generated by market activities, risks associated with trading activities, compliance with regulatory requirements, and compliance with arrangements regarding limits.

The reporting presented to the various committees includes, in addition to analysis of portfolio sensitivity, simulations in the case of extreme scenarios, taking account of portfolio structures and of the correlation between the various risk factors.

IV.3. ALM (ASSET / LIABILITY MANAGEMENT) RISKS

The strategy for managing the overall rate and liquidity risk complies with the aim of risk control that is part of the development process planned and adopted by the Group. That strategy is based on the following guidelines:

- direct development activities as part of a medium-term plan, whilst taking account of rate and liquidity risks
- maintain a stable, varied structure for our deposits, with control over the growth potential of our commitments
- gradually improve the overall rate cap, with a view to maintaining a balance between the various activities in terms of rate and liquidity profiles
- develop variable-rate assets to immunise part of the balance sheet following unfavourable developments in interest rates.

Overall rate risk

The overall rate risk represents the loss caused by an unfavourable change in interest rates across the whole balance sheet, given its capacity for transforming savings and resources into productive employment.

Overall rate risk analysis is complex, due to the need to formulate hypotheses relating to depositors' behaviour concerning the due date of deposits that are contractually repayable on demand, and on assets and liabilities that are not directly sensitive to interest rates. When the behavioural characteristics of a product are different from its contractual characteristics, the behavioural characteristics are assessed to determine the real underlying interest-rate risk.

The process of assessing and controlling the general level of overall rate risk is carried out:

- quarterly, when summary statements are prepared
- twice yearly, as part of the planning process (the phase that involves the note on strategic guidance, and the definition phase of the *Plan financier à Moyen Terme* (PMT - Medium-Term Financial Plan), as an arrangement for the final validation of the PMT
- at the time of significant changes to tariff scales, to assess the effect thereof.

The supervision arrangement is based on:

- an assessment methodology that is based on the gap (dead end) approach). That takes the form of classification of assets and liabilities according to their maturity date profile and rate profile (fixed or variable), taking account of factors of residual duration and future behaviour (a forecasting approach based on a three-year horizon and on the PMT hypotheses)
- a quarterly reporting system, for the attention of the Risk-Management Committee, on levels of exposure, stress tests in terms of effect on the GDP and on own funds, and the forecast change in prudential rates
- a system of limits in terms of risk effects, with regard to GDP and to own funds, defined by the Risk-Management Committee and validated by the Steering Committee.

Through that arrangement, the management of overall rate risk aims at optimising the effect of rates on profits and on own funds, by relaying on the calculation of static and dynamic gaps with the previously-defined frequencies.

In parallel with simulations that cover the changes in rates as part of normal market behaviour, additional scenarios are applied to the whole balance sheet to measure the effect of a major shock on rates. For example, that consists of subjecting the Bank's balance sheet to a rise in interests of 100 bps and 200 bps.

In parallel with those exercises, which are carried out at least quarterly, the Risk-Management Cluster analyses the consistency and the measure of the effect on rates, in accordance with the Bank's Medium-Term Plan, when drawing up growth hypotheses and their possible re-definition.

Liquidity risk

The risk can arise from the balance-sheet structure, due to mismatches between the real due dates of elements of assets and liabilities, the finance needs of future activities, client behaviour, a possible market disturbance, or the economic climate.

Liquidity-risk management aims at giving the BCP guaranteed access to necessary funds in order to honour its financial commitments when they fall due. Managing that risk takes the form of maintaining a sufficient level of liquid securities as well as stable, diversified provision of funds. The securities portfolio is mainly made up of Treasury Bonds as well as positions on liquid shares and on the OPCVM.

Liquidity management is based on:

- monitoring balance-sheet liquidity ratios in accordance with internal and regulatory requirements
- drawing up a liquidity plan based on a range of dynamic scenarios and on the PMT's horizon, as well as drawing up a static liquidity plan that gives indications on the bank's medium- and long-term liquidity situation
- monitoring the investment portfolio and the treasury-flow projection. The bank respects the limit relative to the minimum size of the investment portfolio, indexed on changes in deposits and on its capacity for transformation
- maintaining a wide range of sources of finance, and monitoring concentration of deposits by nature of products and of counterparties, with close monitoring of the concentration of the ten largest depositors
- maintaining special relationships with institutional and large corporate investors.

The Group has a refinancing-risk management policy that is applicable under normal market conditions as well as in a liquidity crisis. That policy defines the monitoring mechanisms as well as the alternatives that allow attenuation of refinancing risks in case of a prolonged liquidity crisis.

Clients' sight deposits (current accounts and savings accounts) form a significant part of the Group overall financing, which has been stable over time. In addition, the branch-opening programme will be continued during the whole life of the PMT (2014-2016), contributing to boosting the frequency with which deposits are collected from clients.

Furthermore, the BCP is a significant actor in money and bond markets through its market activities. The BCP's position enables it, in the short term, to have recourse to the Banque Al Maghrib, banks, and other financial institutions with pensions operations.

IV.4. OPERATING RISKS

Presentation of the arrangement for managing operating risks

The arrangement for managing operational risks applies to all entities that are part of the Group, and is based on the following strands overall:

- identifying and assessing risks by putting in place risk cartography
- monitoring and updating risks identified
- reporting losses and incidents noted
- recommendations for improving procedures and optimising checks
- setting up a *Plan de Continuité des Activités* (PCA – Activity Continuity Plan).

Beyond the regulatory requirements for an allocation of own funds to operating risks and compiling incidents, our current arrangement seeks to provide the best response to the recommendations of Banque Al Maghrib and to the healthy practices advocated by the Basel II accords.

Organising the operating-risk sector

The Operating Risk sector includes the following actors:

- the central function at headquarters, which is tasked with designing and piloting methodological and IT tools
- a network of risk managers working in their respective areas (BCP, regional Banques Populaires). They take part in updating the cartography of operating risks, and they are tasked with implementing action plans for boosting the risk-control arrangement
- correspondents appointed by profession as part of the loss-collection protocol. Those correspondents are tasked with listing operating losses and keeping a history thereof in the risk-management tool made available to them
- correspondents at subsidiary level (Internal Controllers or others) who ensure the implementation of the methodology and the tools relating to operating risks, in synergy with the arrangement adopted within the bank.

Risk cartography

Cartography rests on an in-depth analysis of the bank's processes (profession and support), with prioritisation of the most critical processes. The approach includes several phases:

- Phase 1: Identifying risks inherent in the bank's professions
- Phase 2: Measuring and assessing risk events
- Phase 3: Assessing means of supervising and covering risks.

Compiling incidents

In accordance with regulations, a system for compiling operating losses and incidents, based on a declarative mechanism with a double view, has been put in place.

Correspondents who compile the various professions input data directly into the dedicated IT tool. A workflow has been planned to enable managers to check the relevance of information fed back by collaborators, and to be warned in real time of incidents occurring in their perimeters, so that they can put corrective actions in place.

Risk-control policy

The policy on covering and attenuating risks rests on the implementation of three types of action plans:

- affective preventive actions, in particular when preparing cartography and direct implementation by operators through their medium-term plans (PMT)
- relief and continuity of activity plans (PCA), which aim at guaranteeing the functioning of the bank's essential activities and of limiting losses that arise in case of serious disturbance to the activity
- the possibility of transferring certain major risks by setting up a tailored insurance policy
- annual monitoring of risks relating to out-sourced activities.

IV.5. SOLVENCY RATIO

At the end of June 2014, the overall ratio was 12.13%, as against 13.0% at the end of December 2013. In spite of the increase in assets weighted to 9.5 billion Moroccan dirhams, and of the disengagement by the State that took place in the second quarter of 2014 and that was valued at 2.055 billion Moroccan dirhams, the solvency ratio remains below the regulatory minimum (12%).

The tier 1 ratio is 11.36% (as against 11.28% at the end of December 2013), 236 pts above the regulatory minimum.

It should be noted that regulatory own funds at the end of June 2014 were calculated in accordance with Bank Al Maghrib's new circular no. 14 / G / 2013.

WARNING

The aforementioned information is only a part of the information prospectus approved by the CDVM under reference VI/EM/045/2014 on November 27th, 2014.

The CDVM recommends reading of the entire information record available in French.