

Moroccan Bank of Commerce and Industry

Prospectus Summary

ISSUE OF SUBORDINATED BONDS FOR A TOTAL AMOUNT OF 1,000,000,000 MAD

	Tranche A (fixed non listed)	Tranche B (Annually adjustable non listed)
Ceiling	1,000,000,000 MAD	1,000,000,000 MAD
Maximum number	10,000	10,000
Nominal value	100,000 MAD	100,000 MAD
Maturity	10 years	10 years
Interest rate	Fixed , with a reference to the 10-year rate calculated from the curve of the reference rates of the secondary market of treasury bills such as published by Bank Al-Maghrib on 04 september 2018, 3,32%, plus a risk premium, which gives an interest rate between 3,97% and 4,12%	Floating annually , with reference to the 52-week full rate (monetary rate) determined by reference to the curve of the reference rates of the secondary market of treasury bills such as published by Bank Al-Maghrib on 04 september 2018, 2,42%, plus a risk premium, which gives an interest rate between 3,07% and 3,22%
Risk premium	[65-80] basis points	[65-80] basis points
Allocation method		French auction method
Payment		In fine
Issuer call option	From the 5th year or in the event of a regulatory change	
Payment guarantee	None	
Tradability of securities	Over-the-counter	Over-the-counter

SUBSCRIPTION PERIOD: FROM 17 SEPTEMBER 2018 TO 19 SEPTEMBER 2018 INCLUSIVE

SUBSCRIPTION RESERVED TO QUALIFIED INVESTORS UNDER THE MOROCCAN LAW SUCH AS THE ONES LISTED IN THE PRESENT PROSPECTUS

ADVISORY BODY	BODY RESPONSIBLE FOR PLACEMENT
 BMCI GROUPE BNP PARIBAS	 BMCI GROUPE BNP PARIBAS

Approval of the Moroccan Authority on Capital Markets

Following the provisions of AMMC circular, pursuant to Article 14 of the Dahir Law N° 1 -93-212 of 21 September 1993 as amended and completed, the original of this Prospectus was approved by the AMMC on 7th september 2018 under reference n° VI/EM/017/2018.

WARNING

The Moroccan Authority of Capital Markets (AMMC) has endorsed on 7 September 2018 a Prospectus concerning the issue of subordinated bonds for a total amount of 1,000,000,000 MAD by the Moroccan Bank of Commerce and Industry (BMCI).

The Prospectus endorsed by the AMMC is available at any time at the headquarters of the BMCI and from its financial advisor. It is also available within 48 hours from the order collection points.

The Prospectus is available for the public on the AMMC website, (www.ammc.ma).

PART I. OVERVIEW OF THE OPERATION

I. Purpose of the operation

The main purpose of the subordinated bonds, object of the present Prospectus, is to strengthen the capital base of BMCI and, as a result, further improve its solvency ratio in order to consolidate the growth of its activity.

In accordance with the circular 14/G/2013 of Bank Al-Maghrib on the calculation of the regulatory capital of credit institutions, as amended and supplemented by circular 1/W/16, the funds raised through this transaction will be classified as Tier 2 capital.

II. Structure of the offer

The issue covered by this Prospectus is for a maximum total amount of one billion (1,000,000,000) dirhams. It will be issued in two (2) tranches:

- **Tranche A:** at a fixed rate and negotiable over the counter (unlisted). The said tranche will be repayable in fine over a period of 10 years and will cover a maximum amount of 1,000,000,000 MAD with a nominal value of 100,000 MAD per subordinated bond;
- **Tranche B** at a variable rate and negotiable over the counter (unlisted). The said tranche will be repayable in fine over a period of 10 years and will cover a maximum amount of 1,000,000,000 MAD with a nominal value of 100,000 MAD per subordinated bond.

The total amount to be allocated under the two tranches mentioned above may in no case exceed the amount of 1,000,000,000 MAD.

This issue is reserved for qualified investors under Moroccan law as listed in this prospectus.

The limitation of the subscription to qualified investors under Moroccan law aims to facilitate the management of subscriptions on the primary market. It is understood that any investor wishing to acquire the bonds will be able to obtain them on the secondary market.

III. Information relating to the securities to be issued

Warning:

The subordinated bond differs from the conventional bond because of the rank of claims contractually defined by the subordination clause. The effect of the subordination clause is to condition, in the event of liquidation of the issuer, the repayment of the loan to the satisfaction of all the preferential or unsecured creditors.

Characteristics of the tranche A (At fixed rate, with a maturity of 10 years, unlisted on the Casablanca Stock Exchange)

Nature of the bonds	Subordinated bonds unlisted at the Casablanca Stock Exchange, dematerialized by registration with authorized affiliates and admitted to the operations of the central depository (Maroclear).
Legal form	To the bearer
Tranche ceiling	1,000,000,000 de dirhams
Maximum number of bonds to issue	10,000 subordinated bonds
Nominal value	100,000 dirhams
Issuance price	100% is 100,000 dirhams
Maturity of the loan	10 years
Subscription period	from 17 to 19 September 2018 inclusive
Possession date	24 September 2018
Date of maturity	24 September 2028
Method of allocation	French awarding method
Nominal interest rate	Fixed rate The nominal interest rate is determined by reference to the 10-year rate calculated from the benchmark secondary market yield curve for treasury bills as published by Bank Al-Maghrib on 04 september 2018, 3,32%. This rate will be increased by a risk premium between 65 and 80 base points which gives an interest rate between 3,97% and 4,12% The interest rate used will be published in a legal notice newspaper by BMCI, at the latest, on 24 September 2018.
Reference rate calculation method	The determination of the rate is done by the method of the linear interpolation by using the two points framing the full maturity of 10 years (actuarial basis).
Risk premium	Between 65 and 80 base points
Interest	The interest will be paid annually on the anniversary dates of the Possession date of the loan, said on 24 September 2018 of each year. The payment will be made the same day or the next business day if the 24 September 2018 is not a working day. The interests of the subordinated bonds will cease to run from the day when the capital is reimbursed by the BMCI. No deferred interest will be possible as part of this operation. The interests shall be calculated according to the following formula: [Nominal x Nominal rate].
Principal payment	The subordinated bonds, object of the present prospectus, will be repaid at maturity of the principal subject to early redemption (see below). In the event of a merger, demerger or partial asset transfer of the BMCI occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the subordinated bonds will be automatically forwarded to the substituted legal entity holder of the rights and obligations of BMCI. The repayment of the capital is, in the event of liquidation of the BMCI, subordinated to all other debts.
Anticipated payment	BMCI is forbidden to proceed with an anticipated payment before a period of 5 years from the date of issue. Beyond 5 years, the anticipated payment can only be made at the initiative of the issuer and after approval by Bank Al-Maghrib, and may only be exercised on the anniversary dates of the possession dates of

the loan, with the exception of the occurrence of a Regulatory Change as described below. The anticipated payment (exercise of the issuer call option) is made up of the capital and interest of the period expired (redemption at par).

However, the Bank reserves the right, with the prior approval of Bank Al-Maghrib, to buy back subordinated bonds on the secondary market, provided that the legal and regulatory provisions allow such redemptions to be without consequences. for a subscriber wishing to hold his securities until normal maturity and without affecting the normal amortization schedule. The subordinated bonds thus redeemed may be canceled only after the agreement of Bank Al-Maghrib.

In the event of the occurrence of a Regulatory Change at any time during the life of the subordinated bonds, the Borrower will have the option to proceed with the first payment of the subordinated notes. The issuer will have to decide, within a week by a press release, on the activation or not of the anticipated payment. Such payment shall be made, where applicable, of the amount of interest accrued but not yet due on the effective redemption date and any other amount due in respect of the subordinated bond (redemption at par).

Regulatory change here means an amendment to the Applicable Regulations of the Borrower and / or its Shareholders, namely the rules on the calculation of own funds, capital requirements or capital adequacy, or a change in their interpretation or their official application (including a legal decision) as a result of which the Subordinated Loan would no longer, in whole or in part, be taken into account for the purpose of calculating the prudential capital base of the Borrower.

	OTC
Tradability of securities	There are no restrictions imposed by the terms of the issue on the free tradability of subordinated bonds.
Readjustment clauses	There is no assimilation of subordinated bonds, object of this prospectus, to the securities of a previous issue. In the event that BMCI subsequently issues new securities having identical rights in all respects to those of this issue, it may, without the consent of the holders, provided that the issue contracts so provide, proceed to the assimilation of all the securities of the successive issues, unifying all the operations relating to their management and their negotiation.
Loan ranking	Capital and interest are subject to a subordination clause. The application of this clause does not in any way affect the rules of law concerning the accounting principles for allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions set out in the contract, the payment of his shares, in capital and interest. In the event of the liquidation of BMCI, the payment of the capital and interest of the subordinated bonds issued will only take place after the payment of all the senior or unsecured creditors. The present subordinated notes will be redeemed at the same rank as all other subordinated loans that may be issued subsequently by BMCI both in Morocco and internationally, in proportion to their amount, as the case may be.
Maintaining ranking	BMCI undertakes, until the effective payment of all the securities of this loan to be instituted in favor of other subordinated securities that may be issued subsequently, no priority as to their rank of repayment in the event of liquidation, without consenting the same rights to the subordinated bonds of this loan.
Payment guarantee	This issue is not subject to any specific guarantee.
Rating	This issue has not been the subject of a rating request. Awaiting the holding of the general meeting of bondholders, the Executive Board of BMCI has appointed Cabinet Hdid Consultants represented by Mr. Mohamed HDID as temporary representative of the bondholders.
Representative of bondholders	This decision will take effect as of the opening of the subscription period. Being specified that the appointed temporary representative is identical for the A and B tranches of this issue, which are grouped together in one and the same mass.

	In addition, the Executive Board undertakes to convene the General Meeting of the Bondholders to appoint the definitive representative of the bondholders' group within 180 days of the opening of the subscription period.
Applicable law	Moroccan law
Competent court	Commercial Court of Casablanca

Characteristics of tranche B (Annual adjustable, with a 10-year maturity, unlisted on the Casablanca Stock Exchange)

Type of securities	Subordinated bonds unlisted to the Casablanca Stock Exchange, dematerialized by registration with authorized affiliates admitted to central depository operations (Maroclear).
Legal form	Bearer
Tranche ceiling	1,000,000,000 dirhams
Maximum number of bonds to issue	10,000 subordinated bonds
Nominal value	100,000 dirhams
Issuance price	100% are 100,000 dirhams
Maturity of the loan	10 years
Subscription period	from 17 to 19 September 2018 inclusive
Possession date	24 September 2018
Date of maturity	24 September 2028
Method of allocation	French awarding method

Annual variable rate

For the first year, the nominal interest rate is the 52-week full rate (money rate) determined by reference to the benchmark secondary market yield curve for Treasury bills such as published by Bank Al-Maghrib on 04 september 2018, 2,42%. This rate is increased by a risk premium included between 65 and 80 base points, which gives an interest rate between 3,07% and 3,22%. The interest rate retained will be published in a legal notice newspaper no later than 24 September 2018.

Nominal interest rate

On each anniversary date, the reference rate is the 52-week full rate (money rate) determined with reference to the benchmark secondary market yield curve for Treasury Bills published by Bank Al-Maghrib, prior to the date of anniversary of the coupon of 5 trading days.

The reference rate thus obtained will be increased by a risk premium fixed at the end of the subscription period (risk premium included between 65 and 80 base points) and will be published in a legal notice newspaper, at least 5 business days before the anniversary date.

Reference rate calculation method	<p>The determination of the reference rate will be done by the method of the linear interpolation using the two points framing the full maturity 52 weeks (monetary basis). This linear interpolation will be done after the conversion of the rate immediately higher than the 52 weeks' maturity (actuarial basis) into an equivalent monetary rate.</p> <p>The calculation formula is: $\left(\frac{\text{Discount rate} + 1}{k} \right)^{\frac{k}{\text{exact number of days}^*}} - 1 \times 360/k;$ or k: Maturity of actuarial rate immediately greater than 52 weeks. *Exact number of days: 365 or 366 days.</p>
Risk premium	Between 65 and 80 base points
Rate of interest determination date	The coupon will be revised annually on the anniversary dates of the possession dates of the loan, on 24 September of each year. The new rate will be communicated by the issuer 5 working days before the

	anniversary date of the loan in a Journal of Legal Announcements.
Interest	<p>The interest will be paid annually on the anniversary dates of the Possession date dates of the loan, on 24 September of each year. The payment will be made the same day or the next business day of the 24 September if it is not a working day. The interests of the subordinated bonds will cease to run from the day when the capital will be reimbursed by the BMCI. No deferred interest will be possible as part of this transaction.</p> <p>The interest will be calculated according to the following formula: [Nominal x Nominal rate x Exact number of days / 360].</p>
Principal payment	<p>The subordinated bonds, object of this prospectus, will be the subject of a payment in fine of principal. (subject to early repayment (see below)).</p> <p>In the event of a merger, demerger or partial asset transfer of the BMCI occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the subordinated bonds will be automatically forwarded to the substituted legal entity in the rights and obligations of BMCI.</p> <p>The repayment of the capital is, in the event of liquidation of the BMCI, subordinated to all other debts.</p>
Anticipated payment	<p>BMCI cannot proceed with an anticipated payment before a period of 5 years from the date of issue. Beyond 5 years, the anticipated payment can only be made upon initiative of the issuer and with the agreement of Bank Al-Maghrib, and may only be exercised on the anniversary dates of the possession dates of the except for the occurrence of a Regulatory change as described below. The anticipated payment (exercise of the issuer call option) is made up of the capital and interest of the period expired. (redemption at par).</p> <p>However, the Bank reserves the right, with the prior approval of Bank Al-Maghrib, to buy back subordinated bonds on the secondary market, provided that the legal and regulatory provisions allow such redemptions to be without consequences, for a subscriber wishing to hold his securities until normal maturity and without affecting the normal amortization schedule. The subordinated bonds thus redeemed may be canceled only after the agreement of Bank Al-Maghrib.</p> <p>In the event of a Regulatory Change occurring at any time during the life of the subordinated bond, the Borrower will be entitled to make the first payment of the subordinated bond, the amount of any interest accrued but not yet due on the date of the effective repayment and any other amounts due in respect of the subordinated. (redemption at par)</p> <p>Regulatory change here means an amendment to the Applicable Regulations of the Borrower and / or its Shareholders, namely the rules on the calculation of own funds, capital requirements or capital adequacy, or a change in their interpretation or their official application (including a judicial decision) as a result of which the Subordinated Loan would no longer be wholly or partly taken into account for the purpose of calculating the Borrower's prudential capital base.</p>
Tradability of securities	<p>OTC</p> <p>There are no restrictions imposed by the terms of the issue on the free tradability of subordinated bonds.</p>
Readjustment clauses	<p>There is no assimilation of subordinated bonds, the object of this prospectus, to the securities of a previous issue. In the event that BMCI subsequently issues new securities having identical rights in all respects to those of this issue, it may, without the consent of the holders, provided that the issue contracts so provide, proceed to the assimilation of all the securities of the successive issues, unifying all the operations relating to their management and their negotiation.</p>

Loan ranking	<p>The principal and interest are subject to a subordination clause. The application of this clause does not in any way affect the rules of law concerning the accounting principles for allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions set out in the contract, the payment of his shares, in capital and interest.</p> <p>In the event of the liquidation of BMCI, the repayment of the capital and interest of the subordinated notes of the present issue will only take place after the payment of all the senior or unsecured creditors. The present subordinated notes will be redeemed at the same rank as all other subordinated loans that may be issued subsequently by BMCI both in Morocco and internationally, in proportion to their amount, as the case may be.</p>
Maintaining the ranking	<p>BMCI undertakes, until the effective repayment of all the securities of this loan to be set up for other subordinated securities that may be issued subsequently, no priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated bonds of this loan.</p>
Payment guarantee	<p>This issue is not subject to any specific guarantee.</p>
Rating	<p>This issue has not been the subject of a rating request.</p>
Representative of bondholders	<p>Pending the holding of the general meeting of bondholders, the Executive Board of BMCI has appointed Cabinet Hdid Consultants represented by Mr. Mohamed HDID as temporary representative of the bondholders.</p> <p>This decision will take effect as of the opening of the subscription period. Being specified that the appointed temporary representative is identical for the A and B tranches of this issue, which are grouped together in one and the same mass.</p> <p>In addition, the Executive Board undertakes to convene the General Meeting of the Bondholders to appoint the definitive representative of the bondholders' group within 180 days of the opening of the subscription period.</p>
Applicable law	<p>Moroccan law .</p>
Competent court	<p>Commercial Court of Casablanca</p>

IV. Operation schedule

The schedule of this operation is as follows:

Order	Stages	Dates
1	Procurement of the AMMC approval	7 September 2018
2	Publication of the extract of the prospectus in a newspaper of legal announcements	12 September 2018
3	Opening the subscription period	17 September 2018
4	Closure of the subscription period	19 September 2018
5	Allocation of securities	19 September 2018
6	Payment / Delivery	24 September 2018
7	Publication by the issuer of the results of the transaction in a JAL	24 September 2018

V. Underwriter establishment and financial intermediaries

Financial advisor and global coordinator of the operation	<p>BMCI 26, United Nations Square – 20000 Casablanca</p>
Centralizing and domiciliary organism in charge of placement	<p>BMCI 26, United Nations Square - 20000 Casablanca</p>
Institution responsible for the financial service of securities	<p>BMCI 26, United Nations Square - 20000 Casablanca</p>

PART II. PRESENTATION OF BMCI

I. General information

Legal name	The Moroccan Bank of Commerce and Industry, by abbreviation «BMCI »
Headquarters	26, United Nations Square - Casablanca- Morocco
Telephone	(212) 5 22 46 10 00
Fax	(212) 5 22 29 94 06
Website	www.bmci.ma
Legal form	SA with Executive Board and Supervisory Board.
Constitution date	1940
Life	99 years
Trade Registry	RC N° 4091 - Casablanca
Fiscal year	From 1 st January to 31 st December
Social object (excerpt article 3 of the statutes)	<p>« The Bank has per object:</p> <ul style="list-style-type: none">▪ to do for itself, on behalf of third parties or in participation, in Morocco and abroad, all Bank operations, discount, advance, credit or commission, all subscriptions and issues and, generally, all transactions, without exception, financial, commercial, industrial, securities and real estate that may be the consequence;▪ to propose to the public and subject to the approval of Bank Al Maghrib, through a cantoned and autonomous window, the activities and products envisaged by title III of the law n ° 103-12 relating to the credit institutions and assimilated organizations thus that the commercial, financial and investment operations deemed to comply with the Ouléma Higher Council (CSO);▪ to do also for itself, for the account of third parties or in participation, in Morocco or abroad, in particular in the form of Foundation of Companies, all operations and enterprises which may concern the industry, the trade or the bank or 'attaching directly or indirectly»
Social capital (at 31 December 2017)	1,327,928,600 MAD, composed of 13,279,286 shares with a nominal value of 100 MAD each.
Legal documents	The social, accounting and legal documents whose communication is provided for by law as well as the articles of association, may be consulted at the headquarters of the company.
Applicable law	<p>BMCI is a public limited company with an Executive Board and Supervisory Board, private law, governed by:</p> <ul style="list-style-type: none">▪ Law N°17-95 promoted by the Dahir N° 1-96-124 of August 30, 1996 relating to public limited companies as amended and supplemented by Law No. 20-05 and 78-12;▪ The Dahir N° 1-14-193 of the 1st Rabii I 1436 bearing the promulgation of the law N° 103-12 relating to the institutions of credits and assimilated organizations (banking law). <p>By listing on the Casablanca Stock Exchange, it is subject to all the legal and regulatory provisions relating to the financial market, in particular:</p> <ul style="list-style-type: none">▪ the General Rules of the Stock Exchange approved by the order of the Minister of Economy and Finance N° 1268-08 of 7 July 2008, amended and supplemented by the order of the Minister of Economy and Finance N°1156-10 of 7 April 2010, amended and supplemented by the order of the Minister of Economy and Finance N° 30-14 of 4 Rabii I 1435 (6 January 2014), amended and completed by decree of the ministry of economy and finance n°

Régime Fiscal

Court of jurisdiction in case of dispute

1955-16 of 4 July 2016.

- the Dahir No. 1 -93 to 211 of 21 September 1993 on the Stock Exchange, as amended and supplemented by Laws 34-96, 29 00,52- 01, 45-06 and 43-09;
- Dahir n°19-14 on the stock exchange, brokerage firms and financial investment advisers;
- Dahir n°1 -93-212 of 21 September 1993 relating to the information required of legal persons making public offerings as amended and supplemented by laws n°23-01, 36-05 and 44-06;
- Dahir n°1-13-21 of the 1st day I 1434 (March 13th, 2013) promulgating the law n ° 43-12 relating to the Moroccan Authority on Capital Markets;
- The general regulations of the AMMC approved by order of Minister of Economy and Finance No. 2169-16 of 14 July 2016;
- Dahir n°1-12-55 of 14 safar 1434 (28 December 2012) promulgating the law n ° 44-12 relative to the public call for the savings and to the information required of the legal entities and organizations appealing to the saving;
- The AMMC circular;
- Dahir 1-95-03 of 26 January 1995 enactment of Law n° 35-94 on certain negotiable debt securities and Decree of the Finance Ministry and external investment n°. 2560-95 of 09 October 1995 concerning the title of negotiable debt as amended and completed;
- Dahir n°1-96-246 of 09 January 1997 promulgating law n°35-96 on the establishment of the Central Depository and the establishment of a general system of registration of certain securities, amended and supplemented by Law n°43-02;
- the General Regulations of the central depository approved by the decree of the Minister of the Economy and Finance n ° 932-98 of the 16 April 1998, supplemented and amended by the decree 1961-1901 published in 4966 official bulletin of 3 January 2002 and Decree 77-05 of 17 March 2005;
- Dahir n°1-04-21 of 21 April 2004 promulgating the law n ° 26-03 relating to the public offers on the Moroccan stock market, as modified and completed by the law n ° 46-06;
- Circular of Bank Al Maghrib n° 2/G/96 of 30 January 1996 on certificates of deposit and its amendment.

The Bank is governed by common law commercial and tax legislation. It is thus subject to Corporate Tax at the rate of 37%. The VAT rate applicable to Bank transactions is 10%.

Commercial court of Casablanca .

II. Information about the capital of the issuer

II.1. Shareholding structure

The capital of BMCI is fully paid up. The capital allocation as at December 31, 2015, 2016, 2017 and at the end of June 2018:

Shareholder	Address	Dec 15	Dec 16	Dec 17	June 18	Part 15	Part 16	Part 17	Part 18
BNP Paribas IRB Participations	1, BD Haussmann 75009-Paris France	8,862,017	8,862,017	8,862,017	8,861,417	66.74%	66.74%	66.74%	66.73%
AXA Assurance Morocco	122, Avenue HASSAN II Casablanca	1,138,174	1,181,616	1,178,803	1,178,803	8.57%	8.90%	8.88%	8.88%
ATLANTA	181, Bd d'Anfa Casablanca	555,750	638,199	638,199	638,199	4.19%	4.81%	4.81%	4.80%
SANAD	181, Bd d'Anfa Casablanca	477,487	477,487	477,487	477,487	3.60%	3.60%	3.60%	3.60%
Various shareholders		2,245,858	2,119,967	2,122,780	2,123,380	16.91%	15.96%	15.99%	15.98%
TOTAL		13,279,286	13,279,286	13,279,286	13,279,286	100%	100%	100%	100%

Source: BMCI

Each share confers a simple voting right to its owner.

III. BMCI surveillance and management organisms

BMCI is a public limited company with an Executive Board and a Supervisory Board, governed by the law n° 17-95 as amended and supplemented by law n°20-05 and law n° 78-12 and its statutes.

III.1. Supervisory board:

According to article 15 of the BMCI statutes, the Supervisory Board is composed of at least three and a maximum of fifteen.

The members are appointed by an Ordinary General Assembly and the term of their function is fixed at three years. They can be re-elected and can only be dismissed by decision of an Extraordinary General Assembly.

The Supervisory Board exercises permanent control over the management of the bank by the Management Board.

The General Meeting may allocate to the members of the Supervisory Board, as attendance fees, a fixed annual sum, which it determines freely, and which the Board divides among its members in the proportions that it deems appropriate.

At the end of July 2018, the BMCI Supervisory Board consists of the following members:

Name	Quality	Date of appointment	Expiration of mandate
MR. Jaouad HAMRI	President	28-May-15	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Michel PEBEREAU	Vice-President	27-May-04	AGO ruling on the financial statements for the year ended 31 December 2020
Mrs. Janie LETROT	Member	28- May-15	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Mohamed Hassan BENSALAH	Member	26- May-06	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Christian DE CHAISEMARTIN	Member	21-June-18	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Alain FONTENEAU	Member	26- May -09	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Yves MARTRENCAR	Member	28- May -15	AGO ruling on the financial statements for the year ended 31 December 2020
Mrs. Sofia MERLO	Member	07- May -14	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Jean-Paul Sabet	Member	21- May -18	AGO ruling on the financial statements for the year ended 31 December 2020
Mrs. Dounia TAARJI	Member	28- May -15	AGO ruling on the financial statements for the year ended 31 December 2020
AXA Assurance Maroc	<i>Represented by MR. Philippe ROCARD, President Director General</i>	26- May -06	AGO ruling on the financial statements for the year ended 31 December 2020
Assurance SANAD	Represented by MR. Mustapha BAKKOURY, Administrator	26- May -06	AGO ruling on the financial statements for the year ended 31 December 2020
BNP Paribas IRB Participations	Represented by MR. Jean-François BANDINI, Responsible at BNPP for Retail Banking in Emerging Markets and Overseas	26- May -06	AGO ruling on the financial statements for the year ended 31 December 2020

Source: BMCI

In accordance with legal and regulatory provisions, particularly Bank Law n° 103-12 and the Directive 1/W/2014 of Bank Al-Maghrib on Governance in Credit Institutions, the Bank's Supervisory Board has three independent members. Mister Jaouad Hamri, President of the Supervisory Board and Mrs Dounia Taarji and Janie Letrot Hadj Hamou.

III.2. The Executive Board:

III.2.1. Composition of the board

In accordance with the law n° 17-95 governing public limited companies as amended and supplemented and the statutory provisions (Art. 14), the members of the Executive Board appointed by the Supervisory Board, whose number is between two and seven.

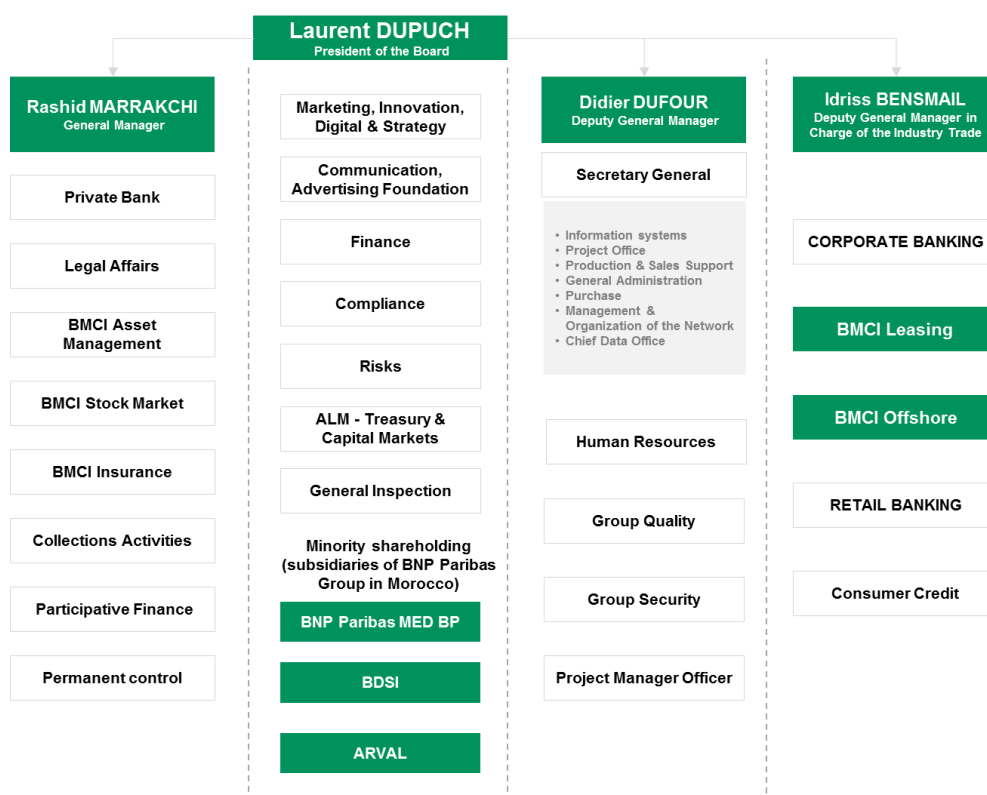
The term of the functions of the members of the Board is established at 3 years; and their mandate can be renewed.

At the end of July 2018, the Executive Board of BMCI is composed of the following members:

Name	Quality	Function within BMCI	Date of start of the mandate	Expiration date of the mandate
MR. Laurent Dupuch	Member	President of the Board	4 October 2013	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Rachid MARRAKCHI	Member	Director General	6 December 2005	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Didier DUFOUR	Member	Deputy General Director	11 December 2015	AGO ruling on the financial statements for the year ended 31 December 2020
MR. Idriss BENSMAIL	Member	Deputy General Director	20 December 2013	AGO ruling on the financial statements for the year ended 31 December 2020

Source: BMCI

III.3. BMCI Functional organization chart at 31 auguste 2018 :



SOURCE: BMCI

IV. Activity sector

IV.1. EVOLUTION OF OPERATION INDICATORS

IV.1.1. Evolution of credits

Outstanding BMCI credits have evolved over the period studied as follows:

In MMAD	2015	2016	Var.15/16	2017	Var. 17/16
Claims on credit institutions¹	4,899	5,667	15.67%	6,661	17.54%
Part	10.70%	12.30%	1.61,pts	14.40%	2.09,pts
At sight	2,252	1,006	-55.31%	2,273	125.86%
At term	2,647	4,660	76.06%	4,388	-5.85%
Claims on customers	40,894	40,389	-1.24%	39,602	-1.95%
Part	89.30%	87.70%	-1.61,pts	85.60%	-2.09,pts
Treasury credits	11,308	9,694	-14.27%	8,537	-11.94%
Part	24.69%	21.05%	-3.64,pts	18.45%	-2.60,pts
Consumer credits	3,840	4,014	4.53%	4,261	6.13%
Part	8.39%	8.72%	0.33,pts	9.21%	0.49,pts
Equipment credits	7,716	9,015	16.85%	9,497	5.35%
Part	16.85%	19.58%	2.73,pts	20.53%	0.95,pts
Real estate credits	14,404	14,740	2.33%	14,451	-1.96%
Part	31.45%	32.00%	0.55,pts	31.24%	-0.77,pts
Other credits	718	303	-57.82%	411	35.71%
Part	1.57%	0.66%	-0.91,pts	0.89%	0.23,pts
Accounts receivable by factoring	968	824	-14.84%	1,026	24.58%
Part	2.11%	1.79%	-0.32,pts	2.22%	0.43,pts
Interest accrued receivable	109	146	34.23%	161	9.83%
Part	0.24%	0.32%	0.08,pts	0.35%	0.03,pts
Outstanding debts	1,831	1,651	-9.83%	1,258	-23.84%
Part	4.00%	3.59%	-0.41,pts	2.72%	-0.87,pts
Bad debts	814	831	1.99%	338	-59.26%
Impaired receivables	1,017	821	-19.29%	919	12.00%
Total credits	45,793	46,055	0.57%	46,263	0.45%

Source: BMCI

Analytical Review 2016 - 2017

As of 31 December 2017, the outstanding loans of BMCI totaled 46,263 million MAD, almost stagnant compared to the previous year (+ 0.4%). This evolution is explained by the following conjugated elements:

- The decline in outstanding claims on customers by 1.9% (i.e. - 787 MMAD) to settle at 39 602 MMAD at the end of December 2017, this change is mainly due to:
 - ✓ The decrease of treasury credits of 11,9% (1,158 MMAD) which amount to 8,537 MMAD;
 - ✓ The increase of 6,1% (+ 246 MMAD) consumer credits whose outstanding amount at the end of 2017 is 4,261 MMAD;
 - ✓ The increase of the equipment credits of 5.3% (+ 482 MMAD) to settle at the end of 2017 to 9 497 MMAD;

¹ Amounts shown exclude sovereign claims / BAM

- ✓ The decline in outstanding loans by 23.8% (-394 MMAD) to 1,258 MMAD, a consequence of the policy pursued by BMCI since 2015 in terms of control and risk anticipation that led to a reduction in significantly the number and volume of overdue files.
- ✓ The increase in accounts receivable by factoring by 24.6% (+201 MMAD) to end the year 2017 at 1,026 MMAD, as a result of a commercial effort to increase new business connections with multinationals;
- The increase of 17.5% (+ 994 MMAD) of receivables to credit institutions (excluding sovereign receivables / BAM) which stood at the end of December 2017 at 6,661 MMAD (against 5,667 MMAD in 2016), supported by (i) the increase in demand receivables of 1,267 MMAD to 2,273 MMAD, which offset (ii) the decrease in the 273 MMAD (-5,8%).

Analytics review 2015 – 2016

As of 31 December 2016, outstanding BMCI loans increased slightly by 0.6% (+252 MMAD) to MAD 46,055 MMAD. This evolution is mainly due:

- The decline in outstanding claims on customers by 1.2% (- 505 MMAD) to MAD 40,389 million, mainly due to:
 - ✓ The decrease in treasury credits by 14.3% (- 1,614 MMAD) amounting to 9,694 MMAD;
 - ✓ The increase in consumer credit outstanding by 4.5% (+174 MMAD) to 4,014 million MAD at the end of December 2016;
 - ✓ The increase in equipment credits by 16.8% (+ 1,300 MMAD), to reach 9,015 MMAD;
 - ✓ The increase in real estate credits of 2.3% (+ 336 MMAD) which increased from 14,404 MMAD in 2015 to 14,740 in 2016 MMAD;
 - ✓ The decrease in accounts receivable factoring by 14.8% (- 144 MMAD) to end at 824 MMAD in December 2016;
 - ✓ The decrease of the outstanding debts of 9.8% (i.e. - 180 MMAD) to reach 1,651 MMAD, in connection with the policy of control and anticipation of the risks adopted by the bank.
- Improved receivables from credit institutions 15.7% (+ 768 MMAD) to reach 5,667 MMAD. This situation is the result of a 76.1% rise in outstanding loans receivable, which was offset by a 55.3% decline in outstanding demand receivables in 2016.

By customer segment, the credit structure of BMCI is as follows:

in KMAD	2015	2016	Var.15/16	2017	Var. 17/16
Receivables	40,894	40,389	-1.24%	39,602	-1.95%
Public sector	1,733	3,309	90.97%	3,011	-9.01%
	<i>Part</i>	<i>4.24%</i>	<i>8.19%</i>	<i>3.96,pts</i>	<i>7.60%</i>
Private sector	39,161	37,080	-5.32%	36,591	-1.32%
	<i>Part</i>	<i>95.76%</i>	<i>91.81%</i>	<i>-3.96,pts</i>	<i>92.40%</i>
Financial companies	44	61	37.03%	276	352.60%
	<i>Part</i>	<i>0.11%</i>	<i>0.15%</i>	<i>0.04,pts</i>	<i>0.70%</i>
Non-financial companies	21,715	19,384	-10.73%	18,539	-4.36%
	<i>Part</i>	<i>53.10%</i>	<i>47.99%</i>	<i>-5.11,pts</i>	<i>46.81%</i>
Other customers	17,402	17,635	1.34%	17,776	0.80%
	<i>Part</i>	<i>42.55%</i>	<i>43.66%</i>	<i>1.11,pts</i>	<i>44.89%</i>

Source: BMCI

The breakdown of loans by business sector reveals BMCI's strong commitment to the private sector (an average of 93.3% of claims on customers distributed between 2015 and 2017).

For its part, the contribution of the public sector to the total amount of customer loans is, for its part, over the period studied at an average of 6.7%.

Following the granting of several loans to large public companies to finance their projects in 2016, the public sector's share of receivables shrank by 0.6 percentage points in 2017, representing 7.6% of BMCI's receivables; the private sector accounts for 92.4% (of which 46.8% for non-financial companies).

IV.1.2. Evolution of the deposits

The outstanding debt of BMCI has evolved as follows over the period studied:

in MMAD		2015	2016	Var.15/16	2017	Var. 17/16
Debts of credit institutions		1,482	2,527	70.57%	1,311	-48.12%
	Part	3.43%	5.72%	2.29,pts	2.99%	-2.73,pts
At sight		1,025	332	-67.60%	888	167.34%
At term		457	2,195	380.81%	423	-80.72%
Debts to customers		41,723	41,662	-0.15%	42,560	2.16%
	Part	96.57%	94.28%	-2.29,pts	97.01%	2.73,pts
Accounts payable		27,949	28,602	2.34%	28,805	0.71%
	Part	64.69%	64.73%	0.04,pts	65.66%	0.93,pts
Savings account		8,283	8,221	-0.75%	8,124	-1.17%
	Part	19.17%	18.60%	-0.57,pts	18.52%	-0.08,pts
Term deposits		3,942	2,727	-30.83%	3,919	43.74%
	Part	9.12%	6.17%	-2.95,pts	8.93%	2.76,pts
Other accounts payable		1,495	2,082	39.23%	1,681	-19.27%
	Part	3.46%	4.71%	1.25,pts	3.83%	-0.88,pts
Interest accrued to pay		54	30	-44.76%	30	0.45%
	Part	0.12%	0.07%	-0.06,pts	0.07%	0.00,pts
Total debts		43,204	44,189	2.28%	43,871	-0.72%

Source: BMCI

Analytics review 2016 - 2017

In 2017, customer deposits increased by 2.16% (+ 898 MMAD) to stand at 42,560 MMAD. This development mainly reflects the following combined effects:

- The quasi-stagnation of accounts payable + 0.7% (+203 MMAD), which amounted at the end of 2017 to 28,805 MMAD;
- The increase in Term deposits by 43.7% (1,193 MMAD), the outstanding amount at the end of 2017 amounted to 3,919 MMAD. This increase is due to the amounts raised related to new subscriptions made in 2017 above the amounts expiring at the end of the year. It should be noted that the evolution of term deposits is directly related to the strategy adopted by the bank for the management of its cash;
- The decrease in other accounts payable of 19.3% (- 401 MMAD) to 1,681 MMAD.

In addition, debts due to credit institutions decreased by 48.1% (or 1,215 MMAD) to stand at 31 December 2017 at 1,311 MMAD, impacted by a decrease in cash borrowing of 87,9% (1,274 billion MAD).

Analytical review 2015 – 2016

In 2016, the Debts to customers remained almost stable -0.1% (or -61 MMAD), and amounted to 41 662 MMAD. This situation results from the combined effect of:

- The increase in Accounts payable of 2,3% (+ 654 MMAD) at the end of 2016 amounting to 28,602 MMAD;
- The near stagnation of savings accounts (-0.7%), which totaled 8,221 MMAD;
- The decrease in term deposits 30,8% (- 1,216 MMAD) to 2,727 MMAD, as a result of the significant drop of 1.1 billion MAD in the term accounts;
- The increase of other accounts payable of 39.2% (+587 MMAD) to stand at 2,082 million MAD due to the increase in securities given in repos of 280 MAD and other guarantee deposits of +295 MMAD. The near stagnation of savings accounts (-0.7%), which totaled 8,221 MMAD.

Amounts owed to credit institutions have meanwhile, posted an increase of 70.6% (+ 1 045 MMAD) to 2,527 MMAD carried by the increase in cash borrowings of 0.5 billion MAD and values given in a pension of 0.5 billion MAD.

By customer segment, the deposit structure of BMCI is as follows:

In MMAD	2015	2016	Var.15/16	2017	Var. 17/16
Debts to customers	41,723	41,662	-0.15%	42,560	2.16%
Public sector	218	289	32.57%	781	>,100%
<i>Part</i>	<i>0.52%</i>	<i>0.69%</i>	<i>0.17,pts</i>	<i>1.83%</i>	<i>1.14,pts</i>
Private sector	41,505	41,372	-0.32%	41,779	0.98%
<i>Part</i>	<i>99.48%</i>	<i>99.31%</i>	<i>-0.17,pts</i>	<i>98.17%</i>	<i>-1.14,pts</i>
Financial companies	963	723	-24.85%	902	24.66%
<i>Part</i>	<i>2.31%</i>	<i>1.74%</i>	<i>-0.57,pts</i>	<i>2.12%</i>	<i>0.38,pts</i>
Non-financial companies	10,194	10,901	6.94%	11,648	6.85%
<i>Part</i>	<i>24.43%</i>	<i>26.17%</i>	<i>1.73,pts</i>	<i>27.37%</i>	<i>1.20,pts</i>
Other customers	30,348	29,748	-1.98%	29,230	-1.74%
<i>Part</i>	<i>72.74%</i>	<i>71.40%</i>	<i>-1.33,pts</i>	<i>68.68%</i>	<i>-2.72,pts</i>

Source: BMCI

The breakdown of customer deposits highlights the importance of the private sector, which represents on average 98.98% of the customer debts of BMCI over the 2015-2017 period.

The share of the segment « Other Customers », consists of individual customers, representing 70.94% in average deposits from sector.

PART IV. FINANCIAL ANALYSIS OF BMCI

I. Introduction of the annual consolidated accounts

I.1. BNCI consolidated results

In MMAD	2015	2016	2017	Var 16/15	Var 17/16	CAGR
Cash on hand, Central Banks, Treasury, Postal Check Services	1,479	2,005	1,959	35.55%	-2.29%	15.09%
Financial assets at fair value through profit or loss	349	495	472	41.79%	-4.77%	16.20%
Hedging derivatives	-	-	0	n/a	n/a	n/a
Financial assets available for sale	6,709	7,255	8,422	8.14%	16.08%	12.04%
Loans and receivables from credit institutions and similar	2,390	1,856	2,239	-22.34%	20.61%	-3.22%
Loans and Claims on customers	48,579	49,870	49,611	2.66%	-0.52%	1.06%
Asset revaluation difference of the hedged portfolios	-	-	0	n/a	n/a	n/a
Investments held to maturity	-	-	0	n/a	n/a	n/a
Current tax assets	126	37	12	-70.91%	-67.26%	-69.14%
Deferred tax assets	80	86	87	6.90%	0.58%	3.69%
Accruals and other assets	608	665	787	9.32%	18.35%	13.75%
Non-current assets held for sale	-	-	0	n/a	n/a	n/a
Investments in companies accounted for by the equity method	23	27	21	19.42%	-24.58%	-5.09%
Investment properties	23	23	25	-1.69%	8.21%	3.14%
Property, plant and equipment	1,727	1,678	1,641	-2.85%	-2.18%	-2.52%
Intangible assets	316	339	359	7.11%	5.97%	6.54%
Deviations acquisition	88	88	88	0.00%	0.00%	0.00%
TOTAL ASSETS	62,499	64,425	65,722	3.08%	2.01%	2.55%

In MMAD	2015	2016	2017	Var 16/15	Var 17/16	CAGR
Central Banks, Treasury, Postal Check Service	0	0	0	n/a	n/a	n/a
Financial liabilities at fair value through profit or loss	23	26	14	12.58%	-45.41%	-21.60%
Hedging derivatives	0	0	0	n/a	n/a	n/a
Debts due to credit institutions and similar	5175	6079	3,845	17.47%	-36.74%	-13.80%
Debts to customers	42079	42199	43,394	0.29%	2.83%	1.55%
Debt securities issued	3431	4005	6,323	16.73%	57.89%	35.76%
Liability revaluation difference of the hedged portfolios	0	0	0	n/a	n/a	n/a
Current tax liabilities	2	11	43	617.13%	282.13%	423.49%
Deferred tax liabilities	271	392	440	44.88%	12.12%	27.45%
Accruals and other liabilities	1853	1822	2,022	-1.67%	10.97%	4.46%
Debts related to non-current assets held for sale	0	0	0	n/a	n/a	n/a
Technical provisions of insurance contracts	0	0	0	n/a	n/a	n/a
Provisions for risks and charges	253	442	300	74.61%	-32.21%	8.80%
Grants, affected public funds and special guarantee funds	0	0	0	n/a	n/a	n/a
Subordinated debts	754	754	755	-0.01%	0.05%	0.02%
Capital and related reserves	4,642	4,642	4,642	0.00%	0.00%	0.00%
Consolidated reserves	3,439	3,538	3,352	2.88%	-5.25%	-1.27%
- Part of the group	3,403	3,505	3,321	2.99%	-5.24%	-90.37%
- Part of the minorities	36	34	32	-8.10%	-5.85%	11.07%
Unrealized or deferred gains or losses, part of the group	76	81	45	6.66%	-44.26%	-99.85%

Net income for the year	501	433	546	-13.63%	26.13%	4.37%
- Part of the group	501	431	547	-13.84%	26.82%	4.53%
- Part of the minorities	0	1	-1	NS	-187.38%	NS
TOTAL LIABILITIES	62,499	64,425	65,722	3.08%	2.01%	2.55%

Source: BMCI- IFRS Financial Statements 31/12/2016

I.2. Income statement

In MMAD	2015	2016	2017	Var 16/15	Var 17/16	CAGR
Interest and similar products	3,231	3,010	3,023	-6.82%	0.43%	-3.26%
Interest and similar expenses	673	570	644	-15.29%	12.95%	-2.18%
Interest margin	2,558	2,440	2,380	-4.60%	-2.49%	-3.55%
Commissions received	529	539	547	1.86%	1.46%	1.66%
Commissions served	62	70	65	12.64%	-7.44%	2.11%
Margin on commissions	468	470	483	0.43%	2.78%	1.60%
Net gains or losses on financial instruments at fair value through profit or loss	198	160	174	-19.19%	8.75%	-6.26%
Net gains or losses on available-for-sale financial instruments	30	33	39	8.56%	21.15%	14.68%
Results of market transactions	228	192	214	-15.81%	11.13%	-3.28%
Products from other activities	70	78	50	11.75%	-36.49%	-
Expenses from other activities	126	125	109	-0.16%	-12.90%	-6.75%
Net banking income	3,198	3,055	3,016	-4.48%	-1.27%	-2.89%
(-) General operation expenses	1,371	1,419	1,402	3.45%	-1.21%	1.10%
Depreciation, amortization and impairment of intangible and tangible assets	182	171	185	-5.79%	7.82%	0.79%
Gross operating income	1,645	1,465	1,430	-10.95%	-2.39%	-6.77%
Cost of the risk	841	584	524	-30.54%	-10.26%	21.05%
Operating profit	804	881	906	9.53%	2.83%	6.13%
Share of net income of companies accounted for using the equity method	12	16	9	33.38%	-41.62%	-
Net gains or losses on other assets	-4	0	-13	-	-	80.29%
Changes in value of goodwill	0	0	0	-	-	-
Income before taxes	812	897	903	10.46%	0.58%	5.40%
(-) Taxes on results	311	465	357	49.22%	-23.22%	7.04%
Net income for the year	501	433	546	-13.63%	26.13%	4.37%
Group result	0.4	1.4	-1	249.76%	-187.38%	n/a
Net income part of the group	501	431	547	-13.84%	26.82%	4.53%

Source: BMCI – IFRS Financial Statements

II. Introduction of annual accounts

II.1. Societal Balance Sheet 2015-2017

In MMAD	31/12/2015	31/12/2016	31/12/2017	Var 16/15	Var 17/16	CAGR
1. Cash on hand, Central Banks, Treasury, Postal Check Service	1,479	2,005	1,959	35.55%	-2.29%	15.09%
2. Claims on credit institutions and similar	4,899	5,667	6,661	15.67%	17.54%	16.60%
. At sight	2,252	1,006	2,273	-55.31%	125.86%	0.46%
. At term	2,647	4,660	4,388	76.06%	-5.85%	28.75%
3. Claims on customers	39,926	39,562	38,572	-0.91%	-2.50%	-1.71%
. Treasury credits and consumables	15,186	13,764	12,850	-9.37%	-6.64%	-8.01%
. Equipment credits	7,758	9,074	9,572	16.97%	5.49%	11.08%
. Real estate credits	14,433	14,769	14,481	2.33%	-1.95%	0.17%
. Other credits	2,550	1,954	1,669	-23.35%	-14.61%	-19.10%
4. Accounts receivable by factoring	968	827	1,030	-14.54%	24.61%	3.20%
5. Transaction and investment securities	6,908	7,850	9,371	13.63%	19.38%	16.47%
. Treasury bills and similar securities	6,150	6,879	8,088	11.85%	17.57%	14.67%
. Other debt securities	751	965	1,282	28.43%	32.92%	30.65%
. Property titles	7	6	1	-6.05%	-77.28%	-53.80%
6. Other assets	612	591	742	-3.45%	25.52%	10.09%
7. Investment securities	0	0	0	n/a	n/a	n/a
. Treasury bills and similar securities	0	0	0	n/a	n/a	n/a
. Other debt securities	0	0	0	n/a	n/a	n/a
8. Equity and related employment	278	303	296	8.93%	-2.23%	3.20%
9. Subordinated claims	0	0	0	n/a	n/a	n/a
10. Fixed assets under leasing	306	520	855	70.22%	64.27%	67.22%
11. Intangible assets	514	520	514	1.07%	-1.21%	-0.07%
12. Property, plant and equipment	1,522	1,458	1,381	-4.17%	-5.27%	-4.72%
Total Assets	57,412	59,302	61,380	3.29%	3.50%	3.40%

In MMAD	31/12/2015	31/12/2016	31/12/2017	Var 16/15	Var 17/16	CAGR
1. Central banks, treasury, Postal Check Service	0	0	0	n/a	n/a	n/a
2. Debts due to credit institutions and similar	1,482	2,527	1,311	70.57%	- 48.12%	-5.93%
. At sight	1,025	332	888	-	167.34%	-6.94%
. At term	457	2,195	423	380.81%	-	-3.71%
3. Customer deposits	41,723	41,662	42,560	-0.15%	2.16%	1.00%
. Accounts payable	28,050	28,999	29,028	3.38%	0.10%	1.73%
. Savings accounts	8,283	8,221	8,124	-0.75%	-1.17%	-0.96%
. Term deposits	3,987	2,752	3,946	-	30.97%	43.36%
. Other accounts payable	1,403	1,690	1,461	20.43%	-	13.51%
4. Debt securities issued	3,564	4,422	6,950	24.07%	57.16%	39.64% %
. Negotiable debt securities	3,564	4,422	6,950	24.07%	57.16%	39.64%
. Bond issues	0	0	0	n/a	n/a	n/a
. other debt securities issued	0	0	0	n/a	n/a	n/a
5. Other liabilities	1,421	1,457	1,686	2.49%	15.75%	8.92%
6. Provisions for risks and charges	266	409	224	53.93%	- 45.12%	-8.09%
7. Regulatory provisions	0	0	0	n/a	n/a	n/a
8. Grants, affected public funds and special guarantee funds	0	0	0	n/a	n/a	n/a
9. Subordinated debts	754	754	754	-0.01%	0.00%	0.00%
10. Revaluation differences	0	0	0	n/a	n/a	n/a
11. Reserves and premiums related to capital	3,284	3,284	3,284	0.00%	0.00%	0.00%
12. Capital	1,328	1,328	1,328	0.00%	0.00%	0.00%
13. Shareholders. Unpaid capital (-)	0	0	0	n/a	n/a	n/a
14. Retained earnings (+/-)	3,177	3,191	2,795	0.45%	- 12.41%	-6.20%
15; Net results pending assignment (+/-)	0	0	0	n/a	n/a	n/a
16. Net income for the year (+/-)	413	268	487	- 35.09%	81.86%	8.65%
Total liabilities	57,412	59,302	61,380	3.29%	3.50%	3.40%

II.2. Income statement 2015-2017

In MMAD	31/12/2015	31/12/2016	31/12/2017	Var 16/15	Var 17/16	CAGR
1 (+) Interest and similar products	2,929	2,711	2,675	-7.44%	-1.33%	-4.43%
2 (-) Interest and similar expenses	593	485	529	-18.28%	9.27%	-5.50%
INTEREST MARGIN	2,336	2,227	2,146	-4.69%	-3.63%	-4.16%
3 (+) Products on fixed assets in leasing and rental	86	139	222	61.37%	60.51%	60.94%
4 (-) Expenses on fixed assets in leasing and rental	110	153	287	39.76%	87.44%	61.86%
Result of leasing transactions	-24	-15	-65	-38.35%	342.29%	65.13%
5 (+) Commissions received	459	470	489	2.35%	4.09%	3.21%
6 (-) Commissions served	62	69	74	11.26%	7.08%	9.15%
Margin on commissions	398	401	416	0.96%	3.58%	2.26%
7 (±) Results of trading securities transactions	30	21	21	-29.69%	-1.01%	-16.58%
8 (±) Results of investment securities transactions	18	6	37	-68.85%	>100%	44.63%
9 (±) Results of trading transactions	162	147	145	-8.74%	-1.94%	-5.40%
10 (±) Results of transactions on derivative products	5	1	-0.2	-72.37%	<,100%	n/a
Results of market transactions	214	175	203	-18.16%	15.49%	-2.78%
11 (+) Various other banking products	130	146	102	12.88%	-30.20%	-11.23%
12 (-) Various other banking expenses	95	94	93	-0.76%	-0.69%	-0.72%
NET BANKING INCOME	2,959	2,841	2,708	-3.99%	-4.68%	-4.34%
13 (±) Financial investment operations results	29	14	-12	-53.25%	>,100%	n/a
14 (+) Other non-banking operating income	9	20	35	>100%	76.58%	100.05%
15 (-) Other non-banking operating expenses	10	10	29	-0.66%	>,100%	72.31%
16 (-) General operation expenses	1,527	1,575	1,540	3.15%	-2.25%	0.42%
GROSS OPERATING INCOME	1,461	1,290	1,163	-11.68%	-9.88%	-10.78%
17(±)Net allocations of write-backs to provisions for	-838	-717	-441	-14.51%	-38.43%	-27.45%
18(±)Other net charges to provisions	48	-140	162	391.14%	<,100%	83.27%
CURRENT RESULT	670	433	883	-35.44%	104.06%	14.78%
NON CURRENT RESULT	-81	-23	-213	-71.02%	>100%	62.63%
19 (-) Taxes on results	177	142	183	-20.10%	29.24%	1.62%
NET RESULT OF THE FINANCIAL YEAR	413	268	487	-35.09%	81.86%	8.65%

III. Introduction of quarterly Financial Statement 2018

III.1. BMCI consolidated balance sheet in IFRS

In MMAD	31/12/2017	01/01/2018	31/03/2018	Var	Var
				31/03/2018 -	31/03/2018 -
				01/01/2018	31/12/2017
Cash values, Central Banks, Treasury, Postal Check Service	1,959	1,956	3,375	72.59%	72.30%
Financial assets at fair value through profit or loss	472	623	672	7.88%	42.39%
Financial assets held for trading purposes		472	511	8.32%	
Other financial assets at fair value through profit or loss		151	161	6.52%	
Hedging derivatives					
Financial assets at fair value through equity					
Debt instruments carried at fair value through recyclable equity	-	5,000	4,885	-2.31%	
Equity instruments accounted for at fair value non-recyclable equity value					
Financial assets available for sale	8,422				-100.00%
Securities at amortized cost		3,327	3,062	-7.96%	
Loans and receivables on credit institutions and similar, at amortized cost	2,239	2,234	2,237	0.11%	-0.11%
Loans and Claims on customers, at amortized cost	49,611	48,766	49,053	0.59%	-1.12%
Asset revaluation difference of the hedged portfolios					
Investments in insurance activities					
Current tax assets	12	12	3	-76.23%	-76.23%
Deferred tax assets	87	82	95	16.01%	9.38%
Accruals and other assets	787	787	924	17.41%	17.41%
Non-current assets held for sale					
Investments in companies accounted for by the equity method	21	21	22	7.90%	7.90%
Investment properties	25	25	25	-1.37%	-1.37%
Property, plant and equipment	1,641	1,641	1,616	-1.57%	-1.57%
Intangible assets	359	359	342	-4.66%	-4.66%
Deviations acquisition	88	88	88	0.00%	0.00%
TOTAL IFRS ASSETS	65,722	64,920	66,398	2.28%	1.03%

Source: BMCI- IFRS 9 Financial Statements

In MMAD	31/12/2017	01/01/2018	31/03/2018	Var 31/03/2018 - 01/01/2018	Var 31/03/2018 - 31/12/2017
Central Banks, Treasury, Postal Check Service					
Financial liabilities at fair value through profit or loss	14	14	20	38.74%	38.74%
Financial liabilities held for trading		14	20	38.74%	
Financial liabilities at fair value through profit or loss sur option					
Hedging derivatives					
Debts due to credit institutions and similar	3,845	3,845	5,623	46.24%	46.24%
Debts to customers	43,394	43,394	42,724	-1.54%	-1.54%
Debt securities issued	6,323	6,323	6,236	-1.38%	-1.38%
Liability revaluation difference of the hedged portfolios					
Current tax liabilities	43	43	49	13.76%	13.76%
Deferred tax liabilities	440	89	114	28.16%	-74.13%
Accruals and other liabilities	2,022	2,022	2,277	12.64%	12.64%
Debts related to non-current assets held for sale					
Technical provisions of insurance contracts					
Provisions for risks and charges	300	438	431	-1.60%	43.71%
Grants, affected public funds and special guarantee funds					
Subordinated debts	755	755	764	1.24%	1.24%
Capital and related reserves	4,642	4,642	4,642	0.00%	0.00%
Consolidated reserves	3,352	2,779	3,324	19.62%	-0.85%
- Part of the group	3,321	2,753	3,300	19.85%	-0.63%
- Part of the minorities	32	25	24	-4.79%	-23.45%
Unrealized or deferred gains or losses, part of the group	45	29	38	30.84%	-14.89%
Net income for the year	546	546	155	-71.63%	-71.63%
- Part of the group	547	547	154	-71.91%	-71.91%
- Part of the minorities	-1	-1	1	-197.56%	-197.56%
TOTAL IFRS LIABILITIES	65,722	64,920	66,398	2.28%	1.03%

Source: BMCI- IFRS 9 Financial Statements

III.2. BMCI consolidated revenue and expense account under IFRS

Consolidated income statement IFRS	31/03/2017	31/03/2018	Var 31/03/2018 - 31/03/2017
Interest and similar products	727	743	2.1%
Interest and similar expenses	129	147	13.4%
INTEREST MARGIN	598	596	-0.3%

Commissions received	147	147	0.0%
Commissions served	21	19	-10.9%
MARGIN ON COMMISSIONS	126	128	1.8%
Net gains or losses from net position hedges	-	-	
Net gains or losses on Financial assets available for sale	16	-	-100.0%
Net gains or losses on financial instruments at fair value through profit or loss	43	67	56.7%
Net gains or losses on transaction assets / liabilities	43	69	60.9%
Net gains or losses on other assets / liabilities at fair value through profit or loss		-2	
Net gains or losses on financial instruments at fair value through equity		5	
Net gains or losses on debt instruments recognized in recyclable equity		5	
Compensation of equity instruments recognized in non-recyclable equity (dividends)			
Net gains or losses resulting from the recognition of financial assets at amortized cost			
Net gains or losses resulting from reclassification of financial assets at amortized cost in Financial assets at fair value through profit or loss			
Net gains or losses resulting from the reclassification of Financial assets at fair value through equity in Financial assets at fair value through profit or loss			
Net income from insurance activities			
Products from other activities	11	3	-74.9%
Expenses from other activities	30	26	-11.5%
NET BANKING INCOME	763	772	1.2%
General operation expenses	357	357	-0.1%
Depreciation, amortization and impairment of intangible and tangible assets	45	47	4.6%
Management fees	402	403	0.4%
GROSS OPERATING INCOME	361	369	2.2%
Cost of the risk	149	130	-12.8%
OPERATING INCOME	212	239	12.6%
Share of net income of companies accounted for using the equity method	4	2	-59.7%
Net gains or losses on other assets			
Changes in value of goodwill			
INCOME BEFORE TAXES	216	241	11.3%
Income taxes	64	86	33.5%
NET INCOME	152	155	1.9%
Group result	1	1	85.4%
NET INCOME PART OF THE GROUP	151	154	1.5%
Earnings per share (in dirham)	11	12	1.5%
Diluted earnings per share (in dirham)			
Operation coefficient	52.7%	52.2%	-0.8%

Source: BMCI- IFRS 9 Financial Statements

(*) The accounts for the first quarter of 2017 are presented under IFRS 9

IV. Introduction of quarterly Financial Statements 2018

IV.1. Balance sheet at 31/03/2018

MMAD	31/12/2017	31/03/2018	Var 31/12/2017 - 31/03/2018
1. Cash on hand, Central Banks, Treasury, Postal Check Service	1,959,,,	3,378	72.45%
2. Claims on credit institutions and similar	6,661	6,038	-9.35%
. At sight	2,273	1,753	-22.88%
. At term	4,388	4,285	-2.34%
3. Claims on customers	38,572	38,010	-1.46%
. Treasury credits and consumable	12,850	12,572	-2.16%
. Equipment credits	9,572	9,259	-3.28%
. Real estate credits	14,481	14,451	-0.20%
. Other credits	1,669	1,728	3.54%
4. Accounts receivable by factoring	1,030	1,312	27.32%
5. Transaction and investment securities	9,371	9,050	-3.43%
. Treasury bills and similar securities	8,088	8,239	1.87%
. Other debt securities	1,282	810	-36.82%
. Property titles	1	1	0.07%
6. Other assets	742	864	16.42%
7. Investment securities	-	-	-
. Treasury bills and similar securities	-	-	-
. Other debt securities	-	-	-
8. Equity and related employment	296	296	-0.18%
9. Subordinated claims	-	-	-
10. Fixed assets under leasing	855	951	11.30%
11. Intangible assets	514	520	1.36%
12. Property, plant and equipment	1,381	1,329	-3.81%
Total Assets	61,380	61,748	0.60%

MMAD	31/12/2017	31/03/2018	Var 31/03/2017 - 31/03/2018
1. Central banks, treasury, ,Postal Check Service	-	-	-
2. Debts due to credit institutions and similar	1,311	2,039	55.50%
. At sight	888	727	-18.07%
. At term	423	1,311	209.79%
3. Customer deposits	42,560	41,865	-1.63%
. Accounts payable	29,028	28,665	-1.25%
. Savings accounts	8,124	8,100	-0.30%
. Term deposits	3,946	3,475	-11.93%
. Other accounts payable	1,461	1,625	11.21%
4. Debt securities issued	6,950	6,895	-0.79%
. Negotiable debt securities	6,950	6,895	-0.79%
. Bond issues	-	-	-
. Other debt securities issued	-	-	-
5. Other liabilities	1,686	1,968	16.73%
6. Provisions for risks and charges	224	212	-5.51%
7. Regulatory provisions	-	-	-
8. Grants, affected public funds and special guarantee funds	-	-	-

9. Subordinated debts	754	764	1,29%
10. Revaluation differences	,-	,	,
11. Reserves and premiums related to capital	3,284	3,284	0,00%
12. Capital	1,328	1,328	0,00%
13. Shareholders. Unpaid capital (-)			0,00
14. Retained earnings (+/-)	2,795	2,795	0,00%
15; Net results pending assignment (+/-)	,-	487	,
16. Net income for the year (+/-)	487	110	-77,47%
Total liabilities	61,380	61,748	0,60%

IV.2. Income Statement at 31/03/2018

In MMAD	31/03/2017	31/03/2018	Var 31/03/2018 - 31/03/2017
~I. BANKING OPERATING INCOME	903	935	3.57%
- Interest and similar products on transactions with credit institutions	48	55	12.63%
- Interest and similar products on customer transactions	556	537	-3.41%
- Interest and similar products on debt securities	58	64	10.28%
- Products on property titles	0	0	
- Products on leasing and rental	40	67	67.71%
- Commissions on services	124	124	0.34%
- Other banking products	77	88	15.36%
~II. BANKING OPERATING EXPENSES	237	264	11.74%
- Interest and similar charges on transactions with credit institutions	10	9	-11.99%
- Interest and similar expenses on customer transactions	75	71	-4.54%
- Interest and similar charges on Debt securities issued	35	44	28.13%
- Charges on leasing and rental transactions	56	88	57.05%
- Other banking expenses	61	51	-15.43%
~III. NET BANKING INCOME	666	671	0.67%
- Non banking income	7	0	-97.27%
- Non-banking operating expenses	3	0	-99.49%
~IV. GENERAL OPERATION EXPENSES	382	380	-0.47%
- Staff costs	213	211	-0.71%
- Dues and taxes	5	5	-6.20%
- External charges	113	114	1.02%
- Other general operation expenses	0	0	
Depreciation and provisions of intangible assets and tangible assets	51	50	-2.65%
~V. DEPRECIATION, AMORTIZATION AND LOSSES ON IRRECOVERABLE DEBTS	187	172	-8.05%
- Provisions for receivables and signed commitments outstanding	173	165	-5.09%
- Losses on insolvency	0	0	
- Other provisions	11	2	-84.33%
- Other provisions	2	6	143.08%
~VI. PROVISION WRITE-OFF AND REVERSAL OF DEPRECIATED LOANS	219	53	-75.94%
Reversals of provisions for receivables and commitments by outstanding signature	66	41	-36.91%

- Recoveries on amortized receivables	1	1	135.23%
- Other provisions reversals	153	10	-93.39%
~VII. CURRENT INCOME	321	172	-46.54%
- Non current products	0	0	-100.00%
- Noncurrent expenses	184	2	-98.67%
~VIII. INCOME BEFORE TAXES	138	169	22.95%
- Income Taxes	-20	-59	194.00%
~IX. NET INCOME OF THE FINANCIAL YEAR	117	110	-6.53%

PART. IV RISK FACTORS

Groupe BMCI considers the control of risks to which it is exposed as an essential corollary to ensure the sustainability of its activities and the continued development of its profitability.

Also, the BMCI Group is confronted with a multitude of risks induced by the diversity of its activities as well at the level of the bank as at the level of the whole of the subsidiaries.

Thus, in accordance with the regulations of Bank-Al Maghrib and inspired by international best practices (in particular those of reference shareholder BNP Paribas), the internal control system put in place by the BMCI Group complies with the regulations in force; but also provides an adequate system for monitoring and controlling risks.

This system generally aims at optimally managing the risks to which the BMCI Group is exposed. It must therefore be understood as a major tool for the management of all stakeholders and an indispensable tool to ensure the continuity of the BMCI Group.

Each change concerning the internal control system is validated by the Executive Board and the Supervisory Board.

Within this framework:

- The Bank is organized in units responsible for their internal control system. The managers define, in coordination with the other entities of the BMCI, their internal control system and ensure its functioning. They have, each at his level, the duty of a complete and effective control of the activities that are under their responsibility.
- Delegation practice is one of the principles on which the internal control system is based. It constitutes the fundamental operating and decision-making system of the Bank, by setting up relays to implement the policy of the General Management. These relays must ensure the strict application of their decisions, by controlling their delegations.

The internal control system of the BMCI covers the following risks:

- credit and counterparty risk;
- market risk ;
- rate and liquidity risk;
- operational risks.

In addition, a « compliance » function has been implemented under Pillar 2 of Basel II. It is an independent entity directly attached to the Management Board, which is in charge of monitoring the risk of non-compliance, which is defined as the risk of exposure to reputational risk, financial loss or sanction due to the non-compliance with legal and regulatory provisions or standards and practices in force.

1. Credit or counterparty risk

The assessment of credit risk results from the combination of two parameters: the risk of default of the counterparty and the risk of loss in the event of default by the counterparty. The credit risk management system is based on the following two data:

- The Counterparty Note, which reflects the risk of default of the counterparty: One Counterparty Note, and only one, is thus allocated to each BMCI client who receives a credit, regardless of the nature of the counterparty.
- The Global Recovery Rate, which reflects, for each credit granted, the expected recovery, in the event of default by the counterparty.

Both of these data, used at BMCI for more than five years, are fundamental for tracking, measuring and reliably managing credit risk. In addition, they constitute the essential elements for the implementation of the Basel II regulation in the advanced method.

Credit risk management

The management of the credit risk is apprehended at the level of the establishment of the authorizations then at the level of the follow-up and the control of the uses.

The decision to grant or renew the credits follows the principle of « two eye seeing ». Thus, the decision-making is carried out jointly by the customer line and the Risk Management.

The process includes a complete analysis of the file carried out by the site which offers the competitions and a contradictory study carried out by the risk chain before presentation of the file to a special credit committee.

The use control includes several levels each defined by an internal procedure:

- 1st level controls: These controls are carried out by the customer lines and relate to Basic Monitoring Points (PSF) which are the subject of specific procedures. Thus, must be carried out according to a periodicity and a predefined methodology, controls on six areas considered sensitive by the Bank: counterparty note, guarantees received and issued, irregular accounts, accounts with incidents and record keeping.
- 2nd level controls: The Risk Management intervenes in the internal control system by providing a second-level control on credit risk. Risk Management ensures compliance with credit risk management procedures, closely monitors the use of loans and the evolution of the risk profile of the Bank. Other controls are carried out through the carrying out of thematic analyzes, dedicated FSPs and various risk monitoring committees.
- 3rd level controls: The periodic control, carried out by the General Inspection, ensures a regular review of the entire portfolio. Thus, all Operating Groups are periodically audited and the quality of the portfolio analyzed. However, in the event of a deterioration in the quality of the risk, the General Inspection ensures a closer presence.

Credit concentration risk management

Credit concentration risk is the risk of excessive exposure that can lead to losses for the Bank; sectoral boundaries are periodically reviewed.

A quarterly analysis is carried out on the evolution of the concentration of the commitments in order to prevent too much exposure on a given segment.

The measurement and management of this risk enables the understanding of the form and level of credit concentration risk incurred by type of exposure (individual counterparties, interest groups, counterparties belonging to the same economic sector, counterparties belonging to the geographical region, guarantors) and to set limits for each type of exposure.

These limits are validated and monitored by the managing bodies.

2. Market risk:

Market risk is defined as the vulnerability of a trading book's positions to changes in market parameters, the volatility of its parameters and the correlations between these parameters; for example, the level of loss that can be sustained following an unfavorable reversal of the market.

It is subdivided into five major groups:

- Risk of interest rate;
- Risk of change;
- Risk on real estate securities;
- Risk on basic product;
- Risk on derivative product.

The importance and the relative complexity of these risks require the setting up of a risk management system in order to maintain them at tolerable levels in relation to the positions of the Bank and, at the same time, comply with the requirements of the Basel standards.

Main principles:

In order to manage and control market risks, BMCI has set up a risk management system that complies with Baloise standards and the standards of the BNP PARIBAS group. This device is based on several principles among which:

- Control and monitoring of risks on exhibitions;
- Development of market activities in the framework of new product committees with in-depth analysis of the risks generated by these activities;
- Compliance with banking regulations in terms of prudential risk management;
- Adoption of group standards and best practices in market risk management.

BMCI's market risk management is based on fundamental principles, ensuring quality control and an overall view of risk on all activities related to the Bank's trading portfolio. These axes are of the order of three:

- First-level control provided by the Front's operators who are required to comply with the Group's internal standards for trading and taking positions on the markets and also in terms of ethics.
- A second-level control materialized by the daily monitoring provided by the Markets Risk Management which ensures compliance with the VaR and volume risk limits on interest rate, currency and liquidity positions. Daily reports summarizing the main risk indicators are sent to the Bank's Executive Board members in order to keep them informed of the levels of risks and PnL generated by the trading activity. In addition to a functional monitoring by the GRM department « Group Risk Management » of Groupe BNP PARIBAS
- A 3rd level functional monitoring provided by Internal Audit / General Inspection.

Monitoring device and market risk limit

Top management monitoring is also ensured through the setting of trading limits to properly monitor and frame the activity:

- Change position: VaR limit, in volume and by sense;
- Rate position: Limit in average position by maturity band;
- Compulsory position: VaR and sensitivity limit per maturity band;
- Optional position: Limit on Greeks (Delta – Gamma – Véga).

These limits are reviewed annually, either upwards or downwards, by the General Management with the possibility of revision every six months or upon request.

The VaR (Value at Risk) GEAR:

The VaR can be defined as the maximum potential loss that a portfolio may experience in the event of normal movement of market parameters, over time and at a given level of confidence. The Group retains a 99% confidence level and a one-day time horizon.

The main groups of simulated factors are:

- Stock prices and their implied volatilities;
- Interest Rates, Interest Rate Securities / Swaps;
- Raw materials;
- Exchange rates and their implied volatilities, etc.

Risk factor simulations are calculated using the Monte Carlo approach that captures the non-normality of market parameters as well as the interdependence between market factors.

Risk change management:

The foreign exchange risk inherent in BMCI trading activity book is the risk of changes in the fair value or the risk of changes in the future cash flows of a financial instrument as a result of changes in foreign exchange rates. It finds its main sources in classical currency position of the Bank and currency options.

The monitoring of this risk is done through two main parameters: One limit in GEaR « Gross Earning at Risk » (VaR equivalent), of foreign exchange position limits (Short // Long) and the Limits on Greeks (Delta – Gamma – Véga) for change options.

Interest rate risk and mandatory risk:

Interest rate risk is the risk of a change in the value of the positions or the risk of a change in the future cash flows of a financial instrument due to the evolution of the interest rates on the market. It finds its main sources in cash and bond positions.

The interest rate risk of BMCI is managed through average position limits per maturity band and an overall One Year Equivalent for the Treasury. One limit in GEAR and sensitivity limits by PV01 maturity band for the Bond Trading activity.

Control system and limit monitoring

Uses / Limits monitoring is carried out daily through reports sent to the bank's Top Management as well as to all the entities concerned. These reports include foreign exchange positions, securities positions and interest rate positions by currency.

Controlled in the first place by the Market Risk Manager, these reports are then sent to the ALM Treasury and Capital Markets Manager at the General Management and the Risk Management Department.

Exceeding a volume limit requires the prior approval of the Chairman of the Executive Board and the Risk Management Department. On the other hand, exceeding a limit in terms of VaR on an individual position, due to, for example, the depreciation of a currency, is tolerated.

Stress Test:

In parallel with the monitoring system, stress tests on cash positions are carried out monthly since 2005. They follow two approaches:

One approach «Mark To Market» calculating the impact of an interest rate movement on the portfolio result.

One "Funding" approach which consists in calculating the impact on the cash flow result due to a liquidity crisis. This is an approach based on Liquidity Gap's O / N refinancing.

3. Interest rate and liquidity risk:

The overall risk management strategy for interest rates and liquidity is organized around the following main axes:

- Respect regulatory liquidity ratios: short-term ratio, ratio of permanent resources, Central Bank reserves;
- Respect the liquidity ratios internal to the BNPPARIBAS group (LCR, NSFR);
- Ensure liquidity of BMCI in the short term, and manage long-term liquidity GAP;
- Avoid extreme imbalances keeping in mind the safeguarding of the solvency, the borrowing capacity of the Bank and its rating;
- Refinance the commercial bank at the best cost;
- Control financial risks;
- Mitigate the variability of the results.

Limit interest rate risk through the choice of the maturity of the securities portfolio, through the maturity of the loans and by guiding the commercial policy by determining the appropriate Internal Transfer Rate.

ALM tracks interest rate and liquidity risks on 3 distinct perimeters:

- Structural interest rate and liquidity risks related to client operations grouped together in books known as Book Commercial;

- Interest rate and structural liquidity risks related to the Equity Book;
- Interest rate and liquidity risks resulting from the sum of the previous sub-components.

ALM also monitors and integrates these risks into the BMCI group, thus integrating the main financing subsidiaries.

ALM monitors these interest rate and liquidity risks that may arise from:

- partial or no correlation between the terms and conditions of customer remuneration and market conditions (regulated rates, base rate, etc.);
- uncertainty over the duration of customer transactions (demand deposits, savings accounts, etc.);
- existence of behavioral options on long-term fixed-rate or similar products (early repayments on real estate credits, etc.).

These analyzes are based on the development of the schedules reflecting the flows relating to a transaction on the date of revision of its rate. If this last transaction is at fixed rate, the flows are positioned at their date of maturity.

For transactions with no contractual deadlines (i.e. demand deposits, own funds, etc.), they are « elapsed » according to maturity agreements, the results of the statistical studies carried out on these positions.

Rate gap (fixed rate - fixed rate jobs) and liquidity limits are defined by maturity band for each book.

Sensitivity analyzes are also carried out in order to measure the stability of the net banking income in comparison to a rate shock of 100 to 200 bp.

In addition, the one-year liquidity gaps are also governed by an internal limit. A crisis management plan according to several scenarios is established to prevent any risk of illiquidity. This plan is triggered either by internal indicators specific to the bank (related to its liquidity level and access to the market), or by external indicators derived from market conditions, by monetary authorities (foreign exchange and BAM), actual or likely developments in the law as well as expectations about the liquidity and financing conditions of the bank and its competitors.

Periodically, an ALCO committee bringing together the members of the Executive Board is held in order to control:

- the level of exposure of the group in terms of interest rate and liquidity risk;
- the compliance with the limits put in place to control these risks;
- the reorientation of the Bank's balance sheet management strategy according to its risk profile and market developments;
- the compliance with regulatory requirements as part of the Basel II Pillar II recommendations.

4. Operational risks:

Bank Al Maghrib defines operational risk as being « a risk of loss resulting from deficiencies or failures attributable to internal procedures, personnel and systems or external events ». This definition includes legal risk, but excludes strategic and reputational risks.

Benefiting, for several years, from the best practices of the BNP Paribas Group's leading shareholder, the operational risk management system of BMCI group has currently reached a significant level of maturity.

The choices and orientations adopted by the BMCI Group since the 2004 financial year for the management of operational risks correspond to the circulars and directives of Bank Al Maghrib in the matter.

APPLICATION OF BASEL II REGULATION

The new Basel II system came into force in Morocco in January 2007 for standard approaches for calculating capital requirements for credit, market and operational risks.

Since the publication of these texts by the regulator, the bank has embarked on a large-scale project involving the significant mobilization of teams in order to comply with the Basel II standard methods regulations. This work led to the setting up of a solvency ratio calculation device in standard method. It helps to achieve the regulatory requirements for credit, market and operational risk.

The regulator has enacted the texts relating to pillar II « Risk monitoring system and the adequacy of internal capital » and Pillar III « Device on market discipline ».

In addition, the analysis of Pillar II regulations has enabled BMCI to structure additional projects with the aim of aligning with regulations and adopting best practices in risk management.

In 2013, BMCI set up a risk management system covering the scope of retail and professional customers by deploying the automated Retail rating; the NEGCOM characteristic and the declassification in automatic default.

The automatic rating Retail / Decommissioning concerns all private and professional customers and is based on the intrinsic characteristics as well as the history of their relationship with the BMCI (flows entrusted, balance, age of the relationship, irregularities, etc.). The counterparty note is updated every eighth day of the month of via automatic processing. It is, therefore, a question of measuring from a standard and systematic multicriter approach the level of risk of a client.

The automatic rating is operational since 08/10/2013

Organization and risk management:

Credit risk:

BMCI has implemented, in accordance with Bank Al Maghreb's Pillar II Basel II guidelines, a risk measurement, control and monitoring system adapted to the nature, volume and complexity of its activities. This system, which also transposes BNP Paribas Group standards, enables:

- to assess and control all risks to which it is exposed;
- to maintain exposure to the various risks within the overall limits set by the regulations in force and / or set by the Executive Board and approved by the Supervisory Board;
- to continuously assess and maintain the levels and categories of own funds and their allocation given the nature and level of risks to which BMCI could be exposed.

Market risk

Under Basel 2 capital and risk allocation provisions, BMCI applies the standard method for calculating capital requirements for market risk.

The effect of the market risk capital requirement is not significant since it represents only 1% of the total requirements of all risks.

Operational risks

For several years, BMCI has set up a device to comply with Basel 2 requirements.

The governance of the operational risk management for BMCI Group relies on:

- regular committees where the Bank's General Staff deals with operational risks and uses information to better manage these risks (Internal Control Coordination Committee, Compliance Committee, Audit Committee);
- a structure dedicated to operational risk management created in 2004, and attached to the Compliance Department since April 2008;
- a general operational risk management policy approved by the Supervisory Board of the Bank and a complete and updated set of procedures;

- a dedicated operational risk management tool, common to all BNP Paribas Group subsidiaries, with a history of historical incidents and potential operational risk incidents.

Groupe BMCI has implemented **a system for identifying and evaluating operational risks**, based on:

- the development of process and risk maps covering all BMCI Group activities;
- a system for collecting historical incidents of operational risks involving all operational entities, supplemented by a periodic certification process for the reliability and completeness of data;
- identification and qualitative and quantitative analysis of potential operational risks. This approach makes it possible to provide the management of the Bank and operational entities with a quantification of major risks, for optimal management of exposures in terms of operational risks..

Furthermore, the **control and the mitigation of the operational risks**, operates in particular through:

- extreme risk management based on the business continuity plan, which has reached a satisfactory level of overall maturity;
- preventive and corrective actions put in place following significant historical incidents. As such, the permanent control system has reached a certain level of maturity with optimal coverage of the scope by the Permanent Control Department of the Group, the use of tools that have allowed the industrialization of controls and the improvement of their quality, and the implementation of preventive and corrective actions to cover major risks;
- a validation process for new products, activities and organizations (PAON) and Exceptional Transactions, highlighting the associated risks and implementation conditions as well as the appropriate control rules;
- a device for controlling essential outsourced activities;
- awareness-raising actions on Operational Risk topics conducted with operating entities.

WARNING

The abovementioned information is only part of the prospectus approved by the Moroccan Authority of Capital Markets (AMMC), with reference N° VI/EM/017/2018 on 7th september 2018.

The AMMC recommends to read the entire prospectus available to the public in French.