

# Société Générale Marocaine de Banques




## PROSPECTUS SUMMARY



**ISSUANCE OF A LISTED AND UNLISTED SUBORDINATED BOND  
BY SOCIETE GENERALE MAROCAINE DE BANQUES  
MAXIMUM ISSUE AMOUNT: 800,000,000.00 MAD  
MATURITY 10 YEARS**

	Tranche A Listed	Tranche B Not Listed	Tranche C Listed	Tranche D Not Listed
<b>Ceiling</b>	800,000,000.00 MAD			
<b>Number of securities</b>	8,000 subordinate bonds			
<b>Nominal value / issue price</b>	100,000 MAD			
<b>Rate</b>	Fixed rate	Fixed rate	Annually adjustable	Annually adjustable
	The nominal interest rate is determined in reference to the 10-year T-bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>3.25%</b> , plus a risk premium, i.e. between <b>4.00%</b> and <b>4.10%</b>	The nominal interest rate is determined in reference to the 10-year T-bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>3.25%</b> , plus a risk premium, i.e. between <b>4.00%</b> and <b>4.10%</b>	Annually adjustable referring to the full 52-week rate (money rate) determined in reference to the Treasury bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>2.38%</b> , plus a risk premium, i.e. between <b>3.03%</b> and <b>3.18%</b> for the first year	Annually adjustable referring to the full 52-week rate (money rate) determined in reference to the Treasury bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>2.38%</b> , plus a risk premium, i.e. between <b>3.03%</b> and <b>3.18%</b> for the first year
<b>Risk premium</b>	[75-85] basis points	[75-85] basis points	[65-80] basis points	[65-80] basis points
<b>Maturity</b>	10 years			
<b>Tradability of securities</b>	Tradable in the Casablanca Stock Exchange	Over-the-counter	Tradable in the Casablanca Stock Exchange	Over the counter
<b>Repayment</b>	At maturity			
<b>Subscription period</b>	From 19 to 21 June included			
<b>Allocation method</b>	French auction with priority to Tranches A and B			

**Subscription reserved to qualified investors under Moroccan law as listed in the present prospectus**

ADVISORY BODY	CENTRALIZING BODY AND BODY IN CHARGE OF THE PLACEMENT	BODY RESPONSIBLE FOR REGISTERING THE OPERATION
 الشركة العامة SOCIETE GENERALE	 الشركة العامة SOCIETE GENERALE	 Sogécapital Bourse الشركة العامة SOCIETE GENERALE

**APPROVAL OF THE MOROCCAN CAPITAL MARKET AUTHORITY**

In accordance with the provisions of the AMMC's circular, issued pursuant to Article 14 of the Dahir Law No. 1- 93-212 of 21 September 1993, as amended and supplemented, the original of this prospectus was approved by AMMC on 11/06/2018 under reference No. VI/EM/011/2018

**Disclaimer**

**On 11/06/2018, the Moroccan Capital Market Authority (AMMC) approved a Prospectus Summary for a subordinated bond issue by Société Générale Marocaine de Banques (SGMB) for an amount of MAD 800 million.**

**The Prospectus Summary approved by the AMMC is available at all times at Société Générale Marocaine de Banques Headquarters. It is also available within a maximum of 48 hours from order-collection points.**

**The Prospectus Summary is made available to the public at the Casablanca Stock Exchange Headquarters and on its website [www.casablanca-bourse.com](http://www.casablanca-bourse.com). It is also available on the AMMC website [www.ammc.ma](http://www.ammc.ma).**

 **PART I. Overview of the bond issue**

## I. Objectives of the bond issue

The principal objectives of the bond issue are as follows:

- To strengthen the equity of SGMB following the acquisition of 34.95% of the share capital of Eqdom from SG Financial Services Holding ;
- To finance the development of the company's activities;
- To respond to the growth in lending in Morocco;
- To diversify the company's long-term financing and to lower financing costs;
- To enable Société Générale Marocaine de Banques to position itself to take advantage of long-term financing opportunities;
- Consolidate the image of Société Générale Marocaine de Banques vis-à-vis the main partners as well as its positioning as a regular issuer on the bond market.

## II. Information on securities to be issued

### Disclaimer

Subordinated bonds differ from classical bonds by reason of the contractually defined ranking of loans set forth in the subordination clause. The effect of the subordination clause is to make the repayment of the subordinated bond conditional on the repayment of all outstanding privileged or unsecured debts in the event of the issuer going into liquidation.

### Tranche A: fixed-rate subordinated bonds listed on the Casablanca Stock Exchange

<b>Type of securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration with the central depository (Maroclear) and registered in accounts with accredited affiliates.
<b>Legal form</b>	Bearer
<b>Admission to official listing</b>	Tranche A securities will be listed under the direct listing procedure under articles 1.2.6 and 1.2.22 of the Stock Exchange General Regulations.
<b>Tranche ceiling</b>	800,000,000.00 MAD
<b>Maximum number of securities to be issued</b>	8,000 subordinated bonds
<b>Nominal value</b>	100,000.00 MAD
<b>Maturity</b>	10 years
<b>Subscription period</b>	From 19 to 21 June 2018 included
<b>Date of possession</b>	28/06/2018
<b>Maturity date</b>	28/06/2028
<b>Risk premium</b>	Between 75 and 85 basis points
<b>Issue price</b>	At par, i.e. 100,000.00 MAD
<b>Allocation method</b>	French auction with priority to Tranches A and B
<b>Negotiability</b>	Subordinated bonds in tranche A will be freely negotiable on the Casablanca Stock Exchange. There are no restrictions imposed by the bond issuance conditions on the free negotiability of the subordinated bonds in tranche A.
<b>Listing</b>	Tranche A subordinated bonds will be listed on the Casablanca Stock Exchange and will therefore be the subject of a request for admission to the Casablanca Stock Exchange bond compartment. Listing in the bond compartment is scheduled for 25 June 2018 under ticker OSOGD. To be listed on the Casablanca Stock Exchange, the cumulative amounts allocated to tranches A and C must be greater than or

	<p>equal to 20 million MAD. If at the close of the subscription period the amount allocated to tranches A and C is less than 20 million MAD, subscriptions for bonds in those tranches shall be cancelled.</p>
<p><b>Nominal interest rate</b></p>	<p><b>Fixed rate</b></p> <p>The nominal interest rate is determined in reference to the 10-year T-bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>3.25%</b>, plus a risk premium, ie. between <b>4.00%</b> and <b>4.10%</b>.</p> <p>The rate is determined through linear interpolation using the two points bracketing the full 10 years maturity (on an actuarial basis).</p> <p>The selected interest rate will be published in a legal announcements newspaper by the SGMB, by June 28, 2018 at the latest.</p>
<p><b>Coupon payment</b></p>	<p>Interest shall be paid annually on the anniversary dates of the loan date, which is June 28 of each year. Payment shall be effected that very day or on the first working day thereafter if that day is not a working day. Interest on the subordinated bonds will cease to accrue from the day on which repayment of the principal is ordered by the Company. No postponement of interest payments on the subordinated bonds in the present issue will be permitted. Interest payments will be calculated using the following formula: nominal x nominal rate.</p>
<p><b>Repayment of principal</b></p>	<p>The SGMB subordinated bond issue will be subject to a repayment of the principal at maturity.</p> <p>In the event of merger, demerger or partial contribution of SGMB's assets during the life of the securities entailing the transmission of all assets and liabilities to a separate legal entity, all rights and obligations in respect of the subordinated bonds will be automatically transferred to the legal entity assuming SGMB's rights and obligations.</p> <p>In the event of SGMB going into liquidation, repayment of the principal will be subordinated to all other debts.</p>
<p><b>Early repayment</b></p>	<p>SGMB shall refrain, during the whole Term of the loan, from the advance repayment of the subordinated bonds that are the subject of the present issue.</p> <p>SGMB nevertheless reserves the right, with the prior approval of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that the legal and regulatory provisions so allow, such repurchases being without consequence for bondholders wishing to keep their securities until normal maturity, and without affecting the schedule for normal amortization. Subordinated bonds so repurchased will be cancelled with the prior approval of Bank Al-Maghrib.</p> <p>In case of cancellation, SGMB must inform the Casablanca Stock Exchange of the cancelled bonds.</p>
<p><b>Assimilation</b></p>	<p>There is no assimilation of the subordinated bonds that are to be issued under the present bond issue to any securities in any previous issue.</p> <p>In the event that SGMB subsequently issues new securities enjoying in all respects rights identical to those of the bonds in tranche A, it may, without requesting the consent of the bearers of previous bonds, and provided that the issuance agreements provide for such a possibility, assimilate all the securities in the successive issues, thus unifying all operations relating to their</p>

	management and their trading.
<b>Ranking</b>	<p>Both the capital and the interest are subject to a subordination clause. In no way does the subordination clause impair any rule of law concerning the accounting principles relating to the allocation of losses, the shareholders obligations, or the rights of subscribers to obtain, in accordance with the conditions set forth in the issuance agreement, payment of interest and capital for its securities.</p> <p>In the event that SGMB is liquidated, repayment of capital and interest for the subordinated bonds in the present issue may occur only after the claims of all privileged and/or unsecured creditors have been settled. The subordinated bonds will have the same ranking in the repayment process as all other subordinated securities as may subsequently be issued by SGMB both in Morocco and abroad, in proportion to their amount, should the situation arise.</p>
<b>Maintaining ranking</b>	SGMB undertakes that, until the effective repayment of all the securities in the present issue, it will not establish any priority for any other subordinated security which it may subsequently issue in respect of ranking for repayment in the event of liquidation without applying those same rights to the subordinated bonds in the present issue.
<b>Guarantee of repayment</b>	Subordinated bonds issued by SGMB are not the subject of any guarantee of repayment.
<b>Rating</b>	The present bond issue has not been the subject of any request for rating.
<b>Applicable law and Court of jurisdiction</b>	Moroccan law. The competent Court shall be Casablanca Commercial Court.
<b>Entity responsible for registering the operation in the Casablanca Stock Exchange</b>	Sogécapital Bourse
<b>Representative of bondholders</b>	<p>The Executive Board decides, to designate Mr. Mohamed Hdid as provisional representative of the holders of tranche A, tranche B, tranche C and tranche D bonds pending the Ordinary General Meeting of the bondholders to appoint the representative(s) of those bondholders, it being understood that the date of entry into force of the appointment decision will be the opening date of the subscription period for the bonds in tranche A, tranche B, tranche C and tranche D.</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 one year of the opening of the subscription period. The appointed temporary representative is identical for tranches A, B, C and D which are grouped together in one and the same mass.</p>

**Tranche B: fixed-rate subordinated bonds not listed on the Casablanca Stock Exchange**

<b>Type of securities</b>	Subordinated bonds not listed on the Casablanca Stock Exchange, fully dematerialized by registration with the central depository (Maroclear) and registered in accounts with accredited affiliates.
<b>Legal form</b>	Bearer
<b>Listing</b>	Not listed on the Casablanca Stock Exchange
<b>Tranche ceiling</b>	800,000,000.00 MAD
<b>Maximum number to be issued</b>	8,000 subordinated bonds
<b>Nominal value</b>	100,000.00 MAD
<b>Maturity</b>	10 years
<b>Subscription period</b>	From 19 to 21 June 2018 included
<b>Vesting date</b>	28/06/2018
<b>Maturity date</b>	28/06/2028
<b>Risk premium</b>	Between 75 and 85 basis points
<b>Issue price</b>	At par, i.e. 100,000.00 MAD
<b>Allocation method</b>	French auction with priority to Tranches A and B
<b>Negotiability</b>	Over-the-counter (off Stock Exchange) There are no restrictions imposed by the bond issuance conditions on the free negotiability of the subordinated bonds in tranche B.
<b>Nominal interest rate</b>	Fixed rate The nominal interest rate is determined in reference to the 10-year T-bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. 3.25%, plus a risk premium, i.e. between 4.00% and 4.10%. The rate is determined through linear interpolation using the two points bracketing the full 10 years maturity (on an actuarial basis). The selected interest rate will be published in a legal announcements newspaper by the SGMB, by June 28, 2018 at the latest.
<b>Coupon payment</b>	Interest will be paid annually on the anniversary of the security's vesting day, i.e., on 28 June each year. Payment shall be effected that very day or on the first working day thereafter if that day is not a working day. Interest on the subordinated bonds will cease to accrue from the day on which repayment of the principal is ordered by the Company. No postponement of interest payments on the subordinated bonds in the present issue will be permitted. Interest payments will be calculated using the following formula: nominal amount x nominal rate.
<b>Repayment of principal</b>	The SGMB subordinated bond issue will be subject to repayment of the principal at maturity. In the event of merger, demerger or partial contribution of SGMB's assets during the life of the securities entailing the transmission of all assets and liabilities to a separate legal entity, all rights and obligations in respect of the subordinated bonds will be automatically transferred to the legal entity assuming SGMB's rights and obligations. In the event of SGMB going into liquidation, repayment of the principal will be subordinated to all other debts.
<b>Early repayment</b>	SGMB shall refrain, during the whole Term of the loan, from the

	<p>advance repayment of the subordinated bonds that are the subject of the present issue.</p> <p>SGMB nevertheless reserves the right, with the prior approval of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that the legal and regulatory provisions so allow, such repurchases being without consequence for bondholders wishing to keep their securities until normal maturity, and without affecting the schedule for normal amortization. Subordinated bonds so repurchased will be cancelled with the prior approval of Bank Al-Maghrib.</p> <p>In case of cancellation, SGMB must inform the Casablanca Stock Exchange of the cancelled bonds.</p>
<b>Assimilation</b>	<p>There is no assimilation of the subordinated bonds that are to be issued under the present bond issue to any securities in any previous issue.</p> <p>In the event that SGMB subsequently issues new securities enjoying in all respects rights identical to those of the bonds in tranche B, it may, without requesting the consent of the bearers of previous bonds, and provided that the issuance agreements provide for such a possibility, assimilate all the securities in the successive issues, thus unifying all operations relating to their management and their trading.</p>
<b>Ranking</b>	<p>Both the capital and the interest are subject to a subordination clause. In no way does the subordination clause impair any rule of law concerning the accounting principles relating to the allocation of losses, the shareholders obligations, or the rights of subscribers to obtain, in accordance with the conditions set forth in the issuance agreement, payment of interest and capital for its securities.</p> <p>In the event that SGMB is liquidated, repayment of capital and interest for the subordinated bonds in the present issue may occur only after the claims of all privileged and/or unsecured creditors have been settled. The subordinated bonds will have the same ranking in the repayment process as all other subordinated securities as may subsequently be issued by SGMB both in Morocco and abroad, in proportion to their amount, should the situation arise.</p>
<b>Maintaining ranking</b>	<p>SGMB undertakes that, until the effective repayment of all the securities in the present issue, it will not establish any priority for any other subordinated security which it may subsequently issue in respect of ranking for repayment in the event of liquidation without applying those same rights to the subordinated bonds in the present issue.</p>
<b>Guarantee of repayment</b>	<p>Subordinated bonds issued by SGMB are not the subject of any guarantee of repayment.</p>
<b>Rating</b>	<p>The present bond issue has not been the subject of any request for rating.</p>
<b>Applicable law and Court of jurisdiction</b>	<p>Moroccan law. The competent Court shall be Casablanca Commercial Court.</p>
<b>Representative of bondholders</b>	<p>The Executive Board decides, to designate Mr. Mohamed Hdid as provisional representative of the holders of tranche A, tranche B, tranche C and tranche D bonds pending the Ordinary General Meeting of the bondholders to appoint the representative(s) of those bondholders, it being understood that the date of entry into force of the appointment decision will be the opening date of the subscription period for the bonds in tranche A, tranche B, tranche C and tranche D.</p>

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In addition, the Executive Board undertakes to convene the General Meeting of the Bondholders to appoint the definitive representative of the bondholders' group within one year of the opening of the subscription period. The appointed temporary representative is identical for tranches A, B, C and D which are grouped together in one and the same mass.

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### Tranche C: variable rate subordinated bonds listed on the Casablanca Stock Exchange

<b>Type of securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration with the central depository (Maroclear) and registered in accounts with accredited affiliates.
<b>Legal form</b>	Bearer
<b>Admission to official listing</b>	Tranche C securities will be listed under the direct listing procedure under articles 1.2.6 and 1.2.22 of the Stock Exchange General Regulations.
<b>Tranche ceiling</b>	800,000,000.00 MAD
<b>Maximum number to be issued</b>	8,000 subordinated bonds
<b>Nominal value</b>	100,000.00 MAD
<b>Maturity</b>	10 years
<b>Subscription period</b>	From 19 to 21 June 2018 included
<b>Vesting date</b>	28/06/2018
<b>Maturity date</b>	28/06/2028
<b>Risk premium</b>	Between 65 and 80 basis points
<b>Issue price</b>	At par, i.e. 100,000.00 MAD
<b>Allocation method</b>	French auction with priority to Tranches A and B
<b>Negotiability</b>	<p>Subordinated bonds in tranche C will be freely negotiable on the Casablanca Stock Exchange.</p> <p>There are no restrictions imposed by the bond issuance conditions on the free negotiability of the subordinate bonds in tranche C.</p>
<b>Listing of securities</b>	<p>Tranche C subordinated bonds will be listed on the Casablanca Stock Exchange and will therefore be the subject of a request for admission to the Casablanca Stock Exchange bond compartment. Listing in the bond compartment is scheduled for 25/06/2018 under ticker OSOGE.</p> <p>To be listed on the Casablanca Stock Exchange, the cumulative amounts allocated to tranches A and C must be greater than or equal to 20 million MAD. If at the close of the subscription period the amount allocated to tranches A and C is less than 20 million MAD, subscriptions for bonds in those tranches shall be cancelled.</p>
<b>Nominal interest rate</b>	<p><b>Annually adjustable</b></p> <p>Annually adjustable referring to the full 52-week rate (money rate) determined in reference to the Treasury bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>2.38%</b>, plus a risk premium, i.e. between <b>3.03%</b> and <b>3.18%</b> for the first year.</p> <p>The selected interest rate will be published in a legal announcements newspaper by the SGMB, by June 28, 2018 at the latest.</p> <p>On each anniversary date, the reference rate is the 52-week full rate (monetary rate) determined with reference to the BDT secondary market benchmark yield curve published by Bank Al Maghrib, prior to the Bank's anniversary date coupon of 5 working days.</p> <p>The reference rate thus obtained shall be increased by a risk premium (that will be fixed at the closing of the subscription period) and communicated to the stock exchange at least 5 trading days before the anniversary date and shall be published in a legal announcements newspaper at least 4 trading days before the anniversary date.</p>
<b>Reference rate calculation</b>	The rate determination is by linear interpolation between the two points bracketing the full 52-week maturity (monetary basis).

	<p>This linear interpolation shall be carried out after conversion of the next higher rate on maturity at 52 weeks (actuarial basis) into the corresponding money rate. The calculation formula is: <math>((\text{Actuarial rate} + 1) ^ (k / \text{exact number of days}^*)) - 1) \times 360 / k</math>; where k: corresponds to the maturity of the actuarial rate immediately greater than 52 weeks</p> <p>*Actual number of days: 365 or 366 days.</p>
<p><b>Coupon payment</b></p>	<p>Interest will be paid annually on the anniversary of the security's vesting day, i.e. on 28 June each year. Payment shall be effected that very day or on the first working day thereafter if that day is not a working day.</p> <p>The interest on the subordinated bonds will cease to accrue from the day on which repayment of the principal is ordered by the Company. No postponement of interest payments on the subordinated bonds in the present issue will be permitted.</p> <p>Interest payments will be calculated using the following formula: nominal x nominal rate x Actual number of days/ 360.</p>
<p><b>Interest rate setting date</b></p>	<p>The coupon shall be revised annually on the anniversary dates of the date of use of the loan, the 28 of each year or the first working day if the latter is not a business day. The new rate shall be communicated to the Casablanca Stock Exchange at least 5 trading days before the anniversary date of the loan by the issuer. The revised rate shall be announced in the bulletin of the Casablanca Stock Exchange and in a legal announcements newspaper.</p>
<p><b>Repayment of principal</b></p>	<p>The SGMB subordinated bond issue will be subject to repayment of the principal at maturity.</p> <p>In the event of merger, demerger or partial contribution of SGMB's assets during the life of the securities entailing the transmission of all assets and liabilities to a separate legal entity, all rights and obligations in respect of the subordinated bonds will be automatically transferred to the legal entity assuming SGMB's rights and obligations.</p> <p>In the event of SGMB going into liquidation, repayment of the principal will be subordinated to all other debts.</p>
<p><b>Early repayment</b></p>	<p>SGMB shall refrain, during the whole Term of the loan, from the advance repayment of the subordinated bonds that are the subject of the present issue.</p> <p>SGMB nevertheless reserves the right, with the prior approval of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that the legal and regulatory provisions so allow, such repurchases being without consequence for bondholders wishing to keep their securities until normal maturity, and without affecting the schedule for normal amortization. Subordinated bonds so repurchased will be cancelled with the prior approval of Bank Al-Maghrib.</p> <p>In case of cancellation, SGMB must inform the Casablanca Stock Exchange of the cancelled bonds.</p>
<p><b>Assimilation</b></p>	<p>There is no assimilation of the subordinated bonds that are to be issued under the present bond issue to any securities in any previous issue.</p> <p>In the event that SGMB subsequently issues new securities enjoying in all respects rights identical to those of the bonds in tranche C, it may, without requesting the consent of the bearers of tranche C bonds, and provided that the issuance agreements provide for such a possibility, assimilate all the securities in the successive issues, thus unifying all operations relating to their</p>

	management and their trading.
<b>Ranking</b>	<p>Both the capital and the interest are subject to a subordination clause. In no way does the subordination clause impair any rule of law concerning the accounting principles relating to the allocation of losses, the shareholders obligations, or the rights of subscribers to obtain, in accordance with the conditions set forth in the issuance agreement, payment of interest and capital for its securities.</p> <p>In the event that SGMB is liquidated, repayment of capital and interest for the subordinated bonds in the present issue may occur only after the claims of all privileged and/or unsecured creditors have been settled. The subordinated bonds will have the same ranking in the repayment process as all other subordinated securities as may subsequently be issued by SGMB both in Morocco and abroad, in proportion to their amount, should the situation arise.</p>
<b>Maintaining ranking</b>	<p>SGMB undertakes that, until the effective repayment of all the securities in the present issue, it will not establish any priority for any other subordinated security which it may subsequently issue, in respect of ranking for repayment in the event of liquidation without applying those same rights to the subordinated bonds in the present issue.</p>
<b>Guarantee of repayment</b>	<p>Subordinated bonds issued by SGMB are not the subject of any guarantee of repayment.</p>
<b>Rating</b>	<p>The present bond issue has not been the subject of any request for rating.</p>
<b>Applicable law and Court of jurisdiction</b>	<p>Moroccan law. The competent Court shall be Casablanca Commercial Court.</p>
<b>Entity responsible for registering the operation with the Casablanca Stock Exchange</b>	<p>Sogécapital Bourse</p>
<b>Representative of bondholders</b>	<p>The Executive Board decides, to designate Mr. Mohamed Hdid as provisional representative of the holders of tranche A, tranche B, tranche C and tranche D bonds pending the Ordinary General Meeting of the bondholders to appoint the representative(s) of those bondholders, it being understood that the date of entry into force of the appointment decision will be the opening date of the subscription period for the bonds in tranche A, tranche B, tranche C and tranche D.</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 one year of the opening of the subscription period. The appointed temporary representative is identical for tranches A, B, C and D which are grouped together in one and the same mass.</p>

## Tranche D: variable rate subordinated bonds not listed on the Casablanca Stock Exchange

<b>Nature of securities</b>	Subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with the central depository (Maroclear) and registered in accounts with accredited affiliates.
<b>Legal form</b>	Bearer
<b>Listing</b>	Not listed on Casablanca Stock Exchange
<b>Tranche ceiling</b>	800,000,000.00 MAD
<b>Maximum number to be issued</b>	8,000 subordinated bonds
<b>Nominal value</b>	100,000.00 MAD
<b>Maturity</b>	10 years
<b>Subscription period</b>	From 19 to 21 June 2018 included
<b>Vesting date</b>	28/06/2018
<b>Maturity date</b>	28/06/2028
<b>Risk premium</b>	Between 65 and 80 basis points
<b>Issue price</b>	At par, i.e. 100,000.00 MAD
<b>Allocation method</b>	French auction with priority to Tranches A and B
<b>Negotiability</b>	Over-the-counter (off Stock Exchange) There are no restrictions imposed by the bond issuance conditions on the free negotiability of the subordinated bonds in tranche D.
<b>Nominal interest rate</b>	<p><b><u>Annually adjustable</u></b> Annually adjustable referring to the full 52-week rate (money rate) determined in reference to the Treasury bond secondary yield curve as published by Bank Al-Maghrib on 04 June 2018, i.e. <b>2.38%</b>, plus a risk premium, ie. between <b>3.03%</b> and <b>3.18%</b> for the first year.</p> <p>The selected interest rate will be published in a legal announcements newspaper by the SGMB, by June 28, 2018 at the latest.</p> <p>On each anniversary date, the reference rate is the 52-week full rate (monetary rate) determined with reference to the BDT secondary market benchmark yield curve published by Bank Al Maghrib, prior to the Bank's anniversary date coupon of 5 working days.</p> <p>The reference rate thus obtained shall be increased by a risk premium (that will be fixed at the the closing of the subscription period) and communicated to the stock exchange at least 4 trading days before the anniversary date and shall be published in a legal announcements newspaper at least 4 trading days before the anniversary date.</p>
<b>Coupon payment</b>	<p>Interest will be paid annually on the anniversary of the security's vesting day, i.e. on 28 June each year. Payment shall be effected that very day or on the first working day thereafter if that day is not a working day.</p> <p>Interest on the subordinated bonds will cease to accrue from the day on which repayment of the principal is ordered by the Company. No postponement of interest payments on the subordinated bonds in the present issue will be permitted.</p> <p>Interest payments will be calculated using the following formula: nominal x nominal rate x Actual number of days/ 360.</p>
<b>Reference rate calculation</b>	The rate determination is by linear interpolation between the two

	<p>points bracketing the full 52-week maturity (monetary basis). This linear interpolation shall be carried out after conversion of the next higher rate on maturity at 52 weeks (actuarial basis) into the corresponding money rate. The calculation formula is: <math>((\text{Actuarial rate} + 1)^{k / \text{exact number of days}^*} - 1) \times 360 / k</math>; where k: corresponds to the maturity of the actuarial rate immediately greater than 52 weeks</p> <p>*Actual number of days: 365 or 366 days.</p>
<p><b>Interest rate setting date</b></p>	<p>The coupon will be adjusted annually on the anniversary of the security's vesting day, i.e. on 28 each year or the first following working day if the latter is not a business day.</p> <p>The new rate shall be communicated, by the issuer in a legal announcements newspaper at least 4 working days before the anniversary date.</p>
<p><b>Repayment of principal</b></p>	<p>The SGMB subordinated bond issue will be subject to repayment of the principal at maturity.</p> <p>In the event of merger, demerger or partial contribution of SGMB's assets during the life of the securities entailing the transmission of all assets and liabilities to a separate legal entity, all rights and obligations in respect of the subordinated bonds will be automatically transferred to the legal entity assuming SGMB's rights and obligations.</p> <p>In the event of SGMB going into liquidation, repayment of the principal will be subordinated to all other debts.</p>
<p><b>Early repayment</b></p>	<p>SGMB shall refrain, during the whole Term of the loan, from the advance repayment of the subordinated bonds that are the subject of the present issue.</p> <p>SGMB nevertheless reserves the right, with the prior approval of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that the legal and regulatory provisions so allow, such repurchases being without consequence for bondholders wishing to keep their securities until normal maturity, and without affecting the schedule for normal amortization. Subordinated bonds so repurchased will be cancelled with the prior approval of Bank Al-Maghrib.</p> <p>In case of cancellation, SGMB must inform the Casablanca Stock Exchange of the cancelled bonds.</p>
<p><b>Assimilation</b></p>	<p>There is no assimilation of the subordinated bonds that are to be issued under the present bond issue to any securities in any previous issue.</p> <p>In the event that SGMB subsequently issues new securities enjoying in all respects rights identical to those of the bonds in tranche C, it may, without requesting the consent of the bearers of tranche D bonds, and provided that the issuance agreements provide for such a possibility, assimilate all the securities in the successive issues, thus unifying all operations relating to their management and their trading.</p>
<p><b>Ranking</b></p>	<p>Both the capital and the interest are subject to a subordination clause. In no way does the subordination clause impair any rule of law concerning the accounting principles relating to the allocation of losses, the shareholders obligations, or the rights of subscribers to obtain, in accordance with the conditions set forth in the issuance agreement, payment of interest and capital for its securities.</p> <p>In the event that SGMB is liquidated, repayment of capital and interest for the subordinated bonds in the present issue may occur</p>

	<p>only after the claims of all privileged and/or unsecured creditors have been settled. The subordinated bonds will have the same ranking in the repayment process as all other subordinated securities as may subsequently be issued by SGMB both in Morocco and abroad, in proportion to their amount, should the situation arise.</p>
<b>Maintaining ranking</b>	<p>SGMB undertakes that, until the effective repayment of all the securities in the present issue, it will not establish any priority for any other subordinated security which it may subsequently issue in respect of ranking for repayment in the event of liquidation without applying those same rights to the subordinated bonds in the present issue.</p>
<b>Guarantee of repayment</b>	<p>Subordinated bonds issued by SGMB are not the subject of any guarantee of repayment.</p>
<b>Rating</b>	<p>The present bond issue has not been the subject of any request for rating.</p>
<b>Applicable law and Court of jurisdiction</b>	<p>Moroccan law. The competent Court shall be Casablanca Commercial Court.</p>
<b>Representative of bondholders</b>	<p>The Executive Board decides, to designate Mr. Mohamed Hdid as provisional representative of the holders of tranche A, tranche B, tranche C and tranche D bonds pending the Ordinary General Meeting of the bondholders to appoint the representative(s) of those bondholders, it being understood that the date of entry into force of the appointment decision will be the opening date of the subscription period for the bonds in tranche A, tranche B, tranche C and tranche D.</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 one year of the opening of the subscription period. The appointed temporary representative is identical for tranches A, B, C and D which are grouped together in one and the same mass.</p>

### III. Issue schedule

	STAGE	Date
1	Receipt of the operation's complete file by Casablanca Stock Exchange	08/06/2018
2	Approval of the issue by the Casablanca Stock Exchange	11/06/2018
3	Obtaining the AMMC visa	11/06/2018
4	Receipt of the AMCC approved Prospectus by Casablanca Stock Exchange	11/06/2018
5	Publication of a notice on the transaction in the Official Report of the Casablanca Stock Exchange	12/06/2018
6	Publication of the extract of the prospectus by SGMB in a legal notice newspaper	13/06/2018
7	Opening of the subscription period	19/06/2018
8	Close of the subscription period	21/06/2018
9	Allocation of securities by the Placer Organization	21/06/2018
10	Receipt of the subscriptions and selected rate per Tranche at Casablanca Stock Exchange before 10 a.m	22/06/2018
11	<ul style="list-style-type: none"> <li>• Bonds Admission</li> <li>• Registration of the stock exchange transaction</li> <li>• Transaction results announcement in the Official List</li> </ul>	25/06/2018
12	Settlement/Delivery	28/06/2018
13	Transaction results and selected rate published by the issuer in a legal announcement newspaper	28/06/2018

### IV. Investment institution and financial intermediaries

Function	Name	Address
<b>Financial Advisor and Global Coordinator</b>	Société Générale Marocaine de Banques	55, Bvd Abdelmoumen. Casablanca
<b>Centralizing Body is in charge of Placement</b>	Société Générale Marocaine de Banques	55, Bvd Abdelmoumen. Casablanca
<b>Institution providing financial services for the issuer</b>	Société Générale Marocaine de Banques	55, Bvd Abdelmoumen. Casablanca
<b>Body with responsibility for registering the operation with the Stock Exchange</b>	Sogécapital Bourse	55, Bvd Abdelmoumen. Casablanca



**PART II. General information: Société Générale Marocaine de Banques**

## I. General information

<b>Company name</b>	<b>Société Générale Marocaine de Banques</b>
<b>Registered office</b>	55, Bvd. Abdelmoumen. 20100 Casablanca
<b>Telephone</b>	+212 522 43 88 88
<b>Fax</b>	+212 522 29 88 09
<b>Website</b>	www.sgmaroc.com
<b>Legal form</b>	Limited Company ( <i>Société Anonyme</i> ) under private Moroccan law with an Executive Board and a Supervisory Board, governed by Law 17-95 of 30 August 1996 on limited companies as amended and supplemented by <i>Dahir</i> 1-08-18 of 23 May 2008 enacting Law 20-05 and Law 78-12.
<b>Date of incorporation</b>	23 January 1964
<b>Term</b>	99 years
<b>Company registration no.</b>	28 987 – Casablanca
<b>Fiscal year</b>	1 January to 31 December
<b>Corporate purpose</b> (excerpt from article 3 of the articles of association)	<p>“The purpose of the company is to carry out banking operations, both on its own behalf and on behalf of or with third parties, both in Morocco and abroad, in all financial, commercial, securities or real estate transactions that could be of interest to the Bank or directly or indirectly linked to its activity, including those on the following list, which is not intended to be exhaustive:</p> <ol style="list-style-type: none"> <li>1. To receive from the public deposits of funds, into accounts or otherwise, whether interest-bearing or not, payable on sight, on prior notice or as term deposits;</li> <li>2. To offer any physical or legal person discount loans and, consequently, to discount any negotiable instrument, bill of exchange, promissory note, cheque, warrant, note, instrument or security issued by the Treasury or by public or semi-public authorities and to make any and all kinds of commitment arising from industrial, agricultural, commercial or financial transactions or from transactions carried out by any public or semi-public authority, negotiate or re-discount the above-mentioned values provide and accept any mandate, bill of exchange, promissory note, cheque, etc.;</li> <li>3. To make advances or loans in any and all of their forms with a view to financing transactions in the spheres of agriculture, commerce and industry, including making advances, encashable through discounting, for securities issued by agricultural, commercial and financial enterprises, whether Moroccan or foreign;</li> <li>4. To accept or to make any payment or collection of bills of exchange, promissory notes, cheques, warrants, interest or dividend coupons, to serve as an intermediary in the purchase or sale of any type of public funds, shares, bonds, participation certificate, etc.;</li> <li>5. To accept or confer, on the occasion of the making of loans or borrowings, any mortgage arrangement or any other guarantee; to sign any underwriting agreement, security or surety; to perform any purchase or sale of real estate or securities, or any real estate leasing or rental agreement;</li> <li>6. To perform or to participate in the issuance, placement and trading of any security issued by a public or private institution; to tender for borrowings on behalf of such institutions, to acquire or alienate any security, public sector debt security, share, stock, bond or instrument of any kind issued by such institutions; and to receive as deposits any security, stock or asset of any kind;</li> <li>7. To acquire the necessary funds to carry out its operations, in addition to the capital deposited by its customers, by issuing promissory notes and short-, medium- and long-term bonds, and by rediscounting such advances as may be made to it for that purpose by any and all public and private institutions;</li> </ol>

	<ol style="list-style-type: none"> <li>8. To perform any leasing transaction matched with an option to buy, in particular plant and property leasing;</li> <li>9. To perform any sale transaction with option to repurchase, and any repurchase agreement for any negotiable security or instrument;</li> <li>10. To perform any factoring transaction;</li> <li>11. To perform any currency exchange transaction;</li> <li>12. To perform any transaction in gold, precious metals, coins or commodities;</li> <li>13. To carry out placement, underwriting, purchasing, management, custody and sales of negotiable securities and any financial product;</li> <li>14. To provide advice and assistance in portfolio and wealth management;</li> <li>15. To provide advice and assistance in financial management, financial engineering, information processing and, generally, any service intended to facilitate the creation and development of businesses, the foregoing subject of the legal provisions concerning the exercise of certain professions;</li> <li>16. To act directly or indirectly, on its own behalf or on behalf of third parties, in association with or as a stakeholder with any other physical or legal person, and carry out, directly or indirectly, in Morocco or abroad, in any form whatsoever, operations that fall within its company purpose;</li> <li>17. To establish in Morocco or abroad any branch or subsidiary or any other institution of whatever form; to take, in any of their forms, any interest or holding in any company, group or business, whether Moroccan or foreign;</li> <li>18. Generally, the Company may undertake any commercial, industrial or financial operation that may relate directly or indirectly to its company purpose or is such as to facilitate the achievement thereof.”</li> </ol>
<b>Registered capital</b> (as of 30/04/2018)	MAD 2,050,000,000 comprising 20,500,000 shares at nominal value 100 MAD.
<b>Legal documents</b>	The legal documents of Société Générale Marocaine de Banques and in particular the association's articles, General Assembly minutes, reports of the statutory auditors, the management reports, the commercial register and the financial publications can be consulted at the head office of SGMB.
<b>Applicable legislation and regulations</b>	<ul style="list-style-type: none"> <li>▪ By reason of its legal form, Société Générale Marocaine de Banques is governed by Moroccan law and Law 17-95 of 30 August 1996 on joint stock companies as amended and supplemented by <i>Dahir</i> 1-08-18 of 23 May 2008 enacting Law 20-05 and law 78-12.</li> <li>▪ By reason of its activity, SGMB is governed by:             <ul style="list-style-type: none"> <li>○ <i>Dahir</i> No. 1-14-193 of rabii I the 1st, 1436 enacting the law No. 103-12 relating to the credit institutions and assimilated organizations (banking law);</li> </ul> </li> <li>▪ By reason of its public offering, SGMB is governed by:             <ul style="list-style-type: none"> <li>○ <i>Dahir</i> 1-95-03 of 26 January 1995 enacting Law 35-94 on certain negotiable debt securities, amended by <i>Dahir</i> 1-08-95 of 20 October 2008 enacting Law 33-06 on the securitization of debt;</li> <li>○ <i>Dahir</i> No. 1-93-212 of September 21, 1993 as amended and supplemented;</li> <li>○ The General Regulations of AMMC approved by Order of the Minister of the Economy and Finance no. 2169-16 of July 14, 2016;</li> <li>○ <i>Dahir</i> on Law 1-93-211 of 21 September 1993 on Casablanca Stock Exchange as amended and supplemented by Laws 34-96, 29-00 and 52-01, and 45-06 and 43 09;</li> <li>○ The General Regulations of the Stock Exchange approved by Order of the Minister of the Economy and Finance no. 499-98 of 27 July 1998 and amended by Order of the Minister of the Economy, Finance, Privatization and Tourism no.1960-01 of 30 October 2001. The latter order was modified by the amendment of June 2004 that</li> </ul> </li> </ul>

	<p>entered into force in November 2004, and by Order 1268-08, 30-14 and 1156-10;</p> <ul style="list-style-type: none"> <li>○ <i>Dahir</i> on Law 1-96-246 of 9 January 1997 enacting Law 35-96 on the creation of a central depository and the establishment of a general accounting system for certain securities, as amended by Law 43-02;</li> <li>○ The General Regulations of the Central Depository, approved by Order of the Minister of the Economy, Finance, Privatization and Tourism no. 1961-01 of 30 October 2001 and by Order no. 77-05 of 17 March 2005; Bank Al-Maghrib Circular 2/G/96 of 30 January 1996 on Certificates of Deposit;</li> <li>○ Amending document to Circular 2/G/96 of 30 January 1996 on Certificates of Deposit.</li> <li>○ The AMMC circular</li> </ul>
<b>Tax Regime</b>	The Bank is governed by the common law commercial and fiscal legislation. It is therefore liable to Corporation Tax at the rate of 37%. The rate of VAT applicable to banking operations is 10%.
<b>Competent court in event of dispute</b>	Casablanca Commercial Court.

## II. Activity

Société Générale Maroc is the 4th largest Moroccan bank in terms of the size of its credits and the 5th by the size of its resources.

At the level of outstanding credits and deposits, Société Générale Maroc has a market share of 8.5% and 6.8%, respectively, thanks to its presence in all customer markets: individuals, professionals, SMEs, large companies and institutionals. Its development over the last few years has allowed it to consolidate its market share inside a very competitive context.

### Trends in credits

In millions of MAD	2015	2016	Var 15/16	2017	Var 16/17	Part 2015	Part 2016	Part 2017
<b>Business Customers</b>	<b>8,729</b>	<b>10,591</b>	<b>21%</b>	<b>9,763</b>	<b>-8</b>	<b>69.1%</b>	<b>70.3%</b>	<b>66.8%</b>
▪ Medium-term credit	8,729	10,591	21%	9,763	-8%	69.1%	70.3%	66.8%
<b>Private Customers</b>	<b>3,899</b>	<b>4,481</b>	<b>15%</b>	<b>4,855</b>	<b>8%</b>	<b>30.9%</b>	<b>29.7%</b>	<b>33.2%</b>
▪ Ordinary personal credit	1,418	1,722	21%	2,093	22%	11.2%	11.4%	14.3%
▪ Real estate credit	2,481	2,759	11%	2,758	0%	19.6%	18.3%	18.9%
<b>TOTAL credits</b>	<b>12,628</b>	<b>15,072</b>	<b>19%</b>	<b>14,618</b>	<b>-3%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Reference: Société Générale Marocaine de Banques - social activity

In 2016, total credit production increased by 19% (+ MAD 2.4 billion) compared to 2015 and reaching 15,072 MMAD. Such growth is mainly due to:

- ✓ The 21% increase (+1,862 MMAD) in credit production to Business Customers;
- ✓ The 15% growth (-582 MMAD) of credit production to private customers due to:
  - The 21% increase (+304 MMAD) in ordinary personal credits;
  - The 11% decrease (+278 MMAD) in real estate credits.

In 2017, total credit production decreased by 3% (-454 MMAD) compared to 2016 reaching 14,618 MMAD. Such a decrease is mainly due to the combined effects of:

- ✓ The 7.8% decline (-828 MMAD) in credit production to Business Customers;

- ✓ The 8.3% increase (+374 MMAD) of credit production to private customers due to the ordinary personal credits rise.

### Analysis of outstanding credits

Over the past three years, the total amount of credits, including advances to credit and equivalent institutions, shows the following changes:

In MMAD	2015	2016	Var 15/16	2017	Var 16/17	Part 2015	Part 2016	Part 2017
<b>Advances to credit and equivalent institutions</b>	<b>11,410</b>	<b>11,507</b>	<b>1%</b>	<b>12,658</b>	<b>10%</b>	<b>17%</b>	<b>17%</b>	<b>17%</b>
<b>Advances to customers</b>	<b>56,910</b>	<b>56,875</b>	<b>-0.1%</b>	<b>60,948</b>	<b>7.2%</b>	<b>83%</b>	<b>83%</b>	<b>83%</b>
▪ Cash and consumer credits	17,872	16,453	-8%	18,234	11%	31%	29%	30%
▪ Investment credits	16,245	16,377	1%	17,906	9%	29%	29%	29%
▪ Real estate credits	17,310	18,775	8%	19,396	3%	30%	33%	32%
▪ Other credits	5,483	5,270	-4%	5,412	3%	10%	9%	9%
<i>Including non performing loans</i>	<i>3,585</i>	<i>3,672</i>	<i>2%</i>	<i>3,137</i>	<i>-15%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>
<i>Including receivable accrued interests</i>	<i>443</i>	<i>266</i>	<i>-40%</i>	<i>332</i>	<i>25%</i>	<i>1%</i>	<i>0%</i>	<i>0.5%</i>
<b>Depreciation of credits and advances to customers</b>	<b>5,223</b>	<b>5,756</b>	<b>10%</b>	<b>6,200</b>	<b>8%</b>	<b>n/A</b>	<b>n/A</b>	<b>n/A</b>
<b>Total credits including advances to EC and the likes</b>	<b>68,320</b>	<b>68,382</b>	<b>0.1%</b>	<b>73,606</b>	<b>7.6%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Reference: Société Générale Marocaine de Banques - social activity

Between 2015 and 2017, total outstanding credits, including advances to credit and equivalent institutions, comprise on average 83% of net advances on customers.

Between 2015 and 2017, advances to customers consisted generally of:

- ✓ real estate credits representing on average 32% of the item;
- ✓ cash and consumer credits representing on average 30% of the item;
- ✓ investment credits representing on average 29% of the item;

### Deposits Evolution

Over the past three years, the total outstanding amount of deposits except credit and similar institutions shows the following changes:

In MMAD	2015	2016	Var 15/16	2017	Var 16/17	Part 2015	Part 2016	Part 2017
Call accounts payable	35,998	38,858	8%	42,003	8%	62%	66%	68%
Savings accounts	8,934	9,288	4%	9,588	3%	15%	16%	16%
Term deposits	9,492	7,603	-20%	7,192	-5%	16%	13%	12%
Other accounts payable	3,253	2,747	-16%	2,895	5%	6%	5%	5%
Payable accrued interests	136	95	-30%	79	-17%	0%	0%	0%
<b>Total non-debt deposits on EC and the likes</b>	<b>57,813</b>	<b>58,592</b>	<b>1%</b>	<b>61,756</b>	<b>5%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Reference: Société Générale Marocaine de Banques - social activity

Between 2015 and 2017, the total deposits except credit and similar institutions recorded a CAGR of 3.4% rising from 57.8 billion MAD in 2015 to 61.8 billion MAD in 2017. Such growth in deposits is mainly explained by the 6 billion MAD increase in the outstanding call accounts payable.

Between 2015 and 2017, the deposits except credit and similar institutions comprise, on average, 66% of call accounts payable, 16% of savings accounts and 14% of term deposits.

### III. Shareholding structure

The table below shows the Bank's shareholding structure over the past five years:

Shareholder	2013		2014		2015	
	No. of shares	% of capital and voting rights	No. of shares	% of capital and voting rights	No. of shares	% of capital and voting rights
Société Générale France	11,687,416	57.01%	11,687,416	57.01%	11,687,418	57.01%
DEVECO SOUSS Group	5,644,794	27.54%	5,644,794	27.54%	5,644,794	27.54%
Other shareholders	3,167,788	15.45%	3,167,788	15.45%	3,167,788	15.45%
<b>TOTAL</b>	<b>20,500,000</b>	<b>100%</b>	<b>20,500,000</b>	<b>100%</b>	<b>20,500,000</b>	<b>100%</b>

Source: Société Générale Marocaine de Banques

Shareholder	2016		2017		30/04/2018	
	No. of shares	% of capital and voting rights	No. of shares	% of capital and voting rights	No. of shares	% of capital and voting rights
Société Générale France	11,687,418	57.01%	11,794,387	57.53%	11,797,494	57.55%
DEVECO SOUSS Group	5,644,794	27.54%	5,644,794	27.54%	5,644,794	27.54%
Other shareholders	3,167,788	15.45%	3,060,819	14.93%	3,057,712	14.91%
<b>TOTAL</b>	<b>20,500,000</b>	<b>100%</b>	<b>20,500,000</b>	<b>100%</b>	<b>20,500,000</b>	<b>100%</b>

Source: Société Générale Marocaine de Banques

#### IV. Administrative and Supervisory Bodies

Société Générale Marocaine de Banques is a Limited Company (*Société Anonyme*) with an Executive Board and a Supervisory Board.

On the eve of this operation, the supervisory Board is composed of the following members:

Status	Forenames & family names	Date of OGM ratifying term	Date of OGM renewing term	End of current term	No. of shares held
<b>Chairman</b>	Khalid CHAMI	Ratification of the appointment to the AGM of May 29, 2018	-	OGM approving 2021 accounts	6.238
<b>Vice -President</b>	Marc VIENOT		30 June 2015	OGM approving 2018 accounts	2
<b>Members</b>	Jean-Luc PARER	14 May 2013	-	OGM approving 2018 accounts	2
	Abdelaziz TAZI		30 June 2015	OGM approving 2018 accounts	10.003
	Layla M'ZALI		26 May 2016	OGM approving 2018 accounts	2
	Abdellatif HAKAM		30 June 2015	OGM approving 2019 accounts	2
	Jean François SAMMARCELLI		14 May 2014	OGM approving 2018 accounts	56
	Bernardo SANCHEZ INCERA		26 May 2016	OGM approving 2019 accounts	2
	Alexandre MAYMAT	30 June 2015	-	OGM approving 2019 accounts	2
	Driss BENHIMA <sup>(2)</sup>	30 June 2015	-	OGM approving 2018 accounts	2
	Ghita LAHLOU <sup>(2)</sup>	30 June 2015	-	OGM approving 2018 accounts	-
	Clara LEVY BAROUCH	17 May 2017	-	OGM approving 2018 accounts	-
<b>Secretary to the Board</b>	Lamia BELGARCH			OGM approving 2020 accounts	2

(1) Independent members of the Supervisory Board  
Reference: SGMB

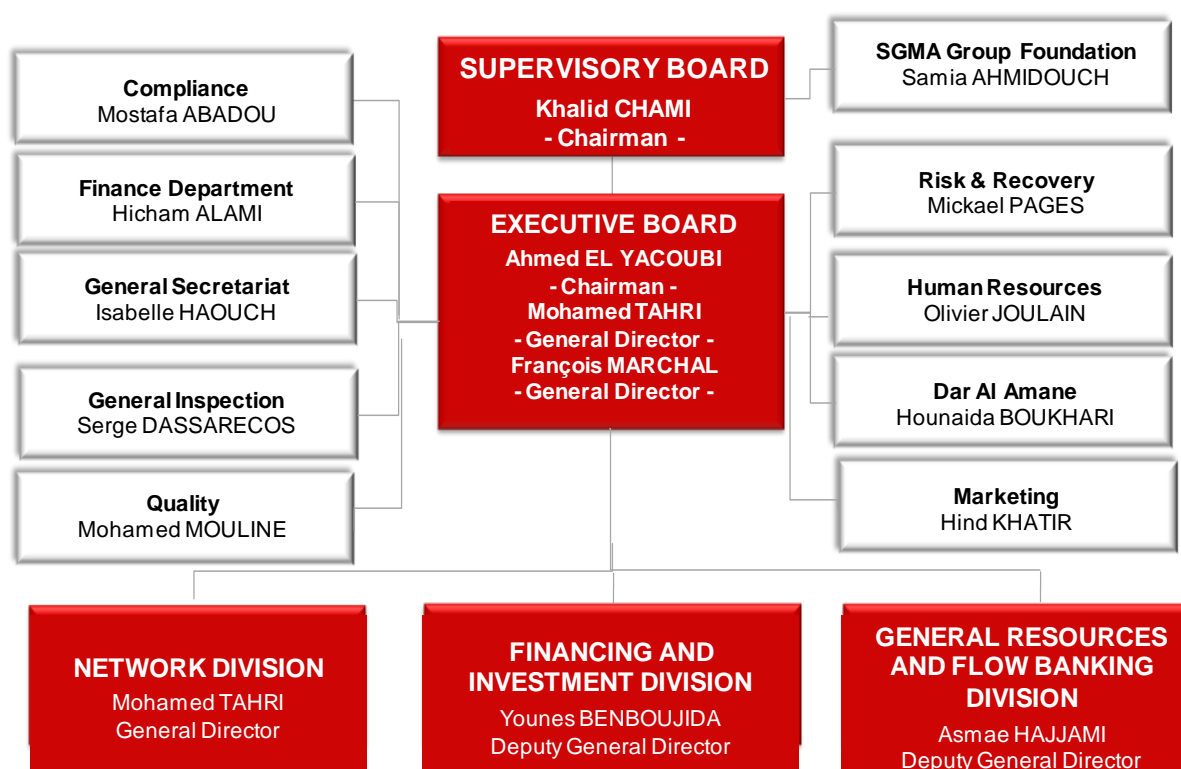
### III.a. Executive Board

On the eve of this operation, the list of members of the Executive Board of Société Générale Marocaine de Banques is as follows:

Forename and family name	Function	First appointed	Renewal of term of office	End of term of office
Ahmed EL YACOUBI	Chairman of the Board	16/03/2018	-	Supervisory Council as of May 2020
Mohammed TAHRI	General Director member of the Executive Board	28/09/2017	-	Supervisory Board of September 2020
François MARCHAL	General Director member of the Executive Board	16/03/2018	-	Supervisory Board of March 2021

Reference: SGMB

As of 31/05/2018, the simplified functional organization chart of Société Générale Marocaine de Banques goes as follows:



Reference: Société Générale Marocaine de Banques

 **PART III. Financials**

**I. IFRS Income statement**

In MMAD	2015	2016	Var15/16	2017	Var16/17
+ Interest and similar revenues	4 473	4 143	-7%	4 014	-3%
- Interest payable and similar expenses	1 268	1 041	-18%	909	-13%
<b>INTEREST MARGIN</b>	<b>3 205</b>	<b>3 101</b>	-3%	<b>3 105</b>	<b>0%</b>
+ Fees and commission (revenues)	968	995	3%	1127	13%
- Fees and commission (Expenses)	132	136	3%	194	43%
<b>MARGIN ON FEES AND COMMISSION</b>	<b>836</b>	<b>859</b>	3%	<b>933</b>	<b>9%</b>
+/- Net Gains or Losses on financial instruments at fair value through profit or loss	29	-6	-119%	17	>100%
+/- Net Gains or Losses on available for sale financial assets	75	60	-20%	46	-23%
+ Revenues from other activities	44	28	-36%	34	19%
- Expenses from other activities	51	29	-42%	39	31%
<b>NET BANKING INCOME</b>	<b>4 139</b>	<b>4 014</b>	-3%	<b>4 096</b>	<b>2%</b>
<i>NBI for SGMB</i>	<b>3 675</b>	<b>3 492</b>	-5%	3 568	2%
<i>NBI for SGMB in % of consolidated NBI</i>	<b>89%</b>	<b>87%</b>	-2 pbs	87%	0 pbs
General operating expenses	1 766	1 763	0%	1 878	7%
- Amortization and depreciation on tangible and intangible assets	151	160	6%	181	13%
<b>GROSS OPERATING INCOME</b>	<b>2 222</b>	<b>2 091</b>	-6%	<b>2 037</b>	<b>-3%</b>
- Cost of risk	1 193	867	-27%	600	-31%
<b>OPERATING INCOME</b>	<b>1 029</b>	<b>1 223</b>	19%	<b>1 437</b>	<b>17%</b>
+/- Share in net income from companies accounted for using the equity method	50	52	5%	49	-6%
+/- Net gains or losses from other activities	-1	19	>100%	30	60%
+/- Changes in value of goodwill	-	-	-	-	-
<b>PRE-TAX PROFIT</b>	<b>1 078</b>	<b>1 294</b>	20%	<b>1 516</b>	<b>17%</b>
- Corporate income tax	371	438	18%	543	24%
<b>NET INCOME</b>	<b>707</b>	<b>856</b>	21%	<b>973</b>	<b>14%</b>
Minority interests	14	7	-50%	2	-71%
<b>GROUP NET INCOME</b>	<b>693</b>	<b>849</b>	23%	<b>971</b>	<b>14%</b>

Reference: Société Générale Marocaine de Banques - IFRS consolidated accounts

## II. IFRS consolidated balance sheet

In million MAD	2015	2016	Var 15/16	2017	Var 16/17
<b>Assets</b>	<b>84 243</b>	<b>84 851</b>	<b>1%</b>	<b>88 916</b>	<b>5%</b>
Cash, Central Banks, Treasury, Post Office Check Service	2 543	4 975	96%	4 454	-10%
Financial assets at fair value through profit or loss	32	27	-17%	50	84%
Hedging derivatives	-	-	-	-	-
Financial assets available for sale	4 798	5 886	23%	4 947	-16%
Loans and receivables to banks and assimilated credit institutions	6 075	2 716	-55%	4 319	59%
Loans and receivables to customers	66 089	66 746	1%	70 259	5%
Fair value revaluations of portfolios hedged against interest rate risks	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-
Current tax assets	676	487	-28%	526	8%
Deferred tax assets	1 063	1 052	-1%	1 187	13%
Accrued and other assets	489	372	-24%	538	45%
Non-current assets held for sale	-	-	-	-	-
Holdings in companies accounted for using the equity method	452	476	5%	476	0,1%
Investment property	-	-	-	-	-
Tangible fixed assets	1 679	1 711	2%	1 737	2%
Intangible fixed assets	285	342	20%	363	6%
Goodwill	61	61	0%	61	0%
<b>Liabilities</b>	<b>84 243</b>	<b>84 851</b>	<b>1%</b>	<b>88 916</b>	<b>5%</b>
Cash, Central Banks, Treasury, Post Office Check Service	-	-	-	-	-
Financial liabilities at fair value through profit or loss	3	3	-17%	5	80%
Hedging derivatives	-	-	-	-	-
Due to banks and assimilated credit institutions	5 049	4 302	-15%	4 189	-3%
Due to customers	57 903	59 069	2%	62 143	5%
Debt securities issued	5 349	4 902	-8%	4 660	-5%
Fair value revaluations of portfolios hedged against interest rate risks	-	-	-	-	-
Current tax liabilities	931	841	-10%	1 293	54%
Deferred tax liabilities	289	297	3%	279	-6%
Accrued and other liabilities	1 059	1 150	9%	1 274	11%
Liabilities associated with non-current assets held for sale	-	-	-	-	-
Technical allowances for insurance contract	-	-	-	-	-
Allowances	532	646	22%	694	7%
Subsidies and similar funds	-	-	-	-	-
Subordinate liabilities and special guarantee funds	3 390	3 387	-0,1%	3 392	0,1%
Shareholders' equity	9 737	10 255	5%	10 987	7%
Shareholder's equity (parent company)	9 628	10 142	5%	10 880	7%
Capital and associated reserves	7 881	8 207	4%	8 737	6%
Consolidated reserves	1 001	1 019	2%	1 106	9%
Unrealized or deferred gains and losses	53	67	26%	65	-2%
Profit or loss for fiscal year	693	849	23%	971	14%
Minority interests	110	114	4%	108	-5%

Reference: Société Générale Marocaine de Banques - IFRS consolidated accounts

### III. Corporate accounts

#### Income and expense account

In KMAD	2015	2016	2017
<b>I. BANKING OPERATING INCOME</b>	<b>5,041,430</b>	<b>4,805,792</b>	<b>4,916,736</b>
1. Interest and similar income on transactions with credit institutions	187,210	202,582	256,461
2. Interest and similar income on transactions with customers	3,521,268	3,387,136	3,315,854
3. Interest and similar income on debt securities	276,014	157,633	126,912
4. Property titles income	151,342	181,340	205,453
6. Commissions on services	465,680	505,348	558,626
7. Other banking incomes	439,915	371,753	453,430
<b>II. BANKING OPERATING EXPENSES</b>	<b>1,259,398</b>	<b>1,262,149</b>	<b>1,002,846</b>
8. Interests and similar expenses on transactions with credit institutions	41,057	25,318	10,287
9. Interests and similar expenses on transactions with customers	603,796	724,403	436,504
10. Interest and similar expenses on issued debt securities	354,747	261,241	255,114
12. Other banking expenses	259,798	251,187	300,941
<b>III. NET BANKING INCOME</b>	<b>3,781,031</b>	<b>3,543,643</b>	<b>3,913,890</b>
13. Non banking income	38,665	67,102	92,033
14. Non banking expenses	33,535	31,219	33,927
<b>IV. GENERAL EXPENSES</b>	<b>1,866,856</b>	<b>1,866,693</b>	<b>2,004,451</b>
15. Personnel expenses	918,135	948,834	979,100
16. Taxes and duties	46,734	42,377	45,864
17. External expenses	623,542	657,900	733,102
18. Other general expenses	104,774	9,692	38,083
19. Amortization and provisions of intangible and tangible assets	173,671	189,890	208,302
<b>V. PROVISIONS AND LOSSES ON UNCOLLECTIBLE ADVANCES</b>	<b>2,624,439</b>	<b>2,612,741</b>	<b>2,323,059</b>
20. Provisions for advances and commitments by outstanding signature	2,250,433	2,126,368	2,123,562
21. Losses on uncollectible advances	218,814	350,910	60,724
22. Other provisions	155,192	135,463	138,773
<b>VI. RECOVERY OF PROVISIONS AND RECOVERIES ON AMORTIZED ADVANCES</b>	<b>1,446,695</b>	<b>1,625,751</b>	<b>1,723,835</b>
23. Reversals of provisions for advances and commitments by outstanding signature	1,237,302	1,535,260	1,602,606
24. Recoveries on amortized advances	17,093	6,443	20,543
25. Other provisions reversals	192,300	84,048	100,686
<b>VII. CURRENT INCOME</b>	<b>742,561</b>	<b>725,843</b>	<b>1,368,321</b>
26. Non-current income	557	1,027	42
27. Non-current expenses	10,873	595	223
<b>VIII. INCOME BEFORE TAXES</b>	<b>732,245</b>	<b>726,275</b>	<b>1,368,140</b>
28. Income Taxes	283,924	220,757	606,902
<b>IX. NET INCOME OF THE FINANCIAL YEAR</b>	<b>448,321</b>	<b>505,518</b>	<b>761,238</b>
TOTAL INCOME	6,527,346	6,499,672	6,732,647
TOTAL EXPENSES	6,079,025	5,994,154	5,971,409
NET INCOME OF THE FINANCIAL YEAR	448,321	505,518	761,238

Reference: Société Générale Marocaine de Banques

**Assets Balance Sheet**

ASSETS (in thousands of MAD)	2015	2016	2017
<b>Cash, Central Bank Public Treasury, Post Check Service</b>	<b>2,542,467</b>	<b>4,975,139</b>	<b>4,453,517</b>
<b>Advances to credit and equivalent institutions</b>	<b>9,855,803</b>	<b>7,389,037</b>	<b>9,202,106</b>
. Current	4,418,436	1,823,781	2,680,069
. Term	5,437,367	5,565,256	6,522,037
<b>Advances to customers</b>	<b>56,386,269</b>	<b>56,129,171</b>	<b>60,044,566</b>
. Cash and consumer credits	17,933,537	16,491,548	18,279,796
. Investment credits	16,488,048	16,540,355	18,120,924
. Real estate credits	17,448,641	18,838,918	19,467,407
. Other credits	4,516,043	4,258,350	4,176,439
<b>Advances acquired by factoring</b>	<b>523,882</b>	<b>745,421</b>	<b>903,459</b>
<b>Marketable and mid-term investment securities</b>	<b>4,508,847</b>	<b>5,423,330</b>	<b>4,504,961</b>
. Treasury bills and similar instruments	3,919,364	4,864,467	4,452,097
. Other debt instruments	88,083	57,443	52,808
. Property titles	501,400	501,420	56
<b>Other Assets</b>	<b>832,233</b>	<b>587,454</b>	<b>643,046</b>
<b>Investment securities</b>		-	-
. Treasury bills and similar instruments		-	-
. Other debt instruments		-	-
<b>Equity securities and similar assets</b>	<b>1,219,766</b>	<b>1,267,178</b>	<b>1,321,728</b>
<b>Subordinated Debts</b>		-	-
<b>Assets given in leasing and in rent</b>		-	-
<b>Intangible assets</b>	<b>265,833</b>	<b>323,193</b>	<b>342,005</b>
<b>Tangible assets</b>	<b>1,237,701</b>	<b>1,239,170</b>	<b>1,232,506</b>
<b>Total Assets</b>	<b>77,372,801</b>	<b>78,079,093</b>	<b>82,647,894</b>

Reference: Société Générale Marocaine de Banques

**Liabilities Balance Sheet**

<b>LIABILITIES (in thousands of MAD)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Central banks, Public Treasury, Post Check Service</b>	0	0	0
<b>Debts due to credit and similar institutions</b>	<b>2,286,897</b>	<b>944,240</b>	<b>1,384,932</b>
. Current	484,072	146,813	1,007,969
. Term	1,802,825	797,427	376,963
<b>Customer deposits</b>	<b>57,813,006</b>	<b>58,591,610</b>	<b>61,755,880</b>
. Call accounts payable	35,998,051	38,857,995	42,002,563
. Savings accounts	8,934,212	9,288,073	9,587,878
. Term deposits	9,628,368	7,698,083	7,270,766
. Other accounts payable	3,252,375	2,747,459	2,894,673
<b>Issued debt securities</b>	<b>3,352,350</b>	<b>4,059,368</b>	<b>3,772,260</b>
. Marketable debt instruments	3,352,350	4,059,368	3,772,260
. Bond issues		-	-
. Other issued debt instruments		-	-
<b>Other Liabilities</b>	<b>1,258,393</b>	<b>1,331,432</b>	<b>1,905,380</b>
<b>Provisions for liabilities and charges</b>	<b>941,993</b>	<b>1,052,739</b>	<b>938,540</b>
<b>Regulated Provisions</b>		-	-
<b>Subsidies, restricted public funds and special guarantee funds</b>		-	-
<b>Subordinated debts</b>	<b>3,390,357</b>	<b>3,387,381</b>	<b>3,392,342</b>
<b>Revaluation Reserves</b>		-	-
<b>Reserves and premiums related to capital</b>	<b>5,831,471</b>	<b>6,156,801</b>	<b>6,687,321</b>
<b>Capital</b>	<b>2,050,000</b>	<b>2,050,000</b>	<b>2,050,000</b>
<b>Shareholders Unpaid capital (-)</b>		-	-
<b>Retained earnings (+/-)</b>	<b>13</b>	<b>4</b>	<b>1</b>
<b>Net income to be allocated (+/-)</b>		-	-
<b>Net income of the financial year (+/-)</b>	<b>448,321</b>	<b>505,518</b>	<b>761,238</b>
<b>TOTAL LIABILITIES</b>	<b>77,372,801</b>	<b>78,079,093</b>	<b>82,647,894</b>

Reference: Société Générale Marocaine de Banques



## **PART IV. Risk Factors**

## **I. Credit Risk**

### **Credit Policies**

Credit policies aim at enabling the bank's commitments to be developed in a sound manner, based on a better convergence between commercial objectives and the imperative of good risk management.

In order to enhance the efficiency of the decision-making process, all the SGMA entities involved in this process must constantly mind the quality of the risks incurred and take all necessary measures to control them in accordance with this risk policy.

Retail credit files can be approved by the commercial sector without intervention of the risk chain in the context of authority delegations granted by the commercial sector and validated by the Risk Department, provided that these files strictly comply with the rules set out in the regulations citing retail credit policies by income type (PPI, PPC, PPO, espresso credits, etc.), and by type of counterparty (individuals, professionals, MRE, etc.), prepared by the commercial sector and validated by the Risk Management section.

### **Organization**

Risk division is organized within the SGMA Group in a way that obeys the following general principles:

- Independence of the Risk division vis-à-vis the commercial division: The Risk division is hierarchically independent from the commercial division at headquarters and in the regions. This principle aims to ensure sound and transparent risk management by avoiding dilution of responsibilities and conflicts of interest.
- Separation between credit granting and risk monitoring: Credit granting and risk monitoring activities are carried out by separate entities.
- Separation between credit granting and production: Credit granting and lending activities are handled by separate entities.

### **Delegation of authority**

In order to speed up the decision-making process and to make the sales teams more accountable for taking and monitoring risks, the Management Board grants delegations of authority to Regional Directors and subsidiary managers to grant credits.

Delegations and sub-delegations of authority are governed by the following general principles:

- Criteria for defining the delegations of authority: The delegations of authority are established according to six criteria: The delegate's internal rating, market, type of guarantee, maturity, relationship seniority and quality.
- The delegations of authority are nominative: They are granted *intuitu personae* by the Executive Board to the Deputy Directors, in charge of subsidiaries, activities and Regional Directors and notified by letters of the Managing Board within the maximum limits.
- The delegations of authority are progressive: These delegations of authority are not definitive and may be modified at any time depending on the context and the performance of the delegates, or deleted in the event of a serious breach.
- Delegations of authority are subject to sub-delegation: The Regional Directors are themselves authorized to sub-delegate under their sole responsibility, and this in writing, according to the model in force, a maximum of 50% of their own delegations of authority to some of their collaborators or the managers of agencies such as DCL, CCE, CCPRO and CCP. They may not, however, delegate their arbitration limits.
- RISQ is the delegations depository in force: The Regional Directors must communicate to the Risk Management Department a copy of the delegations granted as well as any changes made thereafter.
- Each delegation duly accepted by the delegate shall be kept at the RRHL, which must send a copy to the Risk Department.
- In the same way, the Risks Director grants delegations of authority to his/her collaborators (Assistant, Granting Officer, RRR) on an *intuitu personae* basis. These delegations, which may change depending on the context and the performance of the delegates, may also be subdelegated. Such delegations are kept in the Secretariat of the Risk Department.

### Credit Grant

Credit granting activity is governed by the following general principles:

- **Credit files Quality:** Credit proposals initiated in the agency must comply with the standards in force in terms of form (compliance with the template) and content (documents to be attached to the credit proposal). The sales managers are required to verify the application of these standards and, by signing the files submitted for RISQ validation, commit themselves to the quality of the counterparties or transactions proposed and, in general, validate the completeness of the information included in the credit application.

**Double risk and commercial validation:** Any Non Retail or Retail credit file that deviates from the bank's granting policy must be validated by at least one decision-maker in the commercial sector and by at least one risk decision-maker.

- Credit files must be reviewed at least once a year, even when our commitments before a customer include only medium-term credits. Such review must include a detailed analysis of the securities in place, in compliance with the valuation and revaluation principles applied by the bank. Through specific reports relating to the expired files and ratings, RISQ relaunches the commercial line in the event of non-renewal of the files at their administrative deadline.
- **Internal rating of non-retail counterparties:** Non-Retail counterparties benefiting from competitions must be subject to a rating set in accordance with the standards of the SG Group and updated periodically. Its purpose is to assist in decision-making, monitor changes in the quality of counterparty risk, determine the scope of delegations for granting assistance and assess quality risks on a given portfolio. It must be updated at least once a year and as soon as an event justifies it.
- **Decision making:** All credit decisions taken by any decision-making authority must give rise to a written notification explaining the possible grounds for rejection.
- In the event of an adverse opinion from the Risk on a credit file, the latter may be subject of arbitration by the commercial sector within the framework of previously established limits.
- **Decision on Retail Credits:** The Risk sector's intervention in granting Retail credits (mainly PPI and PPO) is not required provided that all the rules included in the credit policies proposed by the commercial sector and validated by RISQ are respected. Any deviation from these rules implies the passage of the credit file by the risk chain at headquarters or in the region according to the defined delegations of authority.
- **Decision Limitations:** Any SGMA Group agent may authorize a credit risk transaction only within the framework of a delegation previously approved and notified in writing.
- **Taking of security interest:** The release or implementation of all credit files is conditioned by the collection of real and customary guarantees provided in the credit notification and the lifting of all reserves. Any deviation from this rule must be validated by the Managing Board and mentioned to the Director of Risks.

## **II. Market risks**

Market risk is defined as the risk of loss or devaluation of proprietary positions in market-traded instruments. The formation of frequent prices on the markets makes it easy to see an actual or potential loss.

## **III. Risk of change**

This risk corresponds to the risk of a change in a financial position or instrument due to fluctuations in **foreign exchange rates on the market**.

The advent of the foreign exchange market and the expansion of money market have led the Group to acquire specific structures that meet international standards.

According to the Société Générale Group regulations, this risk is measured in Conditional Value at Risk (CVaR),

which better meets the Basel II requirements. Which is a counterparty risk borne by customers. Some limitations are set in order to control this risk. These are of two types: nominal limits and "stress test" limits.

#### **IV. Limit Management**

The limits established to control currency risks come from Bank Al Maghrib's instructions governing the holding of foreign currency positions and compliance with a "stop loss" of 3% of the currency value.

In addition to the regulatory limits, internal limits in nominal and stress test are fixed by the parent company on intraday and over night positions.

#### **V. Settlement-delivery risk**

This notion implies the risk of non-payment of sums awaiting receipt. It is measured by the value of the flows to be received. It arises in the case of transactions giving rise to simultaneous and reciprocal exchanges on the date of irrevocability of our payment order and is extinguished on the date of acknowledgment of the receipt (or not) of the funds.

Such risk is due to the time it takes to transfer funds (time difference, range of opening of local payment systems, internal organization for the sending of funds and the score of payments received).

In order to distinguish the risks associated with very short-term transactions for which reactivity in the event of overshooting must be immediate, risks related to longer-term operations, it has become necessary to distinguish them according to the settlement proximity:

- the risk of immediate delivery is the instant risk borne by a counterparty;
- delayed delivery risk is the risk generated by forward transactions. This is a potential risk that will become effective only when a transaction matures. At this point, the deferred delivery risk becomes an immediate delivery risk.

#### **VI. Overall interest rate**

##### **Background Information**

**Structural Risks** concern interest rates, currency and liquidity risks of the banking book. For the structural management of interest rate and liquidity risks, the Bank currently adopts a static (closed balance sheet) approach in which all data are updated monthly. The Bank uses a modeling of jobs and resources based on:

- Details of maturity incomes contracts (in terms of interest rates and liquidity);
- Flow rules for products without expiry.

Since 2007, the Bank has had an ALM tool (current version: Ambit FOCUS 2014.1) to calculate liquidity and interest rate gaps, calculate the sensitivity to interest rate shocks under different scenarios, produce periodic reporting, the simulations (stress-scenarios), and more broadly to structural risk analysis.

SG Maroc measures and manages its ALM risks:

- At the Bank's level (Société Générale Marocaine de Banques);
- At the consolidated level for the parent company (slightly different scope including SG TANGER OFF SHORE, SOGELEASE, SOGEFINANCING, SOGECAPITAL MANAGEMENT, ATHENA BROKERAGE and FONCIMMO).

##### **Governance**

- **ALM unit within the Finance Department**

An ALM Unit is attached to the SG Maroc's Finance Department. Its role is to identify and monitor structural risks, to propose and implement corrective actions where appropriate. A formalized policy dated 30/06/2011 (sent to BAM on 21/09/2011) describes and defines the Bank's interest rate, liquidity and currency risk management strategy and procedures.

Establishing structural risk management reporting is the responsibility of this ALM Unit. The analysis of the reports is presented to the Financial Committee, set up by the Bank since May 2004, whose role is to define and implement the Bank's short and medium-long-term strategy for overall balance sheet management (liquidity, rate

and exchange rate).

- **Governance bodies with regard to structural risks**

#### *Internal Bodies*

The Audit Committee defines and validates the Audit guidelines in terms of Structural Risk Management. It should be recalled that the Audit Committee is an emanation of the SG Maroc's Supervisory Board, to which it reports periodically. As such, Audit Committee approves the Structural Risk limits of SG Maroc.

The implementation of the strategic guidelines and compliance with operational limits for monitoring interest rate and liquidity risks is provided by the SG Maroc Financial Committee, and is reported to the parent company through regular quarterly reporting.

A set of strategic and operational objectives has been set for the Financial Committee:

- Optimize the risk / profitability pair according to changes in the market and customer strategy;
- Improve the cost of collecting resources;
- Anticipate and manage liquidity and rate gaps;
- Optimize the management of the investment securities portfolio;
- Control the liquidity ratios;
- Develop the asset - liability management approach;

Manage the sensitivity to interest rate risk by an alert threshold and an overall limit, by maturity group (short term, medium term, long term), and by MAD, EUR, currencies.

#### *External Bodies*

The structural interest rate risk is also subject to periodic reporting to Bank Al Maghrib. Ever since December 2007, this specific reporting is issued quarterly according to a model defined by the regulator. SG Maroc disseminates social reporting and consolidates reporting to BAM. The parent company (Société Générale Group / DEVL) sets rates of interest rate risk limits for its locations. Sensitivity framed respectively by an alert threshold/limit of:

- **MAD:**

- Alert threshold at  $\pm 196$  MMAD since June 2015 rather than  $\pm 185$  MMAD previously.
- Maximum limit at  $\pm 392$  MMAD since June 2015 compared to  $\pm 278$  MMAD previously.

- **EUR:** New thresholds and sensitivity limits referred to by the Group in March 2015 (then decentered on 26/06/2015)

		Global	CT	MT	LT
Thresholds	Max	3.5	1.0	2.0	3.0
	Min	1.5	0	0	0
Limits	Max	5	0	0	0
	Min	0.5	-2.0	-1.0	0.0

- **Methodologies used at SG Maroc**

This part deals with methods on the interest rate management and liquidity risks as implemented by SG Morocco. The overall balance sheet of the different analysis perimeters is managed in terms of Structural Risks. Thus, to model the balance sheet accounts, the following methods are adopted:

- Current Accounts (Checking / Payables Savings Accounts): Statistical Model. Back-testing is regularly carried out (December 2015 model update);
- Savings accounts: statistical model;
- Term Accounts: contract details;
- Overdrafts (Accounts Payable / Accounts Receivable) of customers: over 1 year to 5 years (depending on the risk quotation of the client);
- Overdrafts (Debit Current Accounts) of Credit Institutions: over 12 months;
- Own management (Capital, reserves, accruals and liabilities, clearing accounts, accounts receivable and other accounts payable, etc.): Group standards.

To model hidden options:

- *Early repayments*: not modeled because (I) their volume is low and (II) they are not really early repayments. They often correspond to files that are re-opened with an initial capital identical to the remaining Capital of the initial file and identical or almost identical rate and maturity conditions.
- Rate of change from variable rate to fixed rate: not modeled.

## **VII. Overall interest rate risk**

### **The overall interest rate risk**

#### **Interest rate risk assessment and monitoring methodology**

This method is based on the calculation of fixed rate gaps (falling fixed rate resources less fixed rate jobs) on each maturity (1 month, 2 months, 3 months, 6 months, 1 year, 2 years ... 20+ years). These gaps are then discounted (calculation of their NPV) using the rates of the secondary market BDT curve (at the closing date).

The differential of this NPV, calculated with the current rates to which a variation of not more than 1% is applied, but of 1 basis point (0.01%) multiplied by 100, makes it possible to deduce the sensitivity of the balance sheet to the variations of the rates.

The calculation method is enriched by taking into account the coupon effect. However, the approach relies on the sensitivity calculation of perfect gap coverage (and not on the sensitivity calculation of the gap generated by the fall of the balance sheet and off-balance sheet items).

In addition, for more precision, the curve translation is 1 basis point (0.01%) and is then multiplied by 100. SG Maroc distinguishes the CT sensitivity (maturities less than 1 year), the MT sensitivity (maturities between 1 and 5 years) and the LT sensitivity (maturities greater than 5 years) by the SG Group:

Since March 2010, these bands of maturities are fixed in the following way:

- Short term: from [0 month to 1 year].
- Medium term: [1 -5 years] rather than [1-7 years] previously.
- Long term: from [5 years to infinity] rather than [7 years to infinity].

#### **Observations on Structural Risk Rate Limits**

Alert thresholds and limits set for global interest rate risk and the terms of their revisions:

- The warning threshold (or limit) SG Group and SG Maroc on the balance sheet to interest rate changes sensitivity is set at 18 MEUR - equiv. to MMF 196 million (respectively 36 million EUR Equivalent to 392 MMAD). These intervals were notified by the parent company (DEVL / SG France) on 26/06/2015 (entered into force on 30/06/2015).
- Exceeding limits: any limit overrun must be explained and give rise to a corrective action plan. In this respect, the financial year 2015 saw the implementation of an action plan for the respect of the limits in EUR by SG Maroc which resulted in a decrease in the sensitivity generated by the deposits collected in the part of the final contribution at the end of 2014.

From March 2010 until today, the sensitivity of MAD rate is below the thresholds and overall sensitivity limits (Group consolidation scope SG). Sensitivity to the EUR rate is in line with the limits notified by the Group since the end of December 2015.

#### **IT tools used**

The IT solution used for the ALM is the Ambit FOCUS 2014.1 - SunGard software (following the update carried out during the current T3-2014 period), powered by requests on Delta & KONDOR business systems (for SG Morocco), and management data from SG Tangier Off Shore, Sogelease and Sogefinancing for the consolidated subsidiaries.

The solution allows great flexibility in terms of stress-scenarios, time-band management, and analysis perimeters management

## VIII. Operational Risks

### 1. General framework for operational risk management

Operational risks result from maladjustment or failure due to internal or external events, including events of low occurrence probability, but at risk of high loss. They are inherent in all products, activities, procedures and systems of Société Générale Maroc, and their management is therefore an integral part of management functions at all levels. It relies to a large extent on the internal control system, including in particular the permanent control exercised by all the management of the bank, to which are added the missions of the periodic control.

While relying on existing expertise, this system implies that operational risk is considered a risk category in its own right and is subject to specific identification and evaluation, monitoring and evaluation. standardized controls, leading to appropriate risk reduction measures.

As such, the CPRO management's mission is to manage and maintain an operational risk management system in accordance with internal and regulatory requirements. Also, the teams in charge of the management of the OR have for essential missions of:

Supervise and structure the system of analysis and prevention of operational risks and the fight against fraud, through:

- Introducing a risk analysis approach within each entity:
  - Evaluation of the risks and the effectiveness of the associated control system within the framework of the RCSA (Risk and Control Self Assessment) biennial regulatory exercise or of a given process;
  - Realization of stress tests (scenario analysis) for major risk events.
- Updating the operational risk mapping of the Bank;
- Defining, implementing and animating the system for collecting operational risk events;
- Defining and implementing, in liaison with the managers of operational departments, prospective and proactive KRI (Key Risk Indicators) and alert the management of the entity in the event of a significant anomaly;
- Supporting the business lines in the deployment and animating a device to fight fraud and set up a fraud map;

Manage identified / proven operational risks. As such, the OR Department is in charge of:

- Centralizing the collection of operational risk events: Pure OR, OR linked to credit risk (RORC) or market risk (RORM);
- Ensuring that they are reported on an ongoing basis and that they are complete by carrying out the necessary cross-checks on the basis of the DIG reports and reports from the Management Supervision Department, and by maintaining close consultation / coordination with the relevant departments; notably the Risk Management Department, the Collections Department, the Legal Affairs Department, the Information Systems Department and the General Resources Department.

Animate the operational risk prevention and anti-fraud system by:

- According to the risk mitigation action plans resulting from the SCAN exercise or recommendations from the periodic control;
- Animating the system of OR correspondents (summary of events collected over the period, dissemination of good practices, recall of event collection rules);
- Setting up and running an operational "Risk Culture" development program for employees (dissemination of good practices, field intervention, training / information for managers).

### 2. Identification and Operational Risk Assessment Devices

The identification and assessment of the OR constitute the fundamentals of an effective operational risk management system, necessary to enable SGMA to adapt its risk management strategy and allocate resources in a relevant way. .

As such, the OR quantitative and qualitative evaluation system is based on the set of dynamic and complementary devices detailed below:

- **Risks and control Self-assessment (or RCSA)**

The RCSA (Risk and Control Self Assessment) is at the heart of the operational risk management system set up at the SGMA level. The purpose of this exercise is to assess and evaluate the intrinsic exposure of the activities to operational risks, to measure the exposure to residual risks and to propose improvements to prevention and protection measures. It is managed by CPRO Management, which declines the Group's RCSA methodology in its scope, and organizes workshops with the businesses to be covered, so as to:

- identify and evaluate the intrinsic operational risks to which each activity is exposed (i.e. risks inherent to the nature of an activity, disregarding its prevention and control mechanisms);
- evaluate the quality of the prevention and control measures in place to reduce these risks (existence and effectiveness of these systems in terms of detection and prevention of risks and/or their ability to reduce their financial impact);
- identify vulnerabilities of prevention and protection devices;
- measure the exposure to the residual risks of each activity after taking into account prevention and protection measures (excluding insurance coverages);
- identify and implement, where appropriate, corrective action plans;
- facilitate / support the implementation of relevant key risk indicators (KRI – Key Risk Indicators).

At the end of the conducted workshops, a consolidation is carried out by the RRO to allow in particular:

- to summarize the major intrinsic risks and the residual risks at the level of the SGMA,
- identify action plans that reduce these major risks,
- present the SGMA entities risk profile to the Managers.

- **Key risk indicators (or KRIs: Key Risk Indicators)**

A key risk indicator (KRI) is an objective and measurable data to evaluate one or more key risks and thus improve their management.

- 1) Objective and measurable means: quantifiable, easily reproducible, documented and auditable.
- 2) to enable the evaluation (directly or indirectly) of one or more clearly identified risks based on the Common Operational Risk Baseline or the RCSA referential:

- by category or sub-category of event, representing the possible concrete manifestations of the Operational Risks of an entity;
- or by risk factor: that is, an element of the environment and/or organization contributing to the occurrence of an Operational Risk. It is itself related to the appropriate event sub-category (ies).

KRI's aim is to alert the management, at the different SGMA organization levels, of activities that carry operational risks. It tracks the exposure to Operational Risks.

Regular monitoring of KRI complements the evaluation of the bank's exposure to operational risks by providing entity managers with:

- a quantitative and verifiable measure of risk;
- regular assessment of improvements or deteriorations in the intrinsic or residual risk profile or the prevention and control environment, requiring special attention, corrective action or action plan;

The trend expressed by KRIs in particular serves to warn of the sources of potential operational losses risk. In case of KRI alert (i.e. threshold over the period or significant variation), an analysis is made and if necessary, corrective action plans are defined, implemented and monitored by the entities.

In fact, the monitoring of KRIs makes it possible to set up the internal control systems that are adequate and necessary to guard against operational risks that may result in potential or actual losses that must be declared and accounted for.

These KRIs are measured quarterly, and are presented to the Permanent Control Committees and the Audit and Accounts Committees. They are also reported to RO correspondents at Group level as part of reporting on

operational risk monitoring.

- **Collection of internal losses**

The collection of internal operational risk events mainly responds to the objective of improving and strengthening the control system in order to reduce the occurrence of losses resulting from the occurrence of operational risk events.

Thus, the analysis, identification, and monitoring of internal OR events is fundamental to ensure good control of SGMA's operational risk exposure. Collecting reliable and comprehensive data allows knowing and monitoring the cost of its operational risks related to operational failures or external events. The analysis of the causes of losses makes it possible to identify and implement the necessary corrective actions and thus limit the recurrence of these losses.

Internal loss data is also used to feed the other components of the operational risk management system (good risk identification in the RCSA, adequacy of managerial supervisory controls, identification of KRI, costing of scenario analyzes and control of relevance of this costing). As part of the collection of operational losses, the OR Department of the CPRO Directorate:

- provides cross-functional monitoring of operational risk losses and the overall consistency of the internal loss collection system;
- transmits the OR cards to the Finance Department for to recognize provisions and losses of an OR nature;
- implements the appropriate action plans in consultation with the business lines and monitors them;
- feeds the management base maintained for the follow-up of reported OR events and ensures the Group's return, via CAROLINE, of losses in excess of 100 KMAD;
- controls the proper functioning of internal loss reporting and validation processes;
- produces reports to the Audit Committee and the Quarterly Committees of Permanent Control.

- **Scenario Analysis (AS)**

The Bank, in accordance with the Group's rules, models stress-test operating loss scenarios in order to measure their probability of occurrence and their financial impact. These scenario analyzes are also intended to define the prevention or impact reduction measures that are necessary to protect against low-frequency risks that may have significant consequences for the Bank's activities.

SAs are conducted annually within the Bank and take into account the most extreme and adverse situations.

Thus, the analysis of internal losses, the regular KRIs monitoring, the risk and control self-assessment exercise, as well as Scenario Analysis constitute a system for assessing the Bank's exposure to risks in a comprehensive operational approach that provides a quantitative and qualitative risk measure.

## WARNING

**The information above is only a part of the information given in the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference number VI/EM/011/2018 on 11/06/2018.**

**AMMC recommends that the prospectus made available to the public in French be read in its entirety.**