

## PROSPECTUS SUMMARY



### CREDIT AGRICOLE DU MAROC (CAM)

#### SUBORDINATED BONDS ISSUANCE FOR A TOTAL AMOUNT OF MAD 450,000,000

	Tranche A unlisted	Tranche B unlisted
Maximum amount of the tranche	MAD 450,000,000	MAD 450,000,000
Maximum number of securities to be issued	4,500 subordinated bonds	4,500 subordinated bonds
Nominal value	MAD 100,000	MAD 100,000
Maturity	10 years	10 years
Nominal interest rate	<b>Annually revisable,</b> with reference to the full 52-week rate (monetary rate) calculated with reference to the secondary Treasury bills yield curve as published by Bank Al-Maghrib on October 10, 2019, i.e. 2.31%, plus a risk premium ranging from 80 to 100 basis points, i.e. a nominal interest rate ranging from 3.11% to 3.31%	<b>Fixed,</b> with reference to the secondary 10-year Treasury bills curve as published by Bank Al Maghrib on October 10, 2019, i. e. 2.91% plus a risk premium ranging from 80 to 100 basis points, i. e. a nominal interest rate ranging from 3.71% to 3.91%.
Risk premium	Between 80 pbs and 100 pbs	Between 80 pbs and 100 pbs
Issue price	MAD 100,000	MAD 100,000
Tradability of securities	Over-the-counter	Over-the-counter
Repayment guarantee	None	None
Repayment method	In fine	In Fine
Allocation method	French tendering method with priority given to tranche B.	

#### SUBSCRIPTION PERIOD: DECEMBRE 16-18 (AT 12 PM), 2019, INCLUDED

THE PROSPECTUS APPROVED BY THE AMMC CONSISTS OF:

- THE OPERATION NOTE REGISTERED BY THE AMMC ON 27/11/2019 UNDER THE REFERENCE VI/EM/029/2019.
- THE REFERENCE DOCUMENT REGISTERED BY THE AMMC ON 22/11/2019 UNDER THE REFERENCE EN / EM / 007/2019

THE SUBSCRIPTION TO THE PRESENT BONDS IS RESERVED TO QUALIFIED INVESTORS UNDER MOROCCAN LAW AS LISTED IN THE PROSPECTUS.

Financial Advisor & Global Coordinator	Co-Financial Advisors	
	 VALORIS CORPORATE FINANCE CONSEIL ET INGENIERIE	 GROUPE CREDIT AGRICOLE
Co-Lead Underwriting Agents		
	 VALORIS SECURITIES	

#### APPROVAL OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of the AMMC circular, adopted pursuant to Article 5 of Dahir No. 1-12-55 of December 28, 2012 promulgating Law No. 44-12 on the public offering and information required of legal entities and organizations making public offerings, this prospectus has been approved by the AMMC on 27/11/2019 under reference No. VI/EM/029/2019. This operation note is only part of the prospectus approved by AMMC. The latter is completed by the reference document registered on 22/11/2019 under reference EN/EM/007/2019.

## DISCLAIMER

The Moroccan Capital Market Authority (AMMC) has approved on Novembre 27, 2019 a prospectus related to the issuance of subordinated bonds by Crédit Agricole du Maroc.

The prospectus approved by the AMMC is available at any time at:

- The CAM Headquarters: Place des Alaouites – BP 49 – 10 000 Rabat (05.37.21.71.88)
- HOLDAGRO: 33 Avenue ATLAS AGDAL – Rabat (05.37.26.92.79)
- The Headquarters of Capital Trust Finance and Capital Trust Securities: 50, Bd. Rachidi – Casablanca (05.22.46.63.50)
- The Headquarters of Valoris Corporate Finance and Valoris Securities: 355, Route d'El Jadida – Casablanca (05.22.23.97.60).

The prospectus is also available to the public on AMMC website ([www.ammc.ma](http://www.ammc.ma)).

This summary was translated by Accuracy Value (the “Translator”) under the joint responsibility of this Translator and Crédit Agricole du Maroc. In the event of any discrepancy between the contents of this summary and the prospectus approved by the AMMC, only the approved prospectus will prevail.

**ACCURACY VALUE SARL**  
Rue Moha ou Hamidou - Rés. Perle Jassim,  
Entrée B, 4ème étage, code CASABLANCA  
Tél : 05 22 86 35 85

## I- PRESENTATION OF THE OPERATION

### I- Structure of the offer

This operation concerns a maximum aggregate amount of four hundred and fifty million (450,000,000) Moroccan Dirhams.

The Crédit Agricole du Maroc Group is planning to issue 4,500 subordinated bonds with a nominal value of one hundred thousand (100,000) Moroccan Dirhams.

This transaction is broken down into two (2) tranches:

- ✎ **Tranche A:** Unlisted subordinated bonds at an annually revisable rate, with a maturity of 10 years, In fine, capped at four hundred and fifty million (450,000,000) Moroccan Dirhams with a nominal value of one hundred thousand (100,000) Moroccan Dirhams;
- ✎ **Tranche B:** Unlisted subordinated bonds at a fixed rate, with a maturity of 10 years, In fine, capped at four hundred and fifty million (450,000,000) Moroccan Dirhams and a nominal value of one hundred thousand (100,000) Moroccan Dirhams;

The total amount allocated for the two (2) tranches shall not in any way exceed MAD 450,000,000.

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

In accordance with the decision of the AGM of May 31, 2019, the amount of the Issuance may be limited to the amount subscribed by investors (capped at MAD 450,000,000), in accordance with the provisions of Article 298 of Public Limited Companies Act No. 17-95, as amended and supplemented.

### II- Objectives of the operation

With this issuance, Crédit Agricole du Maroc aims to meet the challenges of its Strategic Development Plan while renewing its commitment to the public service mission with which it has been entrusted. Indeed, the main objectives of the current subordinated bond issue are:

- ✎ The financing and support of the rural world in its entirety, and more specifically the agriculture and agro-industry sector;
- ✎ The support of small and medium-sized national companies by offering them appropriate financing solutions;
- ✎ The strengthening of its current regulatory capital, and therefore the strengthening of its solvency ratio.

This issuance is part of the bond issuance program for an overall ceiling of MAD 1.5 billion authorized by the AGM of May 31, 2019.

Authority that authorized the program	Authorized program amount	Consumed portion	Remaining amount
AGM of May 31, 2019	MAD 1.5 billion	MAD 850 million Perpetual subordinated bond issuance (October 2019)	MMAD 650

### III- Timetable of the Transaction

The timetable for this transaction is as follows:

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Agenda	Stages	Dates
1	Approval by AMMC of the prospectus	Wednesday, November 27, 2019
2	Publication of the summary of the prospectus on the issuer's website	Wednesday, November 27, 2019
3	Publication of the press release by the Issuer in a newspaper of legal notices	Friday, November 29, 2019
4	Opening of the subscription period (included)	Monday, December 16, 2019
5	Closing of the subscription period (included)	Wednesday December 18, 2019 at 12:00pm (Noon)
6	Allocation of the securities	Wednesday, December 18, 2019
7	Payment and delivery	Monday, December 23, 2019
8	Publication by the issuer of the results of the issuance and the rates used in a newspaper of legal notices and on its website	Tuesday, December 24, 2019

#### IV- Financial instruments offered

##### Description of the securities to be issued

###### Disclaimer

The subordinated bond differs from the traditional bond in that it ranks as a debt contractually defined by the subordination clause. The effect of the subordination clause is to make the repayment of the loan conditional, in the event of liquidation of the issuer, on the satisfaction of all preferential or unsecured creditors.

###### Description of Tranche A: (at an annually revisable rate, with a 10-year maturity, unlisted).

<b>Nature of the securities</b>	Subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with authorized financial intermediaries and admitted to the operations of the central depository (Maroclear).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	MAD 450,000,000
<b>Maximum number of securities to be issued</b>	4,500 subordinated bonds.
<b>Unit nominal value</b>	MAD 100,000
<b>Issuance price</b>	100% i.e. MAD 100,000
<b>Maturity</b>	10 years.
<b>Subscription period</b>	December 16-18, 2019 at 12:00pm (noon), inclusive
<b>Vesting date</b>	December 23, 2019
<b>Maturity date</b>	December 23, 2029
<b>Allocation method</b>	French tendering method, with priority given to tranche B.
<b>Nominal interest rate</b>	<p><u>Annually revisable rate</u></p> <p>For the first year, the nominal interest rate is the 52-week rate (monetary rate) calculated from the reference rate curve for the secondary Treasury bill market as published by Bank Al Maghrib on October 10, 2019, i.e. 2.31%, plus a risk premium ranging from 80 to 100 basis points (fixed at the end of the tender), i.e. a nominal interest rate ranging from 3.11% to 3.31%. The interest rate used will be communicated by the Domiciliary (MSIN) to investors by any means deemed appropriate (email, letter, etc.) no later than December 20, 2019, and will be published on the Issuer's website no later than December 24, 2019.</p> <p>On each anniversary date, the reference rate is the full 52-week rate (monetary rate) determined with reference to the reference rate curve of secondary Treasury bill market published by Bank Al-Maghrib, preceding the anniversary date of the coupon by 5 working days</p> <p>The reference rate thus obtained will be increased by the risk premium fixed at the end of the tender (risk premium ranging from 80 to 100 basis points) and will be communicated by the Domiciliary (MSIN) to investors by any means deemed useful (email, letter, etc.) and will be published on the Issuer's website.</p>

<b>Method of calculating the reference rate</b>	<p>The reference rate will be determined by the linear interpolation method using the two points defining the full 52-week maturity (monetary base).</p> <p>This linear interpolation will take place after the conversion of the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate.</p> <p>The calculation formula is:  <math display="block">(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)} - 1) \times 360 / k;</math>         where k is the maturity of the actuarial rate immediately above 52 weeks.          *Exact number of days: 365 or 366 days.</p>
<b>Risk premium</b>	Between 80 and 100 basis points
<b>Interest rate determination date</b>	<p>The coupon will be revised annually on the anniversary dates of the vesting date of the loan, i.e. December 23 of each year.</p> <p>The new rate will be determined within five (5) working days before the anniversary date and communicated to investors by the centralizing body by any means deemed useful (email, letter, etc.) and will be published on the issuer's website</p>
<b>Interest</b>	<p>Interest will be paid annually on the anniversary dates of the vesting date of the loan, i.e. December 23 of each year. Payment will be made on the same day or on the first business day following December 23 if it is not a business day. The interest on the subordinated bonds will cease to accrue from the date on which the capital is repaid by the Crédit Agricole du Maroc Group. No deferral of interest will be possible under this transaction.</p> <p>Interest will be calculated according to the following formula:          [Nominal x nominal interest rate x exact number of days/360].</p>
<b>Coupon Calculation Agent</b>	The domiciliary (MSIN) will be responsible for calculating the coupon.
<b>Redemption of the principal amount</b>	<p>The subordinated bond loan, which is the subject of this prospectus, will be repaid in-fine.</p> <p>In the event of a merger, demerger or partial contribution of assets of the Crédit Agricole du Maroc Group occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the subordinated bonds will automatically be transferred to the legal entity substituted in CAM's rights and obligations. Capital redemption is, in the event of CAM's liquidation, subordinated to all other conventional, preferential or unsecured debts.</p>
<b>Early redemption</b>	<p>CAM undertakes not to proceed to any early repayment of the subordinated bonds.</p> <p>However, CAM reserves the right, with the prior consent of Bank Al Maghrib, to buy back bonds on the secondary market, in compliance with legal and regulatory provisions, such buybacks being without consequences for a subscriber who wishes to keep that its securities until normal maturity and without affecting the normal redemption schedule.</p> <p>The repurchased subordinated bonds will be canceled after approval by Bank Al-Maghrib. In the event of cancellation, the issuer must inform the AMMC and the representative of the bondholder body of the canceled bonds.</p>
<b>Tradeability of securities</b>	<p>Over the counter.</p> <p>There are no restrictions imposed by the terms of the issue on the free tradeability of the subordinated bonds. Any investor wishing to acquire the subordinated bonds, subject of this issuance, will be able to obtain them on the secondary market.</p>
<b>Assimilation clauses</b>	<p>There is no assimilation of the subordinated bonds covered under this prospectus, to the securities of a previous issuance.</p> <p>In the event that CAM later issues new securities having similar rights in all aspects of this issuance, CAM may, without requiring the consent of the bond holders, provided that the issuance contracts provide so, assimilate all the securities of the successive issues, thereby unifying all operations related to their management and negotiation.</p>
<b>Loan rank / Subordination</b>	<p>The capital and interest are covered by the subordination clause.</p> <p>The application of this clause in no way affects the rules of law concerning the accounting principles for loss allocation, the obligations of shareholders and the rights of the subscriber to obtain the payment of its securities in capital and interest.</p> <p>In the event that CAM is liquidated, the capital and interest redemption of the subordinated securities of this issue will only take place after payment of all the conventional, privileged or unsecured creditors. These subordinated securities will be redeemed on the same basis as any other subordinated loans that may subsequently be issued by CAM both in Morocco and internationally, in proportion to their amount, if applicable.</p>
<b>Maintenance of the loan's rank</b>	CAM undertakes, until the effective redemption of all the securities of this loan, not to institute in favor of any other subordinated securities that it may subsequently issue, any priority as to their redemption ranking in the event of liquidation, without granting the same rights to the subordinated securities of this loan.
<b>Repayment guarantee</b>	This issue is not subject to any specific guarantee.
<b>Rating</b>	This issue has not been the subject of a rating request.
<b>Representation of the bondholders' body</b>	<p>The Management Board meeting held on 27/11/2019, and pending the bondholders' AGM, has appointed Hdid Consultants represented by Mr Mohamed Hdid as interim representative. This decision will take effect as soon as the subscription period begins.</p> <p>It should be specified that the appointed interim agent is identical for tranches A and B (subordinated bonds), which are gathered together in a single group.</p> <p>In addition, the Management Board agrees to convene the General Meeting of bondholders to appoint the permanent representative of the bondholders within one year of the commencement of the subscription period.</p>

	<p>In addition, it should be noted that Hdid Consultants, represented by Mr Mohamed Hdid, is the permanent representative of the bondholders of the four previous CAM bond issues:</p> <ul style="list-style-type: none"> <li>🌱 Subordinated bond issue (MAD 900 million) in 2015;</li> <li>🌱 Subordinated bond issue (MAD 600 million) in 2016;</li> <li>🌱 Subordinated bond issue (MAD 1.000 million) in 2017;</li> <li>🌱 Subordinated bond issue (MAD 500 million) in 2018;</li> </ul> <p>He is also the interim representative of the bondholders' body of the perpetual subordinated bond issue (MAD 850 million) in 2019.</p> <p>In addition, Hdid Consultants, represented by Mr Mohamed Hdid, assisted Crédit Agricole du Maroc as tax advisor during its tax audit for the period 2005 to 2010.</p> <p>Apart from the above-mentioned mandates, Hdid Consultants has no other mandates and has no business relationship with the Issuer.</p>
<b>Applicable law</b>	Moroccan law.
<b>Competent Jurisdiction</b>	Commercial Court of Rabat.

### **Description of Tranche B:** (at a fixed rate, with a 10-year maturity, unlisted).

<b>Nature of the securities</b>	Subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with authorized financial intermediaries and admitted to the operations of the central depository (Maroclear).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	MAD 450,000,000
<b>Maximum number of securities to be issued</b>	4,500 subordinated bonds
<b>Unit nominal value</b>	MAD 100,000
<b>Issue price</b>	100% i.e. MAD 100,000
<b>Maturity</b>	10 years.
<b>Subscription period</b>	December 16-18, 2019 at 12:00pm (noon), inclusive
<b>Vesting date</b>	December 23, 2019
<b>Maturity date</b>	December 23, 2029
<b>Allocation method</b>	French tendering, with priority given to tranche B.
<b>Nominal interest rate</b>	<p><u>Fixed rate</u></p> <p>The nominal interest rate is calculated with reference to the 10-year rate from the reference rate curve of the secondary Treasury bill market as published by Bank Al-Maghrib on October 10, 2019, i.e. 2.91%. This rate will be increased by a risk premium ranging from 80 to 100 basis points, i.e. a nominal interest rate ranging from 3.71% to 3.91%.</p> <p>The interest rate used will be communicated by the Domiciliary (MSIN) to investors by any means deemed appropriate (email, letter, etc.) no later than December 20, 2019, and will be published on the Issuer's website no later than December 24, 2019.</p>
<b>Risk premium</b>	Between 80 and 100 basis points.
<b>Interest</b>	<p>Interest will be paid annually on the anniversary dates of the vesting date of the loan, i.e. December 23 of each year. Payment will be made on the same day or on the first business day following December 23 if it is not a business day. The interest on the subordinated bonds will cease to accrue from the date on which the capital is repaid by the Crédit Agricole du Maroc Group. No deferral of interest will be possible under this transaction.</p> <p>Interest will be calculated according to the following formula: [Nominal x Nominal Interest Rate].</p>
<b>Method of calculating the reference rate</b>	The rate will be determined by the linear interpolation method using the two points defining the full 10-week maturity (monetary base).
<b>Calculation agent</b>	The domiciliary (MSIN) will be responsible for calculating the coupon.
<b>Redemption of the principal amount</b>	<p>The subordinated bond loan, covered by this prospectus, will be repaid in-fine.</p> <p>In the event of a merger, demerger or partial contribution of assets of the Crédit Agricole du Maroc Group occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the subordinated bonds will automatically be transferred to the legal entity substituted in CAM's rights and obligations. Capital redemption is, in the event of CAM's liquidation, subordinated to all other conventional, preferential or unsecured debts.</p>
<b>Early redemption</b>	<p>CAM undertakes not to proceed to any early repayment of the subordinated bonds.</p> <p>However, CAM reserves the right, with the prior consent of Bank Al Maghrib, to buy back bonds on the secondary market, in compliance with legal and regulatory provisions, such buybacks being without consequences for a subscriber who wishes to keep that its securities until normal maturity and without affecting the normal redemption schedule.</p> <p>The repurchased subordinated bonds will be canceled after approval by Bank Al-Maghrib. In the event of cancellation, the issuer must inform the AMMC and the representative of the bondholder body of the canceled bonds.</p>
<b>Tradability of securities</b>	Over the counter.

	There are no restrictions imposed by the terms of the issue on the free tradeability of the subordinated bonds. Any investor wishing to acquire the subordinated bonds, subject of this issuance, will be able to obtain them on the secondary market.
<b>Assimilation clauses</b>	There is no assimilation of the subordinated bonds covered under this prospectus, to the securities of a previous issuance. In the event that CAM later issues new securities having similar rights in all aspects of this issuance, CAM may, without requiring the consent of the bond holders, provided that the issuance contracts provide so, assimilate all the securities of the successive issues, thereby unifying all operations related to their management and negotiation.
<b>Loan rank / Subordination</b>	The capital and interest are covered by the subordination clause. The application of this clause in no way affects the rules of law concerning the accounting principles for loss allocation, the obligations of shareholders and the rights of the subscriber to obtain the payment of its securities in capital and interest. In the event that CAM is liquidated, the capital and interest redemption of the subordinated securities of this issue will only take place after payment of all the conventional, privileged or unsecured creditors. These subordinated securities will be redeemed on the same basis as any other subordinated loans that may subsequently be issued by CAM both in Morocco and internationally, in proportion to their amount, if applicable.
<b>Maintenance of the loan's rank</b>	CAM undertakes, until the effective redemption of all the securities of this loan, not to institute in favor of any other subordinated securities that it may subsequently issue, any priority as to their redemption ranking in the event of liquidation, without granting the same rights to the subordinated securities of this loan.
<b>Repayment guarantee</b>	This issue is not subject to any specific guarantee.
<b>Rating</b>	This issue has not been the subject of a rating request.
<b>Representation of the bondholders' body</b>	The Management Board meeting held on 27/11/2019, and pending the bondholders' AGM, has appointed Hdid Consultants represented by Mr Mohamed Hdid as interim representative. This decision will take effect as soon as the subscription period begins. It should be specified that the appointed interim agent is identical for tranches A and B (subordinated bonds), which gathered together in a single group. In addition, the Management Board agrees to convene the General Meeting of bondholders to appoint the permanent representative of the bondholders within one year of the commencement of the subscription period. In addition, it should be noted that Hdid Consultants, represented by Mr Mohamed Hdid, is the permanent representative of the bondholders of the four previous CAM bond issues: <ul style="list-style-type: none"> <li>🌿 Subordinated bond issue (MAD 900 million) in 2015;</li> <li>🌿 Subordinated bond issue (MAD 600 million) in 2016;</li> <li>🌿 Subordinated bond issue (MAD 1.000 million) in 2017;</li> <li>🌿 Subordinated bond issue (MAD 500 million) in 2018;</li> </ul> He is also the interim representative of the bondholders' body of the perpetual subordinated bond issue (MAD 850 million) in 2019. In addition, Hdid Consultants, represented by Mr Mohamed Hdid, assisted Crédit Agricole du Maroc as tax advisor during its tax audit for the period 2005 to 2010. Apart from the above-mentioned mandates, Hdid Consultants has no other mandates and has no business relationship with the Issuer.
<b>Applicable law</b>	Moroccan law.
<b>Competent Jurisdiction</b>	Commercial Court of Rabat.

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## Event of default

An event of default (an "Event of Default") is the failure to pay all or part of the amount in interest and/or principal due by the Company under any Bond unless payment is made within fourteen (14) business days of its due date.

In the event of the occurrence of an Event of Default, the representative of the bondholders' body must immediately send a formal notice to C rdit Agricole du Maroc to remedy the event of default with an injunction to pay any amount in interest due by the Company within fourteen (14) business days following the formal notice.

If the Company has not remedied the Event of Default within fourteen (14) business days following the date of receipt of the formal notice, the representative of the bondholders' body may, after convening the general meeting of bondholders, and upon a decision by the latter acting under the quorum and majority conditions provided for by law and upon simple written notification addressed to the issuer, with a copy to the domiciliary and the AMMC, make the entire issue payable, automatically requiring the company to redeem these bonds up to the principal amount plus accrued interests since the last interest payment date and plus accrued interests not yet paid.

The capital being the initial capital (initial nominal value x number of securities).

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## II- INFORMATION ON THE ISSUER

### 1. General information

<b>Corporate name</b>	Crédit Agricole du Maroc.
<b>Registered office</b>	Place des Alaouites –BP 49 – 10 000 RABAT.
<b>Telephone / Fax</b>	Telephone: 0537 20 82 19 to 26 Fax: 0537 70 78 32
<b>Website</b>	<a href="http://www.creditagricole.ma">www.creditagricole.ma</a>
<b>Legal form</b>	Limited Company with a Management Board and a Supervisory Board
<b>Date of incorporation</b>	12/04/1961
<b>Date of transformation into a public limited company (SA = Société Anonyme)</b>	December 18, 2003 following the publication of Dahir No. 1-03-221 of Ramadan 16, 1424 promulgating Crédit Agricole Reform Act 15-99
<b>Term of the company</b>	99 years.
<b>Commercial Register</b>	R.C. Rabat 58873.
<b>Company's financial year</b>	From January 1 to December 31
<b>Corporate purpose</b>	<p>Pursuant to Article 3 of the Articles of Incorporation the missions of CAM are as follows:</p> <p>1) Key mission: The key mission of Crédit Agricole du Maroc's is to finance agriculture and activities related to the economic and social development of the rural sector to:</p> <ul style="list-style-type: none"> <li>• Facilitate farmers' access to modern and profitable forms of operation;</li> <li>• Leverage national savings for rural development;</li> <li>• Develop the banking services of farmers and rural people by offering appropriate financial services;</li> <li>• Support the creation of agricultural businesses by improving their access to credit;</li> <li>• Promote advice and expertise for farmers to increase their production;</li> <li>• Enhance agricultural production through agro-industrial integration and marketing;</li> <li>• Support the social economy of production and services related to the rural economy.</li> </ul> <p>It may also be entrusted by the public authorities with any mandate in the national or regional interest relating to agriculture and rural development.</p> <p>2) Public service mission: Crédit Agricole du Maroc carries out public service missions on behalf of the State and in accordance with government decisions, through the implementation of the agreements referred to in Article 4 of Act 15-99. To this end, the company may enter into agreements with the State to perform operations initiated by the State in terms of financing the rural economy, specific support or agricultural activities. These agreements will define the sectors, beneficiaries, conditions, terms and conditions as well as resources and may include the following transactions:</p> <ul style="list-style-type: none"> <li>• Subsidies for financing small and medium-sized agricultural holdings; these subsidies may be extended to large farms in cases fixed by regulation;</li> <li>• Subsidies necessary for the rescheduling of credits granted to farmers when exceptional circumstances justify it;</li> <li>• Any operation, aid, premium or interest rate subsidy decided by the State.</li> </ul>

	<p>3) Universal banking operations: The bank may carry out as any bank would, all operations that may be carried out by banks in accordance with the provisions of Dahir on Act No. 1-93-147 of 15 Moharrem 1414 (July 6, 1993) relating to the exercise of the activity of credit institutions and their control and these Articles of Incorporation.</p> <p>4) Other operations: The bank may, in general, carry out all banking, financial, commercial, industrial, industrial, movable and real estate transactions that may be directly or indirectly related to its corporate purpose and likely to facilitate its development.</p>
<p><b>Legislative texts applicable to the company</b></p>	<p>By its legal form, CAM is a public limited company with a Management Board and a Supervisory Board governed by the provisions of Public Limited Companies Act 17/95, as amended and supplemented by Act 20/05 of May 23, 2008 and Public Limited Companies Act 78/12 of January 21, 2016.</p> <p>By its activity, CAM is governed by:</p> <ul style="list-style-type: none"> <li>• Crédit Agricole Reform Act 15-99;</li> <li>• Dahir No. 1-14-193 of December 24, 2014 promulgating Credit Institutions and Related Bodies Act 103-12;</li> </ul> <p>Through its bond issues, CAM is governed by:</p> <ul style="list-style-type: none"> <li>• The Dahir on Act 1-93-212 of September 21, 1993 as amended and supplemented by Acts Nos. 23-01, 36-05 and 44-06;</li> <li>• Act No. 44-12 on public offering and information required of legal entities and bodies making public offerings;</li> <li>• The General AMMC Regulations approved by Order No. 2169-16 of the Minister of the Economy and Finance;</li> <li>• Dahir as Act No. 1-96-246 of January 9, 1997 promulgating Act No. 35-96 relating to the creation of a central depository and the institution of a general regime for the book entry of certain securities (amended by Act No. 43-02)</li> <li>• The General Regulations of the Central Depository approved by Order of the Minister of Economy and Finance No. 932-98 of April 16, 1998 and amended by Order of the Minister of Economy, Finance, Privatization and Tourism No. 1961-01 of October 30, 2001, and amended by Order No. 1961/01 published in Official Gazette No. 4286 of December 24, 2001 and Order No. 77/05 published in Official Gazette No. 5300 of March 17, 2005;</li> <li>• The Dahir as Casablanca Stock Exchange Act No. 1-93-211 of September 21, 1993 as amended and supplemented by Acts No. 34-96, 29-00, 52-01, 45-06 and 43-09 and by Order No. 1268-08 of July 7, 2008;</li> <li>• General Regulations of the Stock Exchange approved by Order No. 1268-08 of the Minister of Economy and Finance of July 7, 2008, amended and supplemented by Orders No. 1156-10 of the Minister of Economy and Finance of April 7, 2010, No. 30-14 of January 6, 2014 and No. 1955-16 of July 4, 2016;</li> <li>• AMMC Circular.</li> </ul> <p>Through its program to issue deposit certificates:</p> <ul style="list-style-type: none"> <li>• Act No. 35-94 relating to certain negotiable debt securities as amended and supplemented by Act No. 33-06;</li> <li>• Order of the Minister of Finance and Foreign Investment No. 2560-95 of October 9, 1995 on certain negotiable securities, as amended by Orders 692-00, 1311-01 and 2232-02.</li> </ul>
<p><b>Share capital at 08/31/2019</b></p>	<p>MAD 4,227,676,500 comprised of 42,276,765 shares of a nominal value of MAD 100.</p>
<p><b>Legal documents</b></p>	<p>The company's legal documents, in particular the Articles of Incorporation, the minutes of general meetings and the auditors' reports, may be consulted at Crédit Agricole du Maroc's registered office.</p>

<b>Fiscal regime</b>	The Crédit Agricole du Maroc is subject, as a credit institution, to corporate income tax (37%) and VAT (10%).
<b>Competent court for disputes</b>	Commercial Court of Rabat.

## 2. Shareholding structure

Since 2003 to date, the shareholding structure of the CAM has changed as follows:

**Table 3: Development of the shareholding structure**

Shareholders	2003			2005			2007		
	No. of shares held	% of capital	% of voting rights	No. of shares held	% of capital	% of voting rights	No. of shares held	% of capital	% of voting rights
Moroccan State	12,000,000	100%	100%	22,000,000	78%	78%	22,000,000	78%	78%
MAMDA	0	0.00%	0.00%	987,180	3.50%	3.50%	987,180	3.50%	3.50%
MCMA	0	0.00%	0.00%	987,179	3.50%	3.50%	987,179	3.50%	3.50%
BNDE	0	0.00%	0.00%	4,230,769	15%	15%	0	0.00%	0.00%
CDG	0	0.00%	0.00%	0	0.00%	0.00%	2,820,513	10%	10%
Atlanta	0	0.00%	0.00%	0	0.00%	0.00%	705,128	2.50%	2.50%
Sanad	0	0.00%	0.00%	0	0.00%	0.00%	705,128	2.50%	2.50%
<b>Total</b>	<b>12,000,000</b>	<b>100%</b>	<b>100%</b>	<b>28,205,128</b>	<b>100%</b>	<b>100%</b>	<b>28,205,128</b>	<b>100%</b>	<b>100%</b>

Shareholders	2008/2009			2010/2011			2012/2013/2014		
	No. of shares held	% of capital	% of voting rights	No. of shares held	% of capital	% of voting rights	No. of shares held	% of capital	% of voting rights
Moroccan State	22,000,000	78%	78%	26,011,878	75%	75%	28,716,408	75%	75%
MAMDA	987,180	3.50%	3.50%	1,700,318	5%	5%	1,869,350	5%	5%
MCMA	987,179	3.50%	3.50%	1,700,317	5%	5%	1,869,350	5%	5%
CDG	2,820,513	10%	10%	3,460,297	10%	10%	3,818,250	10%	10%
Atlanta	705,128	2.50%	2.50%	865,074	2.50%	2.50%	954,562	2.50%	2.50%
Sanad	705,128	2.50%	2.50%	865,074	2.50%	2.50%	954,562	2.50%	2.50%
<b>Total</b>	<b>28,205,128</b>	<b>100%</b>	<b>100%</b>	<b>34,602,958</b>	<b>100%</b>	<b>100%</b>	<b>38,182,483</b>	<b>100%</b>	<b>100%</b>

Shareholders	2015 to June 2019		
	No. of shares held	% of capital	% of voting rights
Moroccan State	31,780,465	75.18%	75.18%
MAMDA	3,134,311	7.41%	7.41%
MCMA	3,134,311	7.41%	7.41%
CDG	4,227,678	10%	10%
<b>Total</b>	<b>42,276,765</b>	<b>100%</b>	<b>100%</b>

Source: CAM

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Pursuant to Article 2 of Crédit Agricole du Maroc Reform Act No. 15-99, at least 51% of CAM's capital is held by the State. No other natural or legal person may hold, directly or indirectly, a share in excess of 10% of CAM's capital.

Also, it should be noted that ATLANTA-SANAD is no longer part of CAM's shareholding since January 1, 2015. Their shares were sold and acquired by MAMDA-MCMA, which now holds a total of 14.8% of the Capital, thus consolidating their strategic partnership with CAM.

In addition, at its meeting of April 2, 2019, the Strategic Supervisory Board noted the need for the bank to strengthen its equity capital through the operation covered by this prospectus, as well as a capital increase. At its meeting of July 18, 2019, the Strategic Supervisory Board validated the need for this capital increase, which will concern an amount from MAD 700 million to MAD 1 billion. It was also decided to convene an extraordinary general meeting to authorize this capital increase and to decide on its various terms and conditions (amount, maintenance of current shareholders or opening of the capital to a new shareholder, etc.).

### 3. Composition of the Management Board

The members of the Management Board collectively manage the Company.

**Table 1: Composition of the Management Board (September 2019)**

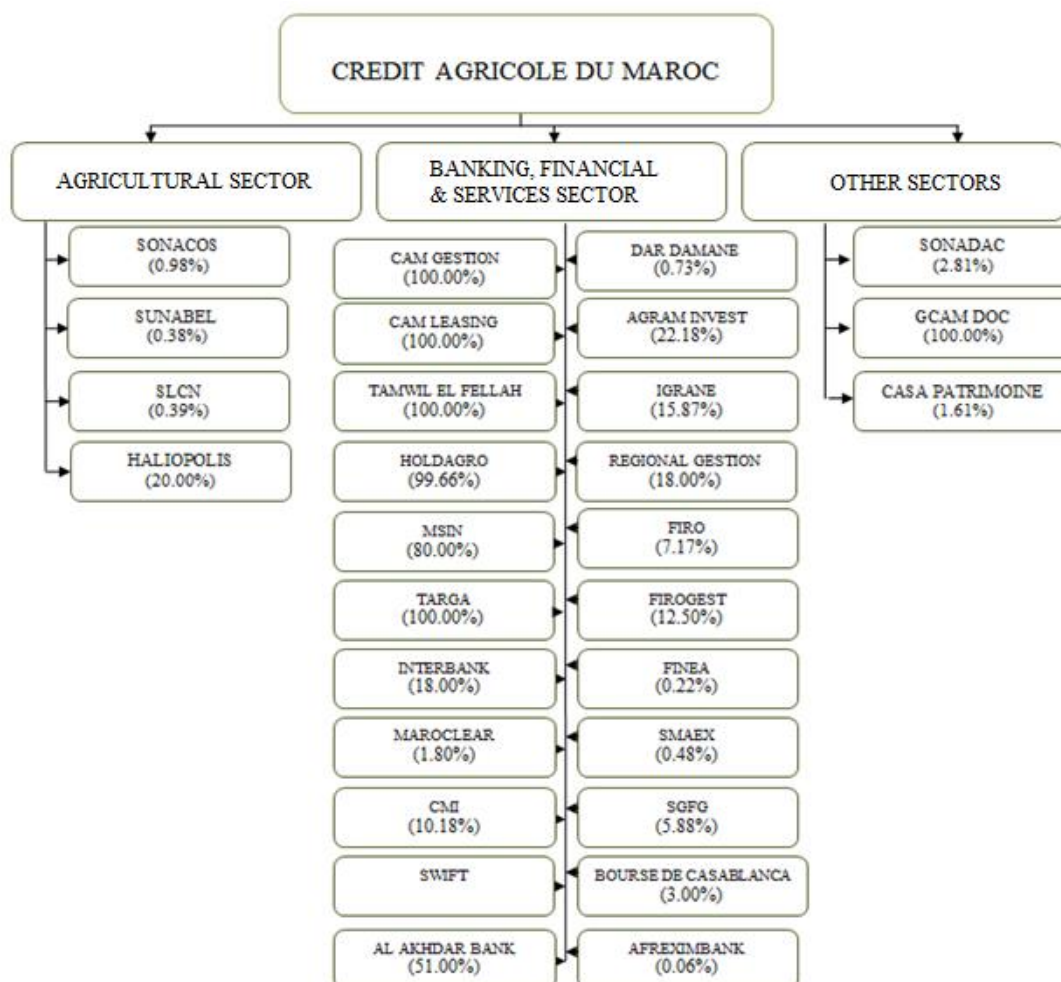
Last name and First name	Quality	Appointment date <sup>1</sup>	End date of term of office
Tariq SIJILMASSI	Chairperson of the Management Board	June 1, 2004	General Assembly which will approve The accounts for year ending 2021
Jamal Eddine EL JAMALI	Member – CEO	May 30, 2016	
Fouad CHIKRI	Member – CEO	July 18, 2019	
Abdelmounaim DINIA	Member – CEO	July 18, 2019	
Meriem IDRISSE KAITOUNI	Member – Secretary General	July 18, 2019	

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<sup>1</sup> The appointment date refers to the date of first appointment to the position held.

## 4. Legal organizational chart

### a. Legal organizational chart at June 30, 2019<sup>2</sup>



### MAIN CHANGES OVER THE LAST THREE YEARS:

#### Changes 2016/2017

- Transfer of "Holdagro" and "Tamwil El Fellah" from the "Agriculture" portfolio to the "Banking and Finance" portfolio
- CAM contributes up to 51% to the new subsidiary "Al Akhdar Bank".
- FINEA: CAM's share increased from 0.28% to 0.22% following its capital increase.

#### Changes 2017/2018

- The assignment of CAM's shares in AGRO-CONCEPT;
- The liquidation of the ALTERMED MAGHREB fund ;

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<sup>2</sup> The above organization chart does not include companies in the process of liquidation or restructuring, in particular COMAPRA, SNDE, SOGETA and FRUMAT.

## 5. Summary of the Activity

### Development of CAM's deposits and loans

#### a. Changes in credits

**Table 1: Trends in the structure of the credits granted by CAM (social accounts)**

In MDH	2016	2017	Δ%	2018	Δ%	June-19	Δ%
Receivables from credit institutions and similar entities (1)	510	972	90.68%	952	-2.12%	2,373	>100%
As a % of total balance sheet	0.57%	1.02%		0.91%		2.22%	
Receivables from credit institutions and similar entities at sight (1)	493	954	93.45%	945	-0.88%	589	-37.70%
Receivables from credit institutions and similar entities at maturity	17	19	10.33%	7	-64.94%	1,784	>100%
Outstanding customer loans (2)	65,503	68,827	5.07%	74,873	8.78%	76,442	2.10%
As a % of total balance sheet	73.72%	72.21%		71.32%		71.41%	
Cash and consumer loans	23,949	27,353	14.22%	34,105	24.68%	35,045	2.76%
Equipment loans	18,394	18,543	0.81%	19,561	5.49%	19,408	-0.79%
Real estate loans	15,197	15,584	2.55%	15,731	0.94%	17,186	9.25%
Other credits	7,963	7,346	-7.75%	5,476	-25.46%	4,803	-12.29%
<b>Total net receivables (1) + (2)</b>	<b>66,013</b>	<b>69,799</b>	<b>5.74%</b>	<b>75,825</b>	<b>8.63%</b>	<b>78,815</b>	<b>3.94%</b>

Source: CAM

At the end of the 2017 financial year, receivables from credit institutions and similar institutions increased by 90.68% to MAD 972 million, following a 93.45% increase in outstanding receivables from credit institutions and similar institutions at sight. This change is explained by an increase of MAD 487 million in overnight cash loans :

- ✎ A loan of MAD 300 million (AWB);
- ✎ A loan of USD 20 million (MAD 187 million) contracted with the BMCE.

In addition, customer loans increased by 5.07% to MAD 69 billion in 2017, as a result of the following changes :

- ✎ A 14.22% increase in cash and consumer loans, representing an outstanding amount of MAD 27 billion compared with MAD 24 billion at the end of 2016;
- ✎ A slight increase of 0.81% in equipment loans with an outstanding amount of MAD 19 billion;
- ✎ A 2.55% increase in real estate loans (housing and real estate development), representing an outstanding amount of MAD 16 billion (+MAD 387 million);
- ✎ A decrease in other loans of 7.75% with an outstanding amount that went from MAD 7.96 billion 12/31/2016 to MAD 7.35 billion on 12/31/2017.

At the end of the 2018 financial year, receivables from credit institutions and similar institutions decreased by 2.12% to MAD 952 million, following a 0.88% decrease in outstanding receivables from credit institutions and similar institutions at sight. This change is mainly due to a decrease in overnight cash loans to credit institutions and similar institutions (-MAD 237 million).

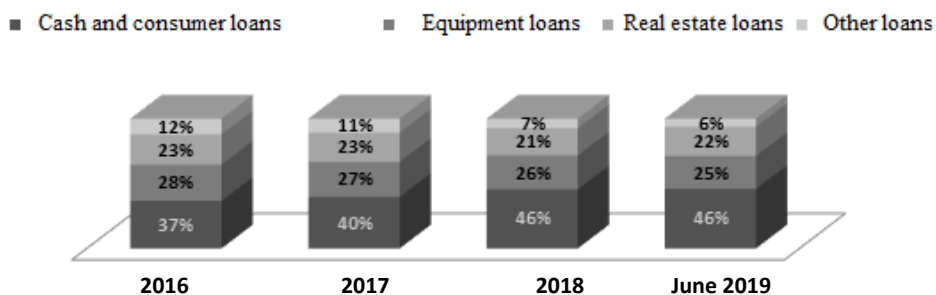
In addition, customer loans increased by 8.78% to MAD 74.9 billion, mainly due to a 24.68% increase in cash and consumer loans, including :

- ✎ An increase of MAD 2.2 billion in current accounts receivable;
- ✎ An increase of MAD 4.3 billion in cash loans;
- ✎ An increase of MAD 250 million in consumer loans.

At June 30, 2019, receivables from credit institutions and similar institutions increased by 100% to MAD 2,373 million, following an increase of MAD 1.8 billion in outstanding receivables from credit institutions and similar institutions at maturity (mainly composed of foreign currency loans).

In addition, customer loans increased by 2.10% to MAD 74.9 billion, mainly due to a 9.25% increase in real estate loans (+MAD 1.5 billion) :

### Trends in the structure of customer loans (corporate base)



Source: CAM

Over the period analyzed, the structure of CAM's customer loans remains relatively stable, although other loans in favor of cash and consumer loans declined in 2018 (46%).

### b. Changes in deposits

**Table 2: Trends in the structure of the credits granted by CAM (individual accounts)**

In MDH	2016	2017	Δ%	2018	Δ%	June-19	Δ%
<b>Amounts owed to credit institutions and similar institutions (1)</b>	<b>6,429</b>	<b>7,301</b>	<b>13.56%</b>	<b>11,845</b>	<b>62.25%</b>	<b>11,211</b>	<b>-5.36%</b>
As a % of total balance sheet	<b>7.24%</b>	<b>7.66%</b>		<b>11.28%</b>		<b>10.47%</b>	
Due to ECs and similar entities at sight	388	653	68.22%	1,774	>100%	1,905	7.36%
Due to ECs and similar entities at maturity	6,041	6,648	10.05%	10,071	51.49%	9,306	-7.60%
<b>Customer deposits (2)</b>	<b>66,342</b>	<b>68,127</b>	<b>2.69%</b>	<b>74,360</b>	<b>9.15%</b>	<b>75,453</b>	<b>1.47%</b>
As a % of total balance sheet	<b>74.66%</b>	<b>71.48%</b>		<b>70.83%</b>		<b>70.48%</b>	
Current accounts payable	32,406	35,637	9.97%	37,578	5.45%	35,498	-5.54%
Savings accounts	10,762	11,669	8.43%	12,318	5.56%	12,568	2.03%
Term deposits	21,406	18,897	-11.72%	21,881	15.79%	25,102	14.72%
Other accounts payable	1,769	1,924	8.74%	2,583	34.28%	2,285	-11.55%
<b>Total resources (1) + (2)</b>	<b>72,771</b>	<b>75,428</b>	<b>3.65%</b>	<b>86,205</b>	<b>14.29%</b>	<b>86,663</b>	<b>0.53%</b>

Source: CAM

At the end of the 2017 financial year, debts to credit institutions and similar institutions increased by 13.56% to MAD 7,301 billion. Customer deposits also increased (+2.69%) with an outstanding amount of MAD 68.1 billion.

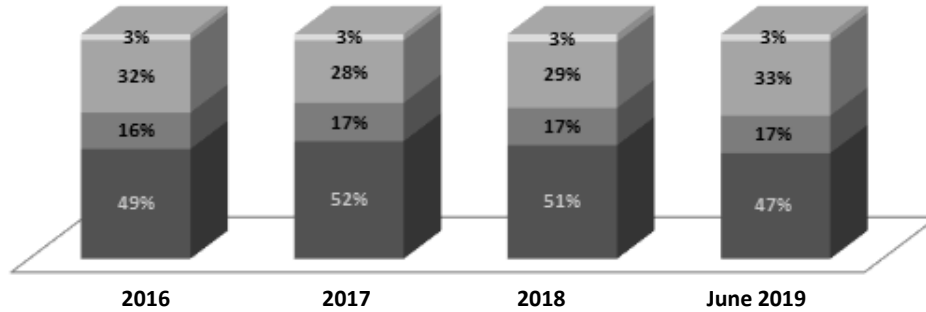
At the end of December 2018, debts to credit institutions and similar institutions increased by 62.25% to MAD 11.845 billion. Customer deposits also increased (+9.15%) with an outstanding amount of MAD 74.4 billion.

At the end of June 2019, debts to credit institutions and similar institutions increased by 5.36% to MAD 11.211 billion. Customer deposits also increased (+1.47%) with an outstanding amount of MAD 75.5 billion.

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Trends in the structure of customer deposits (corporate base)

■ Current accounts payable ■ Savings accounts ■ Term deposits ■ Other accounts payable



Source: CAM

Over the period 2016 to 2017, there was a slight change in the structure of Crédit Agricole du Maroc's customer deposits, with an increase in the share of sight accounts payable at the expense of term accounts, in line with CAM's strategic vision to reduce the cost of its resources.

At the end of 2018, we see a further change in CAM's resource structure with a slight decline in proportion to current accounts payable in favor of term deposits.

At the end of the first half of 2019, we noted an increase in proportion to term accounts to 33% with a control of their interest rate to pursue the bank's policy of controlling the cost of the bank's resources.

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## III- FINANCIAL DATA

### 1. Balance sheet

#### ANNUAL

**Table 4: CAM's Balance Sheet – Individual accounts**

ASSETS (In KDH)	2016	2017	Δ%	2018	Δ%
<b>Cash in hand, Central banks, Treasury, Postal Checks Service</b>	<b>2,013,090</b>	<b>2,708,028</b>	<b>34.52%</b>	<b>4,059,101</b>	<b>49.89%</b>
Weight in % of the total	<b>2.27%</b>	<b>2.84%</b>		<b>3.87%</b>	
<b>Receivables from credit institutions and similar entities</b>	<b>509,632</b>	<b>972,476</b>	<b>90.82%</b>	<b>951,903</b>	<b>-2.12%</b>
Weight in % of the total	<b>0.57%</b>	<b>1.02%</b>		<b>0.91%</b>	
. At sight	492,694	953,720	93.57%	945,327	-0.88%
. At maturity	16,938	18,756	10.73%	6,576	-64.94%
<b>Receivables from customers</b>	<b>65,503,226</b>	<b>68,826,909</b>	<b>5.07%</b>	<b>74,873,000</b>	<b>8.78%</b>
Weight in % of the total	<b>73.72%</b>	<b>72.21%</b>		<b>71.32%</b>	
. Cash and consumer loans	23,949,464	27,353,475	14.21%	34,105,064	24.68%
. Equipment loans	18,393,711	18,543,329	0.81%	19,561,340	5.49%
. Real estate loans	15,196,640	15,583,867	2.55%	15,730,759	0.94%
. Other credits	7,963,411	7,346,239	-7.75%	5,475,836	-25.46%
<b>Receivables acquired by factoring</b>				<b>879,141</b>	
Weight in % of the total				<b>0.84%</b>	
<b>Trading and investment securities</b>	<b>12,976,826</b>	<b>13,200,728</b>	<b>1.73%</b>	<b>12,727,785</b>	<b>-3.58%</b>
Weight in % of the total	<b>14.60%</b>	<b>13.85%</b>		<b>12.12%</b>	
. Treasury bonds and similar securities	1,008,955	2,653,599	>100%	7,186,374	>100%
. Other debt securities	314,185	681,535	>100%	476,653	-30.06%
. Title deeds	11,653,686	9,865,594	-15.34%	5,064,758	-48.66%
<b>Other assets</b>	<b>3,338,867</b>	<b>2,979,467</b>	<b>-10.76%</b>	<b>3,788,544</b>	<b>27.16%</b>
Weight in % of the total	<b>3.76%</b>	<b>3.13%</b>	<b>-16.86%</b>	<b>3.61%</b>	
<b>Investment securities</b>					
Weight in % of the total					
. Treasury bonds and similar securities					
. Other debt securities					
<b>Equity securities and similar uses</b>	<b>414,924</b>	<b>589,499</b>	<b>42.07%</b>	<b>735,075</b>	<b>24.69%</b>
Weight in % of the total	<b>0.47%</b>	<b>0.62%</b>	<b>31.60%</b>	<b>0.70%</b>	
<b>Subordinated receivables</b>	<b>1,400</b>	<b>1,400</b>		<b>1,120</b>	<b>-20.00%</b>
Weight in % of the total	<b>0.002%</b>	<b>0.001%</b>		<b>0.001%</b>	
<b>Fixed assets held under finance leases and rental contracts</b>					
Weight in % of the total					
<b>Intangible assets</b>	<b>366,659</b>	<b>393,265</b>	<b>7.26%</b>	<b>400,467</b>	<b>1.83%</b>
Weight in % of the total	<b>0.41%</b>	<b>0.41%</b>		<b>0.38%</b>	
<b>Tangible assets</b>	<b>3,730,043</b>	<b>5,639,660</b>	<b>51.20%</b>	<b>6,564,709</b>	<b>16.40%</b>
Weight in % of the total	<b>4.20%</b>	<b>5.92%</b>		<b>6.25%</b>	
<b>TOTAL ASSETS</b>	<b>88,854,665</b>	<b>95,311,433</b>	<b>7.27%</b>	<b>104,980,845</b>	<b>10.15%</b>

Source: CAM

LIABILITIES (In KDH)	2016	2017	Δ%	2018	Δ%
<b>Central banks, Treasury, Postal Checks services</b>					
<b>Weight in % of the total</b>					
<b>Amounts owed to credit institutions and similar institutions</b>	<b>6,429,106</b>	<b>7,300,929</b>	<b>13.56%</b>	<b>11,845,398</b>	<b>62.25%</b>
<b>Weight in % of the total</b>	<b>7.24%</b>	<b>7.66%</b>		<b>11.28%</b>	
. At sight	388,154	652,678	68.15%	1,773,972	>100%
. At maturity	6,040,953	6,648,251	10.05%	10,071,426	51.49%
<b>Customer deposits</b>	<b>66,342,161</b>	<b>68,127,199</b>	<b>2.69%</b>	<b>74,360,052</b>	<b>9.15%</b>
<b>Weight in % of the total</b>	<b>74.66%</b>	<b>71.48%</b>		<b>70.83%</b>	
. Current accounts payable	32,405,879	35,637,468	9.97%	37,578,210	5.45%
. Savings accounts	10,761,961	11,669,048	8.43%	12,317,700	5.56%
. Term deposits	21,405,803	18,897,034	-11.72%	21,881,140	15.79%
. Other accounts payable	1,768,518	1,923,648	8.77%	2,583,001	34.28%
<b>Debt securities issued</b>	<b>6,076,374</b>	<b>7,371,979</b>	<b>21.32%</b>	<b>5,969,586</b>	<b>-19.02%</b>
<b>Weight in % of the total</b>	<b>6.84%</b>	<b>7.73%</b>		<b>5.69%</b>	
. Negotiable debt securities	6,076,374	7,371,979	21.32%	5,969,586	-19.02%
. Bond loans					
. Other debt securities issued					
<b>Other liabilities</b>	<b>1,188,619</b>	<b>2,282,245</b>	<b>92.01%</b>	<b>1,763,674</b>	<b>-22.72%</b>
<b>Weight in % of the total</b>	<b>1.34%</b>	<b>2.39%</b>		<b>1.68%</b>	
<b>Provisions for contingencies and charges</b>	<b>635,677</b>	<b>906,349</b>	<b>42.58%</b>	<b>1,004,507</b>	<b>10.83%</b>
<b>Weight in % of the total</b>	<b>0.72%</b>	<b>0.95%</b>		<b>0.96%</b>	
<b>Provisions paid out</b>					
<b>Weight in % of the total</b>					
<b>Subsidies, allocated public funds and special guarantee funds</b>	<b>7,157</b>	<b>7,157</b>		<b>7,157</b>	
<b>Weight in % of the total</b>	<b>0.01%</b>	<b>0.01%</b>		<b>0.01%</b>	
<b>Subordinated debts</b>	<b>1,830,531</b>	<b>2,679,520</b>	<b>46.38%</b>	<b>3,022,450</b>	<b>12.80%</b>
<b>Weight in % of the total</b>	<b>2.06%</b>	<b>2.81%</b>		<b>2.88%</b>	
<b>Revaluation adjustments</b>					
<b>Weight in % of the total</b>					
<b>Share premium account</b>	<b>1,809,343</b>	<b>2,057,364</b>	<b>13.71%</b>	<b>2,408,380</b>	<b>17.06%</b>
<b>Weight in % of the total</b>	<b>2.04%</b>	<b>2.16%</b>		<b>2.29%</b>	
<b>Capital</b>	<b>4,227,677</b>	<b>4,227,677</b>		<b>4,227,677</b>	
<b>Weight in % of the total</b>	<b>4.76%</b>	<b>4.44%</b>		<b>4.03%</b>	
<b>Shareholders. Unpaid capital (-)</b>					
<b>Weight in % of the total</b>					
<b>Retained earnings (+/-)</b>					
<b>Weight in % of the total</b>					
<b>Net income pending allocation</b>					
<b>Weight in % of the total (+/-)</b>					
<b>Net income for the financial year (+/-)</b>	<b>308,021</b>	<b>351,016</b>	<b>13.96%</b>	<b>371,965</b>	<b>5.97%</b>
<b>Weight in % of the total (+/-)</b>	<b>0.35%</b>	<b>0.37%</b>	<b>5.22%</b>	<b>0.35%</b>	
<b>TOTAL LIABILITIES</b>	<b>88,854,665</b>	<b>95,311,433</b>	<b>7.27%</b>	<b>104,980,845</b>	<b>10.15%</b>

Source: CAM

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**Table 5: Consolidated balance sheet of the CAM Group**

Assets (In KDH)	2016	2017	Δ%	01/01/18	2018	Δ%
Cash in hand, Central banks, Treasury, Postal Checks Accounts	2,015,655	2,711,673	34.53%	2,711,673	4,099,975	51.20%
Financial assets at fair value through profit or loss	7,183,537	265,857	-96.30%	11,332,816	6,697,669	-40.90%
Financial assets held for trading				1,669,576	6,511,592	>100%
Other financial assets at fair value through profit or loss				9,663,239	186,077	-98.07%
Hedging derivatives						
Financial assets at fair value through shareholder equity	5,988,478	13,210,306	>100%	2,142,512	6,414,233	>100%
Debt instruments at fair value through recyclable shareholder equity				1,937,088	6,118,409	>100%
KP instruments at fair value through non-recyclable shareholder equity				205,423	295,824	44.01%
Available-for-sale financial assets						
Securities at amortized cost						
Loans and receivables on the ECs at amortized cost	629,030	869,796	38.28%	869,796	792,893	-8.84%
Customer loans and receivables at amortized cost	67,379,907	70,739,345	4.99%	69,915,126	77,506,164	10.86%
Asset revaluation adjustment on portfolios hedged against interest rate risk						
Insurance business investments						
Tax assets due	84,108	186,263	>100%	186,263	80,255	-56.91%
Deferred tax assets	221,425	262,054	18.35%	567,325	205,989	-63.69%
Accruals and other assets	1,427,178	1,410,274	-1.18%	1,410,274	2,800,238	98.56%
Non-current assets held for sale						
Investments in companies accounted for by the equity method						
Investment properties	1,920,197	1,440,191	-25.00%	1,440,191	1,542,510	7.10%
Tangible assets	4,043,909	5,942,253	46.94%	5,942,253	6,725,390	13.18%
Intangible assets	75,903	105,895	39.51%	105,895	118,218	11.64%
Goodwill on acquisition	306,908	306,908	-	306,908	306,908	-
<b>TOTAL IFRS ASSETS</b>	<b>91,276,236</b>	<b>97,450,815</b>	<b>6.76%</b>	<b>96,931,031</b>	<b>107,290,442</b>	<b>10.69%</b>

Source: CAM

Liabilities (In KDH)	2016	2017	Δ%	01/01/18	2,018	Δ%
Central banks, Treasury, Postal Checks services						
Financial liabilities at fair value through profit or loss	11,351	5,476	-51.76%	5,476	21,206	287.25%
Financial liabilities held for trading				5,476	21,206	287.25%
Financial liabilities at fair value through profit or loss under option						
Hedging derivatives						
Amounts owed to credit institutions and similar institutions	7,299,945	8,019,146	9.85%	8,019,146	12,358,708	54.12%
Amounts owed to customers	66,273,923	68,159,012	2.84%	68,159,012	75,048,898	10.11%
Debt securities issued	6,076,374	7,371,979	21.32%	7,371,979	5,969,586	-19.02%
Liabilities revaluation adjustment on portfolios hedged against interest rate risk						
Current tax liabilities	178,764	117,077	-34.51%	117,077	37,127	-68.29%
Deferred tax liabilities	802,016	937,344	16.87%	937,344	791,131	-15.60%
Accruals and other liabilities	1,301,982	2,184,295	67.77%	2,184,295	1,982,998	-9.22%
Non-current liabilities held for sale						
Insurance contract technical provisions						
Provisions for contingencies and charges	313,841	319,618	1.84%	319,618	333,316	4.29%
Subsidies, allocated public funds and special guarantee funds	45,532	12,528	-72.48%	12,528	12,179	-2.79%
Subordinated debts	1,933,299	2,730,235	41.22%	2,730,235	3,073,513	12.57%
Capital and related reserves	6,019,265	6,267,286	4.12%	6,267,286	5,653,042	-9.80%
Consolidated reserves	486,677	767,039	57.61%	839,548	1,382,306	64.65%
- Group share	397,138	567,404	42.87%	622,235	1,155,146	85.64%
- Minority share	89,539	199,635	>100%	217,314	227,160	4.53%
Unrealized or deferred gains or losses, Group share	-8,739	-32,516	>100%	-32,516	5,271	116.21%
Gains and losses recognized directly in shareholder equity - Group share				-32,516	5,271	116.21%
Gains and losses recognized directly in shareholder equity - Minority share						
Net income for the financial year	542,006	592,293	9.28%		621,161	4.87%
- Group share	525,206	574,615	9.41%		626,104	8.96%
- Minority share	16,799	17,678	5.23%		-4,943	-127.96%
<b>TOTAL IFRS LIABILITIES</b>	<b>91,276,236</b>	<b>97,450,814</b>	<b>6.76%</b>	<b>96,931,031</b>	<b>107,290,442</b>	<b>10.69%</b>

Source: CAM

## SEMI-ANNUAL

**Table 6: CAM's Balance Sheet - Individual accounts**

ASSETS (In KDH)	2018	June-19	Δ%
<b>Cash in hand, Central banks, Treasury, Postal Checks Service</b>	<b>4,059,101</b>	<b>2,837,253</b>	<b>-30.10%</b>
Weight in % of the total (+/-)	3.87%	2.65%	-31.45%
<b>Receivables from credit institutions and similar entities</b>	<b>951,903</b>	<b>2,373,090</b>	<b>&gt;100%</b>
Weight in % of the total (+/-)	0.91%	2.22%	
. At sight	945,327	588,937	-37.70%
. At maturity	6,576	1,784,153	>100%
<b>Receivables from customers</b>	<b>74,873,000</b>	<b>76,441,665</b>	<b>2.10%</b>
Weight in % of the total (+/-)	71.32%	71.41%	
. Cash and consumer loans	34,105,064	35,044,704	2.76%
. Equipment loans	19,561,340	19,407,542	-0.79%
. Real estate loans	15,730,759	17,186,340	9.25%
. Other credits	5,475,836	4,803,080	-12.29%
<b>Receivables acquired by factoring</b>	<b>879,141</b>	<b>885,314</b>	<b>0.70%</b>
Weight in % of the total (+/-)	0.84%	0.83%	
<b>Trading and investment securities</b>	<b>12,727,785</b>	<b>10,308,291</b>	<b>-19.01%</b>
Weight in % of the total (+/-)	12.12%	9.63%	
. Treasury bonds and similar securities	7,186,374	6,886,522	-4.17%
. Other debt securities	476,653	378,108	-20.67%
. Title deeds	5,064,758	3,043,660	-39.91%
<b>Other assets</b>	<b>3,788,544</b>	<b>3,529,333</b>	<b>-6.84%</b>
Weight in % of the total (+/-)	3.61%	3.30%	
<b>Investment securities</b>		<b>2,896,682</b>	
Weight in % of the total (+/-)		2.71%	
. Treasury bonds and similar securities		2,896,682	
. Other debt securities			
<b>Equity securities and similar uses</b>	<b>735,075</b>	<b>719,387</b>	<b>-2.13%</b>
Weight in % of the total (+/-)	0.70%	0.67%	
<b>Subordinated receivables</b>	<b>1,120</b>	<b>1,120</b>	<b>-</b>
Weight in % of the total (+/-)	0.001%	0.001%	-1.93%
<b>Fixed assets held under finance leases and rental contracts</b>			
Weight in % of the total (+/-)			
<b>Intangible assets</b>	<b>400,467</b>	<b>394,416</b>	<b>-1.51%</b>
Weight in % of the total (+/-)	0.38%	0.37%	
<b>Tangible assets</b>	<b>6,564,709</b>	<b>6,661,298</b>	<b>1.47%</b>
Weight in % of the total (+/-)	6.25%	6.22%	
<b>TOTAL ASSETS</b>	<b>104,980,845</b>	<b>107,047,849</b>	<b>1.97%</b>

Source: CAM

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LIABILITIES (In KDH)	2018	June-19	Δ%
<b>Central banks, Treasury, Postal Checks services</b>			
<b>Weight in % of the total (+/-)</b>			
Amounts owed to credit institutions and similar institutions	11,845,398	11,210,781	-5.36%
<b>Weight in % of the total (+/-)</b>	<b>11.28%</b>	<b>10.47%</b>	
. At sight	1,773,972	1,904,512	7.36%
. At maturity	10,071,426	9,306,269	-7.60%
<b>Customer deposits</b>	<b>74,360,052</b>	<b>75,452,515</b>	<b>1.47%</b>
<b>Weight in % of the total (+/-)</b>	<b>70.83%</b>	<b>70.48%</b>	
. Current accounts payable	37,578,210	35,498,033	-5.54%
. Savings accounts	12,317,700	12,567,517	2.03%
. Term deposits	21,881,140	25,102,250	14.72%
. Other accounts payable	2,583,001	2,284,715	-11.55%
<b>Debt securities issued</b>	<b>5,969,586</b>	<b>7,389,103</b>	<b>23.78%</b>
<b>Weight in % of the total (+/-)</b>	<b>5.69%</b>	<b>6.90%</b>	
. Negotiable debt securities	5,969,586	7,389,103	23.78%
. Bond loans			
. Other debt securities issued			
<b>Other liabilities</b>	<b>1,763,674</b>	<b>1,566,522</b>	<b>-11.18%</b>
<b>Weight in % of the total (+/-)</b>	<b>1.68%</b>	<b>1.46%</b>	
<b>Provisions for contingencies and charges</b>	<b>1,004,507</b>	<b>1,083,634</b>	<b>7.88%</b>
<b>Weight in % of the total (+/-)</b>	<b>0.96%</b>	<b>1.01%</b>	
<b>Provisions paid out</b>			
<b>Weight in % of the total (+/-)</b>			
<b>Subsidies, allocated public funds and special guarantee funds</b>	<b>7,157</b>	<b>7,157</b>	
<b>Weight in % of the total (+/-)</b>	<b>0.01%</b>	<b>0.01%</b>	
<b>Subordinated debts</b>	<b>3,022,450</b>	<b>3,087,890</b>	<b>2.17%</b>
<b>Weight in % of the total (+/-)</b>	<b>2.88%</b>	<b>2.88%</b>	
<b>Revaluation adjustments</b>			
<b>Weight in % of the total (+/-)</b>			
<b>Share premium account</b>	<b>2,408,380</b>	<b>2,408,380</b>	<b>-</b>
<b>Weight in % of the total (+/-)</b>	<b>2.29%</b>	<b>2.25%</b>	
<b>Capital</b>	<b>4,227,677</b>	<b>4,227,677</b>	<b>-</b>
<b>Weight in % of the total (+/-)</b>	<b>4.03%</b>	<b>3.95%</b>	
<b>Shareholders. Unpaid capital (-)</b>			
<b>Weight in % of the total (+/-)</b>			
<b>Retained earnings (+/-)</b>			
<b>Weight in % of the total (+/-)</b>			
<b>Net income pending allocation</b>			
<b>Weight in % of the total (+/-)</b>			
<b>Net income for the financial year (+/-)</b>	<b>371,965</b>	<b>242,227</b>	<b>-34.88%</b>
<b>Weight in % of the total (+/-)</b>	<b>0.35%</b>	<b>0.23%</b>	
<b>TOTAL LIABILITIES</b>	<b>104,980,845</b>	<b>107,047,849</b>	<b>1.97%</b>

Source: CAM

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**Table 7: Consolidated balance sheet of the CAM Group**

Assets (In KDH)	2,018	June-19	Δ%
Cash in hand, Central banks, Treasury, Postal Checks Service	4,099,975	2,977,417	-27.38%
<b>Financial assets valued at fair value</b>	<b>6,697,669</b>	<b>9,779,191</b>	<b>46.01%</b>
<i>Financial assets held for trading</i>	6,511,592	9,060,239	39.14%
<i>Other financial assets at fair value through profit or loss</i>	186,077	718,952	286.37%
Hedging derivatives			
<b>Financial assets at fair value through shareholder equity</b>	<b>6,414,233</b>	<b>903,262</b>	<b>-85.92%</b>
<i>Debt instruments recognized at fair value through recyclable shareholder equity</i>	6,118,409	607,668	-90.07%
<i>Shareholder equity instruments recognized at fair value through non-recyclable shareholder equity</i>	295,824	295,594	-0.08%
Securities at amortized cost		2,947,509	
Loans and receivables from credit institutions and similar entities	792,893	2,422,416	>100%
Customer loans and receivables	77,506,164	79,562,068	2.65%
Investments held until maturity			
Tax assets due	80,255	54,423	-32.19%
Deferred tax assets	205,989	162,953	-20.89%
Accruals and other assets	2,800,238	2,492,354	-10.99%
Non-current assets held for sale			
Investments in companies accounted for by the equity method			
Investment properties	1,542,510	1,556,891	0.93%
Tangible assets	6,725,390	7,396,921	9.99%
Intangible assets	118,218	110,367	-6.64%
Goodwill on acquisition	306,908	306,908	
<b>TOTAL IFRS ASSETS</b>	<b>107,290,442</b>	<b>110,672,680</b>	<b>3.15%</b>
Liabilities (In KDH)	2,018	June-19	Δ%
Central banks, Treasury, Postal Checks services			
<b>Financial liabilities at fair value through profit or loss</b>	<b>21,206</b>	<b>7,429</b>	<b>-64.97%</b>
<i>Financial liabilities held for trading</i>	21,206	7,429	-64.97%
<i>Financial liabilities at fair value through profit or loss under option</i>			
Hedging derivatives - Liabilities			
Amounts owed to credit institutions and similar institutions	12,358,708	11,786,401	-4.63%
Amounts owed to customers	75,048,898	75,804,797	1.01%
<b>Debts represented by a security</b>	<b>5,969,586</b>	<b>7,389,103</b>	<b>23.78%</b>
Debt securities issued	5,969,586	7,389,103	23.78%
Tax assets due	37,127	36,273	-2.30%
Deferred tax liabilities	791,131	881,926	11.48%
Accruals and other liabilities	1,982,998	3,170,424	59.88%
Non-current liabilities held for sale			
Insurance contract technical provisions			
Provisions	333,316	335,061	0.52%
Subsidies, allocated public funds and special guarantee funds	12,179	12,179	
Subordinated debts	3,073,513	3,138,932	2.13%
<b>Shareholder equity</b>	<b>7,661,780</b>	<b>8,110,155</b>	<b>5.85%</b>
Share premium account	1,425,365	1,425,365	
Capital	4,227,677	4,227,677	
Consolidated reserves	1,155,146	1,785,859	54.60%
Unrealized or deferred gains or losses	5,271	11,345	>100%
Net income for the financial year (+/-)	626,104	408,930	-34.69%
Retained earnings			
Minority interests - reserves	227,160	254,987	12.25%
Minority interests - income	-4,943	-4,007	18.93%
<b>Total IFRS Liabilities</b>	<b>107,290,442</b>	<b>110,672,680</b>	<b>3.15%</b>

Source: CAM

## 2. Income Statement

### ANNUAL

**Table 8: Income statement - Individual accounts**

In KDH	2016	2017	Δ%	2018	Δ%
Interest and related income on transactions with credit institutions	9,999	6,527	-34.72%	10,759	64.84%
Interest and related income on transactions with customers	3,809,978	4,160,294	9.19%	4,769,114	14.63%
Interest and related income on debt securities	206,411	49,478	-76.03%	59,676	20.61%
Income on property titles	23,407	31,308	33.76%	34,772	11.06%
Commissions on services provided	379,922	403,184	6.12%	435,816	8.09%
Other banking income	902,006	972,806	7.85%	520,313	-46.51%
<b>BANK-RELATED OPERATING INCOME</b>	<b>5,331,723</b>	<b>5,623,598</b>	<b>5.47%</b>	<b>5,830,450</b>	<b>3.68%</b>
Interest and related income on transactions with credit institutions	235,669	274,434	16.45%	336,805	22.73%
Interest and related income on transactions with customers	1,168,081	952,510	-18.46%	901,843	-5.32%
Interest and related income on debt securities issued	187,882	234,814	24.98%	217,923	-7.19%
Other banking expenses	290,330	615,993	>100%	755,275	22.61%
<b>BANK-RELATED OPERATING EXPENSES</b>	<b>1,881,963</b>	<b>2,077,751</b>	<b>10.40%</b>	<b>2,211,845</b>	<b>6.45%</b>
<b>NET BANKING INCOME</b>	<b>3,449,760</b>	<b>3,545,846</b>	<b>2.79%</b>	<b>3,618,605</b>	<b>2.05%</b>
Non-banking operating income	4,481	124,795	>100%	197,708	58.43%
Non-banking operating expenses	74,408	71,160	-4.36%	91,872	29.11%
Personnel expenses	1,027,733	1,045,513	1.73%	1,070,597	2.40%
Taxes and duties	31,043	29,000	-6.58%	34,203	17.94%
External expenses	428,213	449,475	4.97%	512,301	13.98%
Other general operating expenses	45,712	57,811	26.47%	56,968	-1.46%
Depreciation, amortization and impairment of intangible and tangible assets	177,846	190,402	7.06%	200,900	5.51%
<b>GENERAL OPERATING EXPENSES</b>	<b>1,710,547</b>	<b>1,772,202</b>	<b>3.60%</b>	<b>1,874,968</b>	<b>5.80%</b>
Accrued provisions for receivables and signature commitments	1,276,667	956,291	-25.09%	793,026	-17.07%
Losses on irrecoverable debts	1,149,305	867,776	-24.50%	944,404	8.83%
Other accrued provisions	121,000	948,092	>100%	346,404	-63.46%
<b>ACCRUED PROVISIONS AND LOSSES ON IRRECOVERABLE DEBTS</b>	<b>2,546,971</b>	<b>2,772,159</b>	<b>8.84%</b>	<b>2,083,834</b>	<b>-24.83%</b>
Accrued provisions for receivables and outstanding signature commitments	1,106,827	820,971	-25.83%	478,895	-41.67%
Recoveries on amortized receivables	31,972	87,857	>100%	228,481	>100%
Other provision write-backs	360,224	623,219	73.01%	133,814	-78.53%
<b>PROVISION WRITE-BACKS AND RECOVERIES ON AMORTIZED RECEIVABLES</b>	<b>1,499,023</b>	<b>1,532,047</b>	<b>2.20%</b>	<b>841,190</b>	<b>-45.09%</b>
<b>CURRENT INCOME</b>	<b>621,338</b>	<b>587,167</b>	<b>-5.50%</b>	<b>606,829</b>	<b>3.35%</b>
Non-current income	24,305	36,036	48.26%	1,088	-96.98%
Non-current expenses	166,302	166,105	-0.12%	205,652	23.81%
<b>PRE-TAX INCOME</b>	<b>479,342</b>	<b>457,098</b>	<b>-4.64%</b>	<b>402,265</b>	<b>-12.00%</b>
Corporate income tax	171,321	106,081	-38.08%	30,300	-71.44%
<b>NET INCOME</b>	<b>308,021</b>	<b>351,016</b>	<b>13.96%</b>	<b>371,965</b>	<b>5.97%</b>

Source: CAM

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**Table 9: Consolidated income statement of the Crédit Agricole du Maroc Group**

In KDH	2,016	2017	Δ%	2018	Δ%
Interest and related income	4,195,183	4,403,899	4.98%	5,022,271	14.04%
Interest and related expenses	1,624,832	1,493,973	-8.05%	1,480,073	-0.93%
<b>INTEREST MARGIN</b>	<b>2,570,351</b>	<b>2,909,926</b>	<b>13.21%</b>	<b>3,542,198</b>	<b>21.73%</b>
Commissions received	415,089	459,778	10.77%	474,473	3.20%
Commissions paid	13,121	-9,356	-171.30%	-8,749	6.49%
<b>COMMISSION MARGIN</b>	<b>401,968</b>	<b>450,422</b>	<b>12.05%</b>	<b>465,724</b>	<b>3.40%</b>
<b>Net gains or losses from net position hedges</b>					
<b>Net gains or losses on financial instruments at fair value through profit and loss</b>	<b>62,657</b>	<b>51,855</b>	<b>-17.24%</b>	<b>8,441</b>	<b>-83.72%</b>
Net gains or losses on trading assets/liabilities				27,228	
Net gains or losses on other assets/liabilities at fair value through profit and loss				-	18,787
<b>Net gains or losses on financial instruments at fair value through profit and loss</b>				<b>-</b>	<b>65,935</b>
Net gains or losses on debt instruments recognized in recyclable shareholder equity				2,847	
Remuneration of shareholder equity instruments recognized in non-recyclable shareholder equity (dividends)				-	68,782
<b>Net gains or losses on available-for-sale financial instruments</b>	<b>803,801</b>	<b>394,482</b>	<b>-50.92%</b>		<b>-100%</b>
<b>Net gains or losses from the Derecognition of financial assets at amortized cost</b>					
<b>Net gains or losses from the reclassification of financial assets at amortized cost to financial assets at fair value through profit and loss</b>					
<b>Net gains or losses from the reclassification of financial assets at fair value through shareholder equity on financial assets at fair value through profit and loss</b>					
<b>Net income from insurance activities</b>					
<b>Income from other activities</b>	<b>22,482</b>	<b>280,134</b>	<b>1146.04%</b>	<b>224,040</b>	<b>-20.02%</b>
<b>Expenses from other activities</b>	<b>166,817</b>	<b>158,025</b>	<b>-5.27%</b>	<b>203,784</b>	<b>28.96%</b>
<b>NET BANKING INCOME</b>	<b>3,694,442</b>	<b>3,928,794</b>	<b>6.34%</b>	<b>3,970,684</b>	<b>1.07%</b>
General operating expenses	1,649,657	1,709,978	3.66%	1,917,785	12.15%
Depreciation, amortization and impairment of intangible and tangible assets	288,550	337,522	16.97%	247,125	-26.78%
<b>GROSS OPERATING INCOME</b>	<b>1,756,234</b>	<b>1,881,294</b>	<b>7.12%</b>	<b>1,805,774</b>	<b>-4.01%</b>
Risk cost	903,410	1,002,042	10.92%	743,189	-25.83%
<b>OPERATING INCOME</b>	<b>852,825</b>	<b>879,252</b>	<b>3.10%</b>	<b>1,062,585</b>	<b>20.85%</b>
Share of net income of companies accounted for by the equity method					
Net gains or losses on other assets	57,455	62,300	8.43%	224,207	>100%
Changes in goodwill values	227		-100%		
<b>PRE-TAX INCOME</b>	<b>795,143</b>	<b>816,952</b>	<b>2.74%</b>	<b>838,378</b>	<b>2.62%</b>
<b>Corporate income tax</b>	<b>253,137</b>	<b>224,659</b>	<b>-11.25%</b>	<b>217,217</b>	<b>-3.31%</b>
<b>NET INCOME</b>	<b>542,006</b>	<b>592,293</b>	<b>9.28%</b>	<b>621,161</b>	<b>4.87%</b>
Non-Group income	16,799	17,678	5.23%	-4,943	<-100%
<b>NET INCOME, GROUP SHARE</b>	<b>525,206</b>	<b>574,615</b>	<b>9.41%</b>	<b>626,104</b>	<b>8.96%</b>
Earnings per share (in dirham)	12	14	16.67%	15	7.14%
Diluted earnings per share (in dirham)	12	14	16.67%	15	7.14%

Source: CAM

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## SEMI-ANNUAL

**Table 10: Income statement - Company financial statements**

In KDH	June-18	June-19	Δ%
Interest and related income on transactions with credit institutions	8,190	15,061	83.89%
Interest and related income on transactions with customers	2,224,461	2,119,066	-4.74%
Interest and related income on debt securities	28,307	26,135	-7.67%
Income on property titles	35,533	37,643	5.94%
Commissions on services provided	220,451	242,599	10.05%
Other banking income	222,985	441,169	97.85%
<b>BANK-RELATED OPERATING INCOME</b>	<b>2,739,928</b>	<b>2,881,673</b>	<b>5.17%</b>
Interest and related income on transactions with credit institutions	159,993	188,162	17.61%
Interest and related income on transactions with customers	429,060	563,948	31.44%
Interest and related income on debt securities issued	107,500	89,539	-16.71%
Other banking expenses	371,218	261,745	-29.49%
<b>BANK-RELATED OPERATING EXPENSES</b>	<b>1,067,770</b>	<b>1,103,394</b>	<b>3.34%</b>
<b>NET BANKING INCOME</b>	<b>1,672,158</b>	<b>1,778,279</b>	<b>6.35%</b>
Non-banking operating income	84,962	174,814	>100%
Non-banking operating expenses	56,188	21,278	-62.13%
Personnel expenses	493,188	529,437	7.35%
Taxes and duties	15,958	16,328	2.32%
External expenses	243,374	254,951	4.76%
Other general operating expenses	25,541	22,040	-13.71%
Depreciation, amortization and impairment of intangible and tangible assets	96,193	102,141	6.18%
<b>GENERAL OPERATING EXPENSES</b>	<b>874,254</b>	<b>924,897</b>	<b>5.79%</b>
Accrued provisions for receivables and signature commitments	430,733	369,747	-14.16%
Losses on irrecoverable debts	514,679	419,944	-18.41%
Other accrued provisions	79,975	118,719	48.45%
<b>ACCRUED PROVISIONS AND LOSSES ON IRRECOVERABLE DEBTS</b>	<b>1,025,387</b>	<b>908,409</b>	<b>-11.41%</b>
Accrued provisions for receivables and outstanding signature commitments	197,715	232,679	17.68%
Recoveries on amortized receivables	209,831	29,201	-86.08%
Other provision write-backs	113,814	523	-99.54%
<b>PROVISION WRITE-BACKS AND RECOVERIES ON AMORTIZED RECEIVABLES</b>	<b>521,360</b>	<b>262,403</b>	<b>-49.67%</b>
<b>CURRENT INCOME</b>	<b>322,650</b>	<b>360,911</b>	<b>11.86%</b>
Non-current income	614	1,093	77.96%
Non-current expenses	82,485	95,233	15.45%
<b>PRE-TAX INCOME</b>	<b>240,780</b>	<b>266,771</b>	<b>10.79%</b>
Corporate income tax	13,700	24,544	79.15%
<b>NET INCOME</b>	<b>227,080</b>	<b>242,227</b>	<b>6.67%</b>

Source: CAM

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**Table 11: Consolidated income statement of the Crédit Agricole du Maroc Group**

In KDH	June-18	June-19	Δ%
+ Interest and related income	2,355,144	2,248,842	-4.51%
- Interest and related expenses	-713,481	860,855	-20.66%
<b>Interest margin</b>	<b>1,641,663</b>	<b>1,387,987</b>	<b>-15.45%</b>
+ Commissions (Income)	245,150	260,822	6.39%
- Commissions (Expenses)	-3,387	13,776	<-100%
<b>Commission Margin</b>	<b>241,763</b>	<b>247,046</b>	<b>2.19%</b>
<b>Net gains or losses on financial instruments at fair value through profit and loss</b>	<b>-18,442</b>	<b>307,688</b>	
<b>Net gains or losses on trading assets/liabilities</b>	<b>-19,964</b>	<b>250,850</b>	
Net gains or losses on other assets/liabilities at fair value through profit and loss	1,522	56,838	>100%
Net gains or losses on financial instruments at fair value through profit and loss	-65,922	35,574	
<b>Net gains or losses on debt instruments recognized in recyclable shareholder equity</b>	<b>1,636</b>	<b>17,990</b>	<b>&gt;100%</b>
Remuneration of shareholder equity instruments recognized in non-recyclable shareholder equity (dividends)	-67,558	17,584	>100%
Net gains or losses from the Derecognition of financial assets at amortized cost			
<b>Net gains or losses from the reclassification of financial assets at amortized cost to financial assets at fair value through profit and loss</b>			
<b>Net gains or losses from the reclassification of financial assets at fair value through shareholder equity on financial assets at fair value through profit and loss</b>			
<b>Net income from insurance activities</b>			
<b>Earnings from market activities</b>	<b>-84,363</b>	<b>343,262</b>	
+ <b>Income from other activities</b>	<b>80,517</b>	<b>9,282</b>	<b>-88.47%</b>
Expenses from other activities	-83,359	99,838	-19.77%
<b>Net banking income</b>	<b>1,796,221</b>	<b>1,887,739</b>	<b>5.10%</b>
- General operating expenses	-859,374	872,540	-1.53%
- Depreciation, amortization and impairment of intangible and tangible assets	-140,905	190,508	-35.20%
<b>Gross operating income</b>	<b>795,942</b>	<b>824,691</b>	<b>3.61%</b>
- Risk cost	-173,773	374,102	<-100%
<b>Operating income</b>	<b>622,169</b>	<b>450,589</b>	<b>-27.58%</b>
+ / - Share of net income of companies accounted for by the equity method			
+ / - Net gains or losses on other assets	-100,728	80,101	>100%
+ / - Changes in goodwill values			
<b>Pre-tax income</b>	<b>521,441</b>	<b>530,690</b>	<b>1.77%</b>
- Corporate income tax	127,070	125,767	-1.03%
+ / - Income net of taxes from discontinued activities or activities held for sale			
<b>Net income</b>	<b>394,371</b>	<b>404,923</b>	<b>2.68%</b>
Minority interests	3,989	4,007	<-100%
<b>Net income - Group share</b>	<b>390,382</b>	<b>408,930</b>	<b>4.75%</b>
Earnings per share (in dirham)	9	10	4.77%
Diluted earnings per share (in dirham)	9	10	4.77%

Source: CAM

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## PART IV. RISKS

### I- Risks related to the issuer

#### 1. Credit risk

Credit risk is the risk that a counterparty will not be able to meet its obligations to the Bank. This risk concerns in particular the loans granted on and off the balance sheet.

##### 1.1 Credit Risk Management System

The purpose of the General Credit Risk Policy is to provide a secure framework for intervention, enabling the controlled development of the Bank's activities in accordance with strategic orientations.

This policy is reviewed periodically. It is validated by the Major Risks Committee of the Supervisory Board.

The implementation of the general credit risk policy is based on a robust internal regulatory framework in line with best practices, adapted to the nature of the business and consistent with the Bank's objectives and strategy. This covers the entire credit risk management process, through procedures, charters, product sheets, indicative financing standards, collection of committees and competencies, setting the scope and conditions for carrying out risk control and monitoring activities.

##### Credit Risk Governance Director Principles

CAM attaches particular importance to the implementation of a robust organization, the practice of an effective and efficient governance system in order to contribute to the achievement of the set strategic objectives and the development of the Bank's business lines while guaranteeing its sustainability.

Credit risk governance is based on the following principles:

- Compliance with the rules of good credit risk governance related to internal control and credit risk management systems;
- The establishment of governance that promotes integrity, the rapid escalation of problems and shortcomings to the governing body;
- The definition of the terms of reference and operating procedures for all committees: charters for strategic committees and memos for operational committees;
- Informed strategic decision-making on credit risk by the Bank's highest authorities;
- The collegiality of the decision resulting in the establishment of committees at all levels of the sector;
- The definition of an organizational operating framework that clarifies the powers, responsibilities and competencies of the various entities involved in risk management;
- The deployment of an appropriate organization adapted to the size and nature, volume of operations and complexity of the risks inherent in the Bank and its activities;
- Clear separation of responsibilities: responsibility for the control, measurement and supervision of credit risk shared between operating entities, the credit risk chain, internal control and governance bodies;
- The deployment of an organizational structure that promotes effective decision-making, empowers Bank staff and promotes transparency;
- Integration of the credit risk function into strategic planning;
- Maintaining the independence and effectiveness of the risk review and monitoring process;
- The strong involvement of all the Bank's employees in the risk management process, from the Supervisory Board to the operational teams, in promoting risk culture.

## **The Credit Risk Management function**

The mandate of the Credit Risk Management Division is to identify, monitor, prevent and control credit risk while ensuring compliance with credit risk management regulatory provisions and guidelines.

Reporting directly to the Chairperson of the Management Board, the positioning of the Credit Risk Management Division enables it to quickly address the weaknesses raised and to have the necessary attention from the administrative bodies and the Management Board.

The Credit Risk Management Division integrates two organizational components (Customer Commitments and Credit Risk Management) that interact to provide a transversal and objective view of credit risk, monitor portfolio quality, and ensure compliance with and implementation of the general credit risk policy:

- The main mission of the Credit Risk Management Division is to define, in consultation with the entities concerned, the general credit risk policy and to ensure the independent assessment and monitoring of the quality of the risks incurred. It is also in charge of setting up the identification, prevention and monitoring system contributing to credit risk control;
- The Customer Commitments Division is involved in the implementation of the general credit risk policy. It is responsible for the optimal management of commitments and the security of the related guarantees, through its various stages: appraisal, back-office processing, enforcement monitoring, custody of securities and release.

The responsibility for managing and monitoring credit risk is the responsibility of all stakeholders in the credit process. It is divided between:

- The Credit Risk Management Division, which is responsible for overall credit risk monitoring and management
- The operational entities of each CAM Region responsible for the operational monitoring of the quality of their production;
- Commercial Banking, in particular the Strategic Steering Department in charge of managing and monitoring credit risk in the CAM Regions;
- The Financial Engineering Department, which is responsible for proposing and implementing innovative, personalized and better adapted solutions to recover the portfolio of large and risky receivables and avoid the initiation of litigation proceedings;
- The Remedial Management Division's role is to thwart the default of recalcitrant debtors, while guaranteeing rational and effective recovery of outstanding debts and providing the Bank with advice and legal monitoring;
- Governance bodies;

## **Credit Granting Mechanism**

The credit granting system is based on the following fundamental principles:

- The upstream security of credit activities through a rigorous selection of customers and projects to be financed;
- The a priori evaluation of the client through a thorough knowledge of its activity and situation at the time of granting the credit facility;
- The deployment of a balanced and controlled delegation system that designates the levels of credit allocation authority;
- The collegiality of decisions through the empowerment of committees at different levels of competence;
- The establishment of a file for all credit transactions and its review at least annually for companies and at each significant event occurring on the client's situation;
- Updating skills according to the risk level of each type of client and the nature of the product requested;
- The structuring of credit operations: a proven economic purpose, maturity in accordance with the purpose of the credit, obvious security through the counterparty's ability to repay, a guarantee or security to strengthen the Bank's position through at least one credit agreement;
- Customer rating and its use when granting a credit facility as a decision-making tool;
- The use of an award score for individuals and a scoring system for farmers;

- The use of a credit workflow system to manage the appraisal, performance and follow-up of credit requests;
- The deployment of a priori controls before the credit is released;

The credit risk prevention scheme is essentially based on the following fundamental principles:

- Identification of the risks of any changes in market conditions and economic conditions that could have a negative impact on the Bank's current or future fundamentals;
- The identification and analysis of emerging risks that are likely to become significant and that deserve in-depth analysis;
- The development of economic and sectoral studies to guide strategic positioning choices and identify risk factors;
- The detection, as early as possible, of counterparties carrying commitments with advanced signals of potential deterioration in order to ensure close monitoring;
- The constant search for indicators or warning signals that could suggest that the situation of one or more counterparties should be reassessed;
- The most responsive to early warning signs of failure;
- The use of rating throughout the credit cycle;
- Regular evaluation of the quality of the portfolio by steering axis;
- Ongoing monitoring of credit production as part of the implementation of the general credit risk policy;
- Risk control and monitoring through a system of internal limits and its application to better manage portfolio trends;
- Monitoring compliance with the general credit risk policy;
- Management and monitoring of concentration risk in its various forms;
- The fine-tuning of pricing and its regular adaptation according to changes in risks;
- Assessment of the Bank's ability to withstand unexpected extreme events through a stress test system;
- The reporting of any drift noted to the management and administrative bodies.

### **Receivables Monitoring System**

The commitment monitoring system is based on the following fundamental principles :

- Adopting a proactive approach to avoid any deterioration in receivables;
- Responsiveness in monitoring as soon as signs of difficulty appear to encourage monitoring actions;
- Ongoing monitoring of the regularity and quality of all counterparties with a commitment to closely monitor the conditions of use of the assistance granted;
- Detection of receivables with persistent weaknesses in the operation of the account;
- The primary responsibility of the point of sale on its portfolio involves the entire credit chain from granting to collection;
- Synergy and solidarity between all the stakeholders responsible for this monitoring (CAM Regions and the central entities responsible for monitoring);
- Regular review of the regulatory classification of credits in light of current regulatory requirements;
- Regular meetings of Debt Monitoring Committees;
- Segmentation of the receivables portfolio with a different monitoring approach for each sub-portfolio;
- The implementation of periodic portfolio classification reviews;
- The implementation of a computer module dedicated to "Receivables monitoring".

### **Loans Collection System**

The recovery system for outstanding receivables is based on the following principles:

- Prioritization of out-of-court settlement solutions in legal proceedings;
- Adopting a proactive approach to avoid any deterioration in outstanding receivables;
- Prioritization of the recovery of recently downgraded receivables;
- The collegiality of the decision on the reorganization of outstanding receivables through dedicated collection committees;
- Compliance with the formalities and deadlines set by law in this area;

- Segmentation of the outstanding receivables portfolio for a better targeting of the actions to be undertaken;

### **Internal rating system**

The rating system is the core of the credit risk management system. It is based on a series of models appropriate for each asset class. This system currently covers the customer segments of legal entities (GEs, SMEs and VSEs) operating in the agricultural and non-agricultural sectors and individual farmers. Counterparties operating in the real estate development sector are assessed through project ratings.

The expert rating grids developed have been designed using historical data, benchmarks and above all the business knowledge accumulated by CAM.

The rating consists in assigning a rating to each counterparty based on the qualitative and quantitative criteria according to an internal scale consisting of 8 homogeneous risk classes that reflect the probability of default of the counterparties: 7 classes for the healthy portfolio and 1 class for the default portfolio.

The internal rating system is structured around the following principles:

- The assignment of a single internal rating to each counterparty at the time the credit file is prepared
- Rating is a key criterion in the decision to granting a credit facility;
- All of the Bank's clients must have a rating;
- The notes must be reviewed at least once a year;
- Any decision regarding the note may be discussed at the relevant Committee.

In addition, the rating system is a fundamental element in the calculation of expected losses under IFRS 9. Finally, the rating system is subject to backtesting to monitor its performance and robustness in predicting failure.

In addition, for retail customers, consumer loans managed by the partner are scoring through the scoring system developed by the partner. For home loans, a scoring system is being developed and will be deployed in 2019.

For agricultural credit, a scoring system for credit risk assessment of SMEs (Small and Medium Enterprises) and Commercial Farming Operations has been set up.

### **Provisioning system for risk credits and overdue receivables**

#### Sensitive receivables

Sensitive counterparties are those for which there is either a deterioration in the quality of the clearly identified risk (unpaid or management anomaly) or warning indicators of a potential deterioration in the quality of credit risks.

The Sensitive Receivables Management Committee, which decides which receivables to include or remove from the list of sensitive receivables, the provisioning level of each receivable and the action plans to be undertaken, meets quarterly.

As regards coverage, sensitive receivables give rise to the creation of a specific provision equal to at least 10% of their amounts. The Committee may, however, require a higher level of funding. The removal of the claim from the list of sensitive claims will be decided by the competent Committee.

#### Outstanding receivables

The downgrading of receivables is a measure enabling the Bank to protect itself against the risks of non-payment of receivables. This downgrade concerns outstanding receivables that present a risk of total or partial non-recovery, given the deterioration in the counterparty's immediate and/or future repayment capacity.

Depending on their degree of risk of loss, outstanding receivables are divided into three categories: Pre- doubtful debts, doubtful debts and compromised debts.

The Declassification and Write Off Committee, which decides on the declassification, the level of provisioning of receivables and their accounting write-off, meets quarterly.

The coverage of outstanding receivables by provisions complies with the regulations issued by Bank Al-Maghrib in this regard.

#### Pricing policy

The Bank's policy attaches particular importance to pricing, ensuring that margins are set based on a comprehensive cost analysis and that they are respected when deciding whether to grant a loan. This pricing policy distinguishes between two distinct blocks of activities, each with its own specific features:

- A block of activity linked to the financing of agriculture and the public service mission with the objectives of increasing farmers' incomes, improving people's living conditions, and creating wealth in the rural world.
- A profitable banking block, operating in all promising economic sectors. It aims to create optimal value and is based on a portfolio of diversified and profitable activities.

In a context of competitive pressure with historically very low interest rates that weigh on the Bank's balance sheet, CAM adopts a prudent pricing policy that allows it to ensure a margin but also to gain market share.

#### Concentration risk

The diversification of the credit portfolio plays an essential role in the risk management process and remains a permanent concern of the Bank's risk policy.

To monitor this risk, the Bank has set up an appropriate identification, measurement and management system adapted to the nature and degree of complexity of the activity. This system covers the different forms of concentration of credit risk incurred.

Where the analysis of the nature of the risks reveals concentrations that are excessive in relation to, inter alia, equity, earnings capacity and/or the quality of the risk measurement and monitoring system, the Bank may be required to reduce its exposures, at a pace appropriate to the situation, so as to make them compatible with its financial position and internal organization.

#### Limits on credit risk commitments

The limits adopted by the Bank make it possible to ensure and guarantee at all times compliance with all the requirements and principles set forth and the controlled development of activities insofar as these limits are ultimately intended to contain a tolerable amount of accepted losses.

Credit risk limits set the overall thresholds by clearly specifying the acceptable level of risk in line with the institution's overall risk profile. They concern risk indicators to ensure the Bank's development. Their quantification is indicated in the General Credit Risk Policy.

The different types of defined concentration limits:

- Sectoral concentration limits
- Concentration limits by AGRI-AGRO sector
- Concentration limits by market segment
- Individual limits by counterparty group

The defined limit system is regularly monitored. The objective is to:

- Control exposure to credit concentration risk in relation to pre-established thresholds;
- Be able to detect any overruns as quickly as possible;
- Inform the governing body of concentrations exceeding certain predetermined thresholds;

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- Be able to quickly implement corrective measures to mitigate exposure to credit risks on the identified categories.

The limit system adopted by the Bank is set and reviewed as necessary and reassessed at regular intervals. The defined limits are monitored by the strategic governance bodies, in particular the Major Risks Committee and the Audit Committee, the Management Board and the regulator.

## 2. Market risk

Market risk is the risk of loss that can result from changes in the prices of financial instruments, such as exchange rates, interest rates, equity, UCITS and commodity prices ... These losses could reduce the value of its portfolios and thus weigh on the GCAM's earnings.

Market risk management within the GCAM has an organizational dimension based on a hierarchical and independent separation of market risk management and control entities (Front and Back Office). Indeed, market activities are divided into three divisions to ensure their smooth operation. Its objective is to manage and control market risk exposures to optimize the risk/return trade-off, while maintaining a market profile consistent with the Bank's status as a leading financial institution in the financing of agriculture and the rural world.

Backing is the basic concept used in the processing of transactions at the trading room level to avoid risk and ensure consolidation of the bank's balance sheet.

### 2.1. Market Risk Strategy:

The market risk management strategy is part of the GCAM's general risk policy, which is part of a rigorous prudential supervision management. In addition, the general market risk policy is approved by the Management Board and the Supervisory Board.

Market risk management is based on the following principles:

- The security of the development of market activities;
- Compliance with BAM's prudential risk management regulations and the procedures, circulars and internal notes;
- Increased monitoring of the trading strategy;
- Setting limits (clients, bank, securities portfolio, intra-day transactions for own account, etc.) ;
- Definition of roles and responsibilities for identifying, measuring, monitoring and controlling market risks;
- The adoption of best practices in terms of market risk management for all sub-funds.

These guiding principles have been translated into the implementation of a market risk policy and are implemented by a well-organized system.

### 2.2. Market Risk Policies:

Market activities are managed by a comprehensive system in terms of governance, security, risk management and limit management. This is based on a standardized document base, an efficient information system and regular reporting.

This policy is implemented through circulars governing market activities, in particular:

- Procedures for all market activity operations;
- An operational limit system;
- A market risk management system;
- A system for measuring risks and validating valuation models
- A system for monitoring indicators

It is in this sense that governance bodies are established by competent committees, namely:

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- The BFI committee is mainly responsible for validating the bank's money market financing, interbank and private debt strategy, as well as the investment strategy on all financial instruments. It is also responsible for deciding on the main risks related to the various operations carried out and on any strategic choices related to BFI's activities.
- The Treasury and ALM Committee responds to the need for optimal short-term cash management, and more generally for managing the Bank's financial risks.

### **Market risk management system**

The Crédit Agricole du Maroc Group has set up a system to manage risks on the various market activities and to supervise them, organized along the following lines:

- A system of delegation of authority defining the process for requesting, validating limits and authorizing exceedance;
- Compliance with the principle of functional and organizational separation of tasks and entities in the Front, Middle and Back Office;
- A set of tools for managing and controlling market risks;
- Strengthening the internal control system through permanent control tools;
- Strengthening the system for granting and monitoring approvals.

### **An operational limitation system**

In addition to the regulatory limits applicable to all market activities, in particular position limits, other internal limits are introduced for the trading and investment portfolio relating to the fixed income activity, as well as for foreign exchange activities. These include the following limits:

- The maximum size limit of the forward exchange position;
- The limit on short exchange position;
- Limits on terms, sensitivity and maximum size of the portfolio.

The management of the limits is totally controlled. Indeed, the limits are:

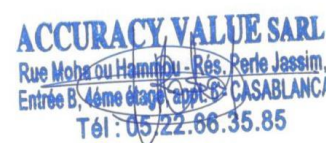
- Analyzed and agreed by the relevant committees;
- Configured on the information system that provides the audit trail;
- Controlled via the same system that blocks any unauthorized overruns;
- Reviews based on customer needs and market context.

### **A system for measuring risks and validating valuation models**

The GCAM has adopted a market risk management and monitoring structure. The latter is responsible for implementing market management approaches and best practices, in this case the implementation of the VaR (Value at Risk) approach, and management by sensitivity and term for the entire trading and investment portfolio.

The VaR of a financial asset or portfolio of assets is the maximum potential loss measured in monetary units over a given time horizon and a given probability. The method used by the bank to calculate the VaR is the historical approach for the fixed income, equity and UCITS business. This method is based on the assumption that future portfolio developments will be similar to those of the past.

The GCAM uses the calculation of the VaR using the Riskmetrics approach for foreign exchange activity. This method is based on a variance-co-variance matrix of the price returns of the different currencies at a 99% confidence level and a time horizon of one day. Although VaR is a tool to help manage market risk and a risk indicator widely used in market finance, it has certain limitations. Consequently, the GCAM uses other market risk management methods, such as stress tests and back tests, to validate the calculation model adopted.



## Stress tests

In parallel with the internal VaR model, the GCAM carries out stress test simulations for market risk for all segments of market activities in accordance with the regulatory requirement, as well as internal simulations on the trading book in extreme cases taking into account the structure of the portfolio and market conditions and related risks, this takes the form of:

- A periodic regulatory reporting system;
- An internal management reporting system for the risk monitoring process.

The main scenarios selected are:

- A rate fluctuation of +/-5bps, +/-10bps, +/-25bps and +/-50bps (comprehensive and maturity indicators);
- A price fluctuation of +/-1% and 0.5% taking into account the composition of the MAD basket and the correlation between EUR and USD.
- A fluctuation in title deed prices from +/-10% to +/-15%.

## A system for monitoring indicators

Market risks are monitored daily by the Central Market Risk Department. The bank's management ensures, through a periodic reporting system, the levels of exposure, return, risks related to market activities, compliance with regulatory requirements and compliance with limit provisions.

## 3. ALM risks

The assessment of the bank's position with regard to the occurrence of interest rate and liquidity risks requires the calculation of a set of indicators based on the data and information used by ALM managers.

ALM risk monitoring consists, on the one hand, of analyzing the outlook for the change in the liquidity situation and the interest rate position taken by our institution in the short, medium and long term, and, on the other hand, in studying the reaction of the main indicators to exceptional circumstances (liquidity crisis, rate fluctuation, etc.) through the internally developed stress simulation program.

### 1- Overall interest rate risk

Method for assessing and monitoring interest rate risk:

The main methods for assessing and monitoring interest rate risk are as follows:

- Analysis of the trend in the balance sheet structure through the distinction between fixed and variable rates;
- Analysis of the average term of the Bank's uses and resources to identify the interest rate risk profile (risk of loss in the event of a rise or fall in interest rates);
- Measurement of impasses/rate caps: Based on the schedules of the contractual balance sheet items and the static flow assumptions previously validated for the non-due balance sheet items, the ALM manager measures the importance of the GAPS for each maturity in order to identify the Bank's risk profile.
- Ensure compliance with regulatory limits, in particular, the impact on shareholder equity in accordance with Basel II regulatory requirements
- Performing stress tests: The ALM manager measures the impact of a parallel movement in the rates of 100 Pb, 200 Pb (regulatory) and 300 Pb on the Bank's NBI and Economic Equity. These impacts are then compared with the internal limits put in place. Any exceeding of the limits shall be duly justified.

Interest rate risk limits and their revision procedures:

- NMI sensitivity (stress test 200 bps): +/-110 Million / or 5% of estimated NBI
- Impact of 200 Pbs shock rate as a % of regulatory FPs: 20%
- Impasses at 1-month rates: Min MAD 2 billion
- Impasses at rates for the "1-3 months" tranche: Min -MAD -5 billion
- Impasses at rates for the "3-12 months" tranche: Min -MAD -3.5 billion

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- Impasses at rates for the "1-2 years" tranche: Min -MAD 2 billion
- Impasses at rates for the "2-5 years" tranche: Min MAD -2 billion

It should be noted that the revision of the internal limits is made at the request of the ALM entity and is presented in detail at the meeting of an ALM committee that must approve the decision to increase or decrease the limit. During FY 2018, there was a revision of the interest rate risk limits.

### **Conclusion on the bank's exposure to interest rate risk**

CAM is positively sensitive to an increase in rates.

As at December 31, 2018, the impact over one year of an unfavorable 200 bps change in interest rates on net banking income and regulatory shareholder equity amounted to -1.07% and -0.2% respectively, i.e. below internal limits.

## **2- Liquidity risk management**

Liquidity risk is the risk that the bank will incur a loss if it does not have the necessary liquidity at the appropriate time to meet its financial obligations.

This risk may arise from the balance sheet structure due to timing differences between the actual maturities of assets and liabilities, financing requirements for future operations, customer behaviour, potential market disruption or economic conditions.

Within Crédit Agricole du Maroc, liquidity risk is regularly monitored by the ALM structure in direct collaboration with the various stakeholders (Trading Room; Market Risk Department; Commercial Banking; etc.)

The implemented system allows the bank to ensure refinancing under the best conditions and in line with its strategic plan while respecting the regulatory and internal limits governing this function. Indeed, the preparation of the financing plan requires the estimation on a dynamic basis of future cash balances, taking into account the main projected inflows and outflows generated by the bank's commercial and financial activities. This exercise is carried out by applying three scenarios that differ according to their severity levels. The assumptions used mainly include commercial objectives and the bank's ability to raise funds on the money market.

In addition to the regulatory framework, Crédit Agricole du Maroc has developed a set of tools (liquidity impasses, specific stress tests; concentration ratios, etc.) covering the short and medium term and which are subject to in-depth analysis to define, if necessary, adequate hedging measures to be adopted by the Treasury Committee and ALM.

Following the implementation of the short-term liquidity ratio (LCR), the bank has implemented new actions based on strengthening its liquid and realizable assets and improving its balance sheet backing while maintaining its level of profitability. Thus, as of December 31, 2018, CAM's LCR was above the regulatory minimum required

## **4. Operational risks**

Operational risks are defined as "the risk of losses due to inadequate or failed procedures, personnel, internal systems or external events".

Operational risk has the characteristic of being a diffuse risk with an extremely broad scope, covering all the bank's processes. For this reason, operational risk management is a major challenge that must impact and mobilize all the bank's stakeholders.

The Operational Risk Management System implemented at the GCAM ensures reliable monitoring and knowledge of the operational risks incurred and the implementation of corrective measures to mitigate and control these risks, through the implementation of risk mapping and the progressive implementation of risk

monitoring indicators. The scope covered by the GCAM's operational risk mapping for 2018 concerns the Bank's main business lines and its main subsidiaries.

This system is based on the implementation of Sound Operational Risk Management Practices, which are:

- A clear operational risk management charter distributed to all stakeholders involved in the process;
- A strong operational risk culture within the company;
- Internal reporting.

The GCAM has implemented, as a way of controlling its operational risks, an operational risk management policy as part of its continuous improvement system:

- Collect data on (potential) risks and/or (proven) incidents;
- Analyze (potential) risks and/or (proven) incidents and assess their financial consequences;
- Warn the main managers concerned by these incidents;
- Have tools and management indicators at the disposal of all stakeholders to communicate data on (potential) risks and/or incidents (proven) and assess exposure to operational risks;
- Take preventive and corrective actions to reduce the impacts and probability of incidents occurring while ensuring regular monitoring.

### **GCAM Operational Risk Policy**

The charter and procedures for managing and monitoring operational risks are formalized, taking into account the actors involved in the process of managing and driving operational risks.

Given the nature of operational risks, the operational risk management system implemented involves a large number of players involved in:

- Risk identification and assessment;
- The collection and record-keeping of incidents;
- Awareness-raising and animation of the operational risk chain;
- The use of risk mapping in control and audit activities.

The Group Operational Risk Management Charter defines the general policy for managing operational risks within the CAM Group, in terms of :

- Risk representation and assessment model (definition of concepts, description of standards and description of regulations)
- Model for representing risk monitoring indicators and risk hedging mechanisms
- Incident Collection Template
- Description of the organization of the "Operational Risks" channel (actors, roles and responsibilities, etc.)
- Description of Operational Risk Management procedures

### **Organization of the operational risk management process;**

The organization of operational risk management at Group level is based on:

- The central function at head office level, responsible for designing and managing methodological and IT tools, ensures the implementation of an effective, exhaustive and homogeneous risk management system for the GCAM;
- Designated operational risk relays at the network, subsidiary and central business line level as part of the process of collecting events, incidents and losses. These relays are responsible for identifying events, incidents and operational losses and inventorying them in the risk management tool. They participate in

updating operational risk mapping and ensure the implementation of action plans to enhance the risk management system;

- Operational Risk Correspondents (internal control entities or others) at the head office level of the network and Subsidiaries responsible for identifying incidents and risks related to the activities, procedures and system of the audited entities.

In terms of a general management approach, the organization of the Operational Risk Department is based on two levels of management:

- 1st level: the measurement and control of operational risks is the responsibility of the Risk entity Operational: in particular, it is responsible for providing the business lines with information on their level of operational risk in order to inform their decisions on hedging actions for these risks.
- 2nd level: the implementation of risk coverage actions and the detection and collection of incidents are the responsibility of the business lines, the entities in charge of permanent remote control at head office and in situ at network level, and the entities related to audit for head office entities and inspection for network entities.

### **Main methodological tools:**

#### Operational risk mapping

The operational risk management system uses an approach that identifies and prioritizes risks, and then implements strategies to mitigate them. This approach includes both the prevention of potential problems (events) and the early detection of current problems (incidents).

Two approaches have been adopted by the Operational Risk Department for risk identification and assessment :

- Approach consisting in meeting operational staff to express themselves on the risks related to their activity by comparing them with the controls set up (sample surveys, on-site missions of teams, remote control, etc.);
- Approach based on a feedback of events and incidents from different sources (Permanent Control, Network and Head Office, Inspection, Audit, Complaints, etc.).

As at 12/31/2018, risk mapping was updated and its achievements mainly concerned the following actions :

- Analysis of events, incidents and losses during the period from various sources (Permanent Control Report, General Group Audit, Complaints and business lines);
- Review and validation of the qualitative assessment, prioritization and rating of risks in terms of probability of occurrence and loss incurred;
- Review and update of action plans;
- The amendment of the existing operational risk mapping by new risks;
- Updating the operational risk framework;
- The classification of risks according to the management system put in place.

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#### Process for collecting events, incidents and losses

This process is based on two levels of collection, it has undergone a profound transformation following the implementation of an operational risk management software solution through the following functional contributions:

- Automated and simplified entry of events or incidents detected by the operational risk relays or by the operational risk correspondents according to their business lines;
- Validation and follow-up of incidents entered via a validation WORFLOW by operational risk managers at head office level to directly feed the incidents and losses database;

- Incident detection via internal control systems or via operational risk relays to detect incident and loss events and feed databases and monitor the regularization of detected anomalies.

The process for reporting events, incidents and losses related to operational risk can be divided into five steps:

- Step 1: Identifying events, incidents and losses by the actors of the system;
- Step 2: Data entry at the level of the risk management software package;
- Step 3: Control and validation of incidents entered via a validation workflow;
- Step 4: Monitoring the status of the regularization of anomalies of detected incidents;
- Step 5: Generating reports to monitor events, incidents and losses.

#### **Computerized market risk management systems:**

The measures put in place to ensure IT security in the context of operational risks within the Bank are structured around the following axes:

- Ensure compliance with the information security policy (distribution and updating of the ISP, raising employee awareness of IT security risks, etc.);
- Organization of steering committees and presentation of reports and dashboards related to information security;
- Carrying out security audits and upgrades related to compliance with directives and regulations (BAM, DGSSI, Act 09-08, etc.);
- Maintaining the IT Continuity Plan in operational conditions (performing annual PSI tests of critical systems, setting up new backup platforms, periodic updating of the BIA, etc.) ;
- Permanent supervision of IT security (application/system/network) using security tools (Database traceability solution, privilege access traceability solution, log correlation solution, remote access management solution, WEB security solution, etc.)

### **5. Foreign exchange risk**

Like all the other banking institutions Crédit Agricole du Maroc incurs a foreign exchange risk related to its various activities (foreign currency loans, foreign currency borrowings, forward exchange contracts, etc.).

The bank may experience a change in future exchange rates to its disadvantage and consequently record a reduction in its margin.

### **6. Counterparty liquidity risk management**

As part of profound changes taking place in Morocco represented by economic liberalization, the opening of borders, customs dismantling and the entry into force of several free trade agreements, the counterparty risk in the banking sector as a whole could deteriorate, and consequently lead to an increase in the overall litigation ratio. This trend could be further accentuated by unfavorable economic conditions.

To manage counterparty risk, the Credit Risk entity within the GRM (entity created in 2009) is mainly responsible for analyzing and investigating risk-taking requests from the Group's various sales forces. It also has the powers to assess the consistency and validity of the guarantees, the volume of activity of the relationship and the economic justification of the financing requested.

In addition, CAM is developing a rating system to evaluate all its counterparts. This rating system is in line with the requirements of Basel II. Thus, the implementation of the internal rating approach is based on minimum requirements that allow each credit institution to choose the systems and methods best suited to its activity.

CAM has a rating system that covers all customer segments. For risk in the agricultural sector, Crédit Agricole du Maroc has a credit rating that makes it possible to assess the inherent credit risk based on the debtor's financial situation, its development potential and the sector of activity. The agricultural sector is characterized by its

diversity and high exposure to climate risks. With its expertise in this sector, CAM supports farmers in their development through specific financing products and insurance products covering its risks.

In addition, in 2009, CAM began a process of subsidizing the public service mission through the creation of the Ardi Foundation and Tamwil el Fellah, thus making it possible to identify the risk associated with this sector and provide these entities with appropriate means of coverage.

## 7. Solvency risk

The solvency risk corresponds to the risk that a bank cannot honor its commitments with respect to its lenders.

The predictions in terms of solvency ratios for the future periods are as follows:

MMAD	individual accounts			Consolidated accounts		
	Dec.19 P	june-20 P	dec-20 P	Dec.19 P	june-20 P	dec-20 P
Core Capital	7 821	8 033	8 058	9 121	9 561	9 663
Additional Capital	3 742	3 742	3 548	3 400	3 400	3 206
Total Qualified Capital	11 564	11 775	11 606	12 521	12 962	12 869
Total Weighted Assets	77 746	80 014	81 742	81 769	84 123	85 830
Core capital solvency ratio	10,06%	10,04%	9,86%	11,15%	11,37%	11,26%
Minimum solvency ratio	14,87%	14,72%	14,20%	15,31%	15,41%	14,99%

## 8. Competitive risk

Crédit Agricole du Maroc by dint of its dedicated network and expertise in the sector is proving to be the leader in agro-industry financing, despite the arrival of new competitors and the growing interest of some players in its preferred environment. The financing strategy of this sector is based on its commitment to the Green Morocco Plan with a first budget of MAD 20 billion due 2013 and a second budget of MAD 25 billion as from March 2014.

On this basis, Crédit Agricole has drawn up a plan to strengthen its equity capital to meet its commitment in this sector and confirm its leading position in this sector.

## 9. Sectoral concentration risk related to the public service mission

The public service mission entrusted to the CAM Group gives it the responsibility to revitalize the rural world in all its diversity. Consequently, the risk of sectoral concentration is limited because the Group finances several sectors of activity in the rural world.

## 10. Risk relating to the structural dependence of intermediation margins

Historically, CAM's interest margin has been the largest component of its GDP, accounting for 81% of its GDP in 2018.

In addition, CAM has implemented several measures aimed at increasing the share of commission margin in its net banking income, in particular the income generated by electronic payment transactions related to the management of means of payment. As a result, we note that the share of the commission margin in the structure of NBI is relatively stable at 19%<sup>3</sup> for FY 2018.

## II- Risks related to the proposed transaction or securities

<sup>3</sup> Including commissions on off-balance sheet commitments.

**a. Liquidity risk**

Subscribers to CAM subordinated bonds may be subject to liquidity risk of the security in the secondary private debt market. Indeed, depending on market conditions (liquidity, yield curve trend, etc.), the liquidity of the CAM subordinated bonds may be temporarily affected.

**b. Interest risk**

The bond issue covered by this prospectus provides for one fixed-rate tranche (tranches B), calculated on the basis of the reference rate curve for the secondary Treasury bill market as published by Bank Al Maghrib on October 10, 2019. As a result, the value of fixed-rate bonds could rise or fall, depending on the trend of the secondary market reference yield curve published by Bank Al Maghrib.

**c. Subordination risk**

The bond issue is subject to a subordination clause, according to which, in the event of liquidation of the issuer, capital and interest redemption of the subordinated securities of this issue will only take place after payment of all conventional, preferential or unsecured creditors.

**d. Risk of default on payment**

The bonds covered by this prospectus may present a risk that the issuer may not be able to honor its contractual commitments to bondholders, which is reflected in the non-payment of coupons and the non-repayment of principal.

**e. Valuation risk**

Subscribers to the subordinated bonds covered by this prospectus may be subject to a fluctuation risk in the value of such securities either upward or downward, taking into account the time interval between the date of the selected secondary Treasury bill market reference rate curve and the settlement and delivery date.

## **DISCLAIMER**

**The aforementioned information is only part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference No. VI/EM/029/2019 on Novembre 27, 2019. AMMC recommends that the entire prospectus, which is available to the public in French, is to be read in its entirety**

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