

BANQUE CENTRALE POPULAIRE





PROSPECTUS SUMMARY

SUBORDINATED BOND ISSUE FOR A TOTAL AMOUNT OF MAD 2 000 000 000

	Tranche A unlisted	Tranche B unlisted	Tranche C unlisted	Tranche D unlisted
Issue Ceiling	MAD 2 000 000 000	MAD 2 000 000 000	MAD 2 000 000 000	MAD 2 000 000 000
Maximum Number of securities	20 000 bonds	20 000 bonds	20 000 bonds	20 000 bonds
Nominal Value	MAD 100 000	MAD 100 000	MAD 100 000	MAD 100 000
Maturity	7 years	7 years	10 years	10 years
Nominal interest rate	Annually revisable by reference to the 52-week full rate (monetary rate) determined by reference to the secondary market reference rate curve for Treasury bills as published by Bank Al-Maghrib on 10/12/2019, i.e. 2.32%, increased by a risk premium of between 40 and 45 basis points. This means a nominal interest rate of between 2.72% and 2.77% for the first year.	Fixed with reference to the sovereign 7-year maturity rate calculated based on the reference rate curve for the secondary market in Treasury bills as published by Bank Al-Maghrib on 10/12/2019, i.e. 2.56%, plus a risk premium of between 50 and 55 basis points. Either a nominal interest rate between 3.06% and 3.11%.	Annually revisable by reference to the 52-week full rate (monetary rate) determined by reference to the reference yield curve of the secondary treasury bill market as published by Bank Al-Maghrib on 10/12/2019, i.e. 2.32%, plus a risk premium of between 45 and 50 basis points. This means a nominal interest rate of between 2.77% and 2.82% for the first year.	Fixed with reference to the 10-year sovereign rate calculated based on the reference rate curve for the secondary market in Treasury bills as published by Bank Al-Maghrib on 10/12/2019, i.e. 2.73%, plus a risk premium of between 55 and 60 basis points. That is, a nominal interest rate between 3.28% and 3.33%.
Risk premium	40-45 pbs	50-55 pbs	45-50 pbs	55-60 pbs
Tradability of the securities	Over the counter	Over the counter	Over the counter	Over the counter
Repayment guarantee	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
Repayment method	<i>In fine</i>	<i>In fine</i>	<i>In fine</i>	<i>In fine</i>
Allocation Method	<i>French tendering methods with priority to tranche D then C then B then A</i>			
Subscription Period	<i>From December 20th, 2019 to December 24th, 2019 included</i>			

Issue reserved for qualified investors referred to in this Prospectus

Global Coordinator and Financial Advisor	Host Institution providing the financial service of the issuer
	

Approval of the Moroccan Stock Market Authority (AMMC)

In accordance with the provisions of the AMMC circular, adopted pursuant to Article 5 of Dahir Act No. 1-12-55 of December 28th, 2012, promulgating Act No. 44-12 on the public offering and information required of legal entities and organizations making public offerings, this prospectus was approved by the AMMC on 13 December 2019 under reference VI/EM/035/2019

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DISCLAIMER

On December 13, 2019, the Moroccan Stock Market Authority (AMMC) approved a prospectus related to the issuance of subordinated bonds by Banque Centrale Populaire (BCP).

The approved prospectus by the AMMC is available at any time at BCP's headquarters, on BCP's website (www.gbp.ma), and from its financial advisor. It is also available within 48 hours from order-collecting institutions.

The prospectus is available to the public at the Casablanca Stock Exchange headquarters and on its website (www.casablanca-bourse.com). It is also available on the AMMC website (www.ammc.ma).

This summary has been translated by LISSANIAT SARL under the joint responsibility of the said translator and Upline Corporate Finance. In the event of any discrepancy between the contents of this summary and the contents of the prospectus approved by the AMMC, only the approved prospectus shall prevail.

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I. PRESENTATION OF OPERATION

I.1. OVERALL CHARACTERISTICS OF THE OPERATION

BCP plans to issue 20,000 subordinated bonds with a nominal value of 100,000 dirhams. The total amount of the transaction amounts to MAD 2,000,000,000,000 (MAD2 billion), broken down as follows:

- **Tranche « A »:** at a maturity of 7 years, at an annually revisable rate not listed on the Casablanca Stock Exchange, with a ceiling of MAD2,000,000,000 and a nominal value of MAD100,000.
- **Tranche « B »:** with a 7-year maturity, at a fixed rate, not listed on the Casablanca Stock Exchange, with a ceiling of MAD2,000,000,000,000 and a nominal value of MAD100,000.
- **Tranche « C »:** with a 10-year maturity, at an annually revisable rate not listed on the Casablanca Stock Exchange, a ceiling of MAD2,000,000,000,000 and a nominal value of MAD100,000.
- **Tranche « D »:** with a 10-year maturity, at a fixed rate, not listed on the Casablanca Stock Exchange, with a ceiling of MAD2,000,000,000,000 and a nominal value of MAD100,000.

The total amount to be allocated shall in no case exceed MAD2,000,000,000,000.

In accordance with the resolutions of the Ordinary General Assembly held on November 07, 2017, which authorized the Board of Directors to issue one or more bond issues (capped at MAD 8,000,000,000,000), the amount of subscriptions may be limited to the amount of subscriptions actually collected.

I.2. GOAL OF THE OPERATION

The Banque Centrale Populaire is continuing to implement its development strategy, as part of a sustained growth dynamic, and aimed at consolidating its position in the banking landscape.

The main goal of this issue is to:

- Financing the development projects of the Banque Centrale Populaire without altering its current regulatory capital;
- Strengthen current regulatory capital and, therefore, strengthen the Group's solvency ratio.

I.3. OPERATION CALENDAR

Order	Steps	Date
1	Reception of AMMC Approval	12/13/2019
2	Publication of the prospectus extract on the issuer's website	12/13/2019
3	Publication of a press- release by BCP release in a newspaper of legal notices	12/17/2019
4	Opening of the subscription period	12/20/2019
5	Closing of the subscription period	12/24/2019
6	Allocation of securities	12/24/2019
7	Communication of the operation's results to subscribers	12/25/2019
8	Payment / Delivery	12/26/2019

I.4. CHARACTERISTICS 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 this subordination clause being to condition, in the event of liquidation of the issuer, the repayment of the bond on the satisfaction of all the classical, privileged or unsecured creditors.

The characteristics of the bonds are as follows:

Characteristics of Tranche A (at an annually revisable rate, non- listed on the Casablanca Stock Exchange)

Nature of securities	Subordinated bonds non-listed on the Casablanca Stock Exchange, dematerialized by book entry with affiliates authorized and admitted to the operations of the central depository (Maroclear).
Legal form	Bearer Bonds
Tranche ceiling	MAD 2 000 000 000
Maximum number of securities to be issued	20 000 subordinated bonds
Unit nominal value	MAD 100 000
Maturity	7 years
Subscription Period	From December 20th to December 24th, 2019 included
Vesting date	December 26th, 2019
Maturity date	December 26th, 2026
Risk premium	Between 40 and 45 pbs
Issuance price	At par, i.e. MAD 100 000 on the vesting date
Allocation method	French tendering method with a priority to tranche D, then C, then B and then A
Tradability of the security	Over the counter (not listed on the stock market). There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.
Date of determination of the interest rate	The new rate will be communicated by the issuer 5 business days before the anniversary date on the BCP website. Interest will be paid on the anniversary date or the next business day if it is not a working day.
Nominal interest rate	Annually revisable For the first year, the nominal interest rate is calculated on the basis of the 52-week monetary Treasury bill rate determined with reference to the reference rate curve for the secondary market in BDTs published on 10 December 2019 by Bank Al Maghrib, i.e. 2.32%. This rate will be increased by a risk premium of between 40 and 45 bps, i.e. a rate of between 2.72% and 2.77% For the following years, the nominal rate of subordinated securities will be calculated based on the latest 52-week monetary Treasury bill rate recorded or calculated by linear interpolation on the secondary

	<p>market reference rate curve as published by Bank Al Maghrib, and this 5 trading days before each anniversary date.</p> <p>The reference rate thus obtained will be increased by the risk premium retained at the auction.</p>
Reference rate calculation method	<p>On each anniversary date, the reference rate to be taken into account will be determined by Médiafinance as follows:</p> <p>The reference rate for subordinated securities will be calculated based on the latest 52-week Treasury Bill rate recorded or calculated by linear interpolation on the secondary market reference rate curve as published by Bank Al Maghrib, and this 5 working days before each anniversary date.</p> <p>This linear interpolation method uses the two points surrounding the full 52-week maturity (monetary basis) and will be done after the conversion of the rate immediately above the 52-week maturity (actuarial base) into the equivalent monetary rate.</p> <p>The calculation formula is: $(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360 / k ;$ where k : maturity of the actuarial rate immediately above 52 weeks. *Exact number of days: 365 or 366 days.</p> <p>The rate thus obtained will be increased by a risk premium ranging between 40 and 45 bps.</p>
Coupon payment	<p>Coupons shall be served annually on the anniversary dates of the bond's vesting day, i.e. December 26 of each year. Payment shall be made on the same day or on the first business day following 26 December if this is not a working day.</p> <p>Interest will be calculated according to the following formula: $[\text{Nominal and Nominal rate}] \times [\text{exact number of days}] / 360.$ They will cease to accrue from the day the capital is repaid by BCP. No deferral of interest will be possible under this transaction.</p>
Principal repayment	<p>The BCP bond issue will be subject of an in fine repayment of the principal.</p> <p>In the event of a merger, demerger or partial contribution of BCP's assets 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 with respect to the obligations will automatically be transferred to the legal entity substituted in the rights and obligations of BCP.</p> <p>In case of liquidation of BCP, the repayment of the capital is subordinated to all conventional privileged or unsecured debts.</p>
Early redemption	<p>BCP undertakes not to redeem the bonds covered by this issue early during the entire term of the loan.</p> <p>However, BCP reserves the right, after prior approval by Bank Al Maghrib, to buy back bonds on the secondary market, provided that legal and regulatory provisions so permit, such buybacks being without consequences for a subscriber wishing to keep their securities until normal maturity and without affecting the normal redemption schedule. The bonds thus repurchased will be cancelled after approval by Bank Al Maghrib.</p> <p>In case of cancellation of the bonds, the issuer must inform the AMMC and the representatives of the bondholders' group.</p>

Assimilation clause	<p>There is no assimilation of the bonds covered by this prospectus to the securities of a previous issue.</p> <p>In the event where BCP subsequently issues new securities having identical rights in all respects to those of this issue, it may proceed, without requiring the consent of bondholders of the old bonds, to the assimilation of all the securities of successive issues, provided that the issuing contracts so stipulate, thus unifying all operations relating to their management and trading.</p>
Loan rank / Subordination	<p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause does not in any way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest.</p> <p>In the event of the liquidation of BCP, repayment of the capital and interest of the subordinated bonds of the present issue shall take place only after all preferred or unsecured creditors have been paid up. These subordinated notes shall be repaid at the same rate as all other subordinated loans that may subsequently be issued by the BCP both in Morocco and internationally, in proportion to their amount.</p>
Repayment guarantee	Bonds issued by BCP are not subject to any special guarantee.
Rating	This issue has not been the subject of a rating request.
Applicable Law / Competent Jurisdiction	Moroccan law with the Commercial Court of Casablanca as a competent court.
Representation of Bondholders' body	<p>Pending the holding of the General Meeting of Bondholders held on November 8th, 2017, the Chairman of the Board of Directors of BCP appointed Mr. Hdid, Chartered Accountant, as a provisional trustee. Mr. Mohamed HDID has no capital relationship with BCP.</p> <p>This decision will take effect starting from the opening of the subscription period.</p> <p>BCP undertakes to convene the general meeting of bondholders in order to proceed with the appointment of the permanent trustee of bondholders, within one year from the opening of the subscription.</p>

Characteristics of tranche B (Fixed rate, non-listed on the Casablanca Stock Exchange)

Nature of securities	Subordinated bonds non-listed on the Casablanca Stock Exchange, dematerialized by registration with the authorized affiliates and with the central depository (Maroclear)
Legal form	Bearer bonds
Tranche ceiling	MAD 2 000 000 000
Maximum number of securities to be issued	20 000 subordinated bonds
Unit nominal value	MAD 100 000
Maturity	7 years
Subscription period	from December 20 th to December 24 th , 2019 included
Vesting date	December 26 th , 2019
Maturity date	December 26 th , 2026
Risk premium	Between 50 and 55 pbs
Issuance price	At pair, i.e. MAD 100,000 on the vesting date
Allocation method	French tendering method with a priority to tranche D, then C, then B and then A

Tradability of the security	<p>Over the counter (not listed on the stock market)</p> <p>There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.</p>
Nominal interest rate	<p>Fixed</p> <p>Between 3.06% and 3.11% (the nominal interest rate is determined by reference to the 7-year rate calculated from the reference rate curve of the secondary market for Treasury bills as published by Bank Al-Maghrib on 10 December 2019, i.e. 2.56%. This rate will be increased by a risk premium between 50 and 55 bps).</p>
Coupon payment	<p>Coupons shall be served annually on the anniversary dates of the bond's vesting date, i.e. December 26 of each year. Payment shall be made on the same day or on the first business day following 26 December if it is not a working day.</p> <p>Interests shall be calculated using the following formula: [Nominal x Nominal Rate]. They will cease to accrue from the day the capital is repaid by BCP. No deferral of interest shall be possible in connection with this operation.</p>
Principal Repayment	<p>The BCP issue will be subject to an in fine repayment of the principal.</p> <p>In the event of merger, demerger or partial transfer of assets of BCP during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the obligations shall be automatically transmitted to the substituting legal entity in the rights and obligations of the BCP.</p> <p>In the event of BCP's liquidation, the repayment of the capital is subordinated to all conventional, privileged or unsecured debts..</p>
Early repayment	<p>The BCP undertakes not to proceed, during the whole period of the loan, with the early repayment of the bonds, subject of this issue.</p> <p>However, BCP reserves the right to buy back bonds on the secondary market, provided that Bank Al Maghrib permits it, such redemptions having no consequences for a subscriber wishing to keep their bonds until the provided maturity and without affecting the normal depreciation schedule. The bonds so redeemed shall be canceled, following the approval of Bank AL Maghrib.</p> <p>In the event of cancellation of the bonds, the issuer must inform the AMMC and the representatives of the bondholders' group.</p>
Assimilation clause	<p>There is no assimilation of the bonds, subject of the present Prospectus, to securities of a previous issue.</p> <p>In the event that BCP subsequently issues new securities having identical rights in all respects to those of this issue, it may proceed, without requiring the consent of bondholders of the old bonds, to the assimilation of all the securities of successive issues, provided that the issuing contracts so stipulate, thus unifying all operations relating to their management and trading</p>
Loan Rank / Subordination	<p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause does not in any way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest.</p> <p>In the event of the liquidation of BCP, repayment of the capital and interest of the subordinated bonds of the present issue shall take place only after all preferred or unsecured creditors have been paid up. These subordinated notes Shall be repaid at the same rate as all other subordinated loans that may subsequently be issued by the BCP both in Morocco and internationally, in proportion to their amount.</p>

Repayment guarantee	Bonds issued by BCP are not subject to any special guarantee.
Rating	This issue has not been the subject of a rating request.
Applicable Law / Competent Court	Moroccan law with the Commercial Court of Casablanca as a competent court.
Representation of Bondholders' body	<p>Pending the holding of the General Meeting of Bondholders held on November 8th, 2017, the Chairman of the Board of Directors of BCP appointed Mr. Hdid, Chartered Accountant, as a provisional trustee.</p> <p>Mr. Mohamed HDID has no capitalistic relationship with BCP. In addition, he is the representative of the bond pool for BCP's bond issues in 2014, 2017 and 2018.</p>
	<p>This decision will take effect starting from the opening of the subscription period.</p> <p>BCP undertakes to convene the general meeting of bondholders in order to proceed with the appointment of the permanent trustee of bondholders, within one year from the opening of the subscription.</p>

Characteristics of tranche C (Annually revisable rate, non-listed on the Casablanca Stock Exchange)

Nature of securities	Subordinated bonds non-listed on the Casablanca Stock Exchange, dematerialized by registration with the authorized affiliates and with the central depository (Maroclear)
Legal form	Bearer bonds
Tranche ceiling	MAD 2 000 000 000
Maximum number of securities to be issued	20 000 subordinated bonds
Unit nominal value	MAD 100 000
Maturity	10 years
Subscription period	From December 20th to December 24th, 2019 included
Vesting date	December 26th, 2019
Maturity Date	December 26th, 2029
Risk premium	Between 45 and 50 pbs
Issuance price	At par, i.e. MAD 100,000 at the vesting date
Allocation method	French tendering method with a priority to tranche D, then C, then B and then A
Tradability of the security	Over the counter (not listed on the stock market)
	There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.
Date of determination of the interest rate	<p>The new rate shall be published by the issuer 5 working days before the anniversary date on the BCP website.</p> <p>Interests shall be paid on the anniversary date or on the following business day if it is not a working day</p>
Nominal Interest Rate	For the first year, the nominal interest rate is calculated based on the 52-week monetary Treasury bill rate determined with reference to the reference rate curve for the secondary market in BDTs published on 10 December 2019 by Bank Al Maghrib, i.e. 2.32%. This rate will be increased by a risk premium of between 45 and 55 bps, i.e. a rate of between 2.77% and 2.82%.

	<p>For the following years, the nominal rate of subordinated securities will be calculated based on the latest 52-week monetary Treasury bill rate recorded or calculated by linear interpolation on the secondary market reference rate curve as published by Bank Al Maghrib, and this 5 trading days before each anniversary date.</p> <p>The reference rate thus obtained will be increased by the risk premium retained at the auction.</p>
Reference Rate Calculation method	<p>On each anniversary date, the reference rate to be used will be determined by Médiafinance as follows:</p> <p>The reference rate for subordinated securities will be calculated based on the latest 52-week Treasury Bill rate recorded or calculated by linear interpolation on the secondary market reference rate curve as published by Bank Al Maghrib, and this 5 trading days before each anniversary date.</p> <p>This linear interpolation method uses the two points surrounding the full 52-week maturity (monetary basis) and will be done after the conversion of the rate immediately above the 52-week maturity (actuarial base) into the equivalent monetary rate.</p> <p>The calculation formula is:</p> $(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360/k ;$ <p>where k : maturity of the actuarial rate immediately above 52 weeks. *Exact number of days: 365 or 366 days.</p> <p>The rate thus obtained will be increased by a risk premium ranging between 45 and 50 bps.</p>
Coupon payment	<p>The coupons shall be served annually on the anniversary dates of the bonds' vesting date, i.e. on the 26th of December of each year. Payment shall be made on the same day or on the first working day following the 26th of December if it is not a working day.</p> <p>Interests shall be calculated using the following formula: $[\text{Nominal} \times \text{Nominal Rate}] \times [\text{exact number of days}] / 360$. They will cease to accrue from the day the capital is repaid by BCP. No deferral of interest shall be possible in connection with this operation.</p>
Principal repayment	<p>The BCP issue will be subject to an in fine repayment of the principal.</p> <p>In the event of merger, demerger or partial transfer of assets of BCP during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the obligations shall be automatically transmitted to the substituting legal entity in the rights and obligations of the BCP. In the event of BCP's liquidation, the repayment of the capital is subordinated to all conventional, privileged or unsecured debts.</p>
Early repayment	<p>The BCP undertakes not to proceed, during the whole period of the loan, with the early repayment of the bonds, subject of this issue.</p> <p>However, BCP reserves the right to buy back bonds on the secondary market, provided that Bank Al Maghrib permits it, such redemptions having no consequences for a subscriber wishing to keep their bonds until the provided maturity and without affecting the normal depreciation schedule. The bonds so redeemed shall be canceled, following the approval of Bank AL Maghrib.</p> <p>In the event of cancellation of the bonds, the issuer must inform the AMMC and the representatives of the bondholders' group</p>
Assimilation clause	<p>There is no assimilation of the bonds, subject of the present Prospectus, to securities of a previous issue.</p>

	In the event that BCP subsequently issues new securities having identical rights in all respects to those of this issue, it may proceed, without requiring the consent of bondholders of the old bonds, to the assimilation of all the securities of successive issues, provided that the issuing contracts so stipulate, thus unifying all operations relating to their management and trading.
Loan Rank / Subordination	<p>Capital and interest are subject to a subordination clause. The application of this clause does not in any way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest.</p> <p>In the event of the liquidation of BCP, repayment of the capital and interest of the subordinated bonds of the present issue shall take place only after all preferred or unsecured creditors have been paid up. These subordinated notes shall be repaid at the same rate as all other subordinated loans that may subsequently be issued by the BCP both in Morocco and internationally, in proportion to their amount.</p>
Repayment guarantee	Bonds issued by BCP are not subject to any special guarantee.
Rating	This issue has not been the subject of a rating request.
Applicable Law / Competent Court	Moroccan law with the Commercial Court of Casablanca as a competent court.
Representation of Bondholders' body	<p>Pending the holding of the General Meeting of Bondholders held on November 8th, 2017, the Chairman of the Board of Directors of BCP appointed Mr. Hdid, Chartered Accountant, as a provisional trustee. Mr. Mohamed HDID has no capitalistic relationship with BCP. In addition, he is the representative of the bond body for BCP's bond issues in 2014, 2017 and 2018.</p> <p>This decision will take effect starting from the opening of the subscription period.</p> <p>BCP undertakes to convene the general meeting of bondholders in order to proceed with the appointment of the permanent trustee of bondholders, within one year from the opening of the subscription.</p>

Characteristics of tranche D (Fixed rate, non-listed on the Casablanca Stock Exchange)

Nature of securities	Subordinated bonds non-listed on the Casablanca Stock Exchange, dematerialized by registration with the authorized affiliates and with the central depository (Maroclear)
Legal form	Bearer bonds
Tranche Ceiling	MAD 2 000 000 000
Maximum number of securities to be issued	20 000 subordinated bonds
Unit nominal value	MAD 100 000
Maturity	10 years
Subscription period	From December 20 th to December 24 th , 2019 included
Vesting date	December 26 th , 2019
Maturity date	December 26 th , 2029
Risk premium	Between 55 and 60 pbs
Issuance price	At par, i.e. MAD 100,000 on the vesting date
Allocation method	French tendering method with a priority to tranche D, then C, then B and then A
Tradability of the security	Over the counter (not listed on the stock market)

	There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.
Nominal interest rate	Fixed Between 3.28% and 3.33% (the nominal interest rate is determined by reference to the 10-year rate calculated from the reference rate curve of the secondary market for Treasury bills as published by Bank Al-Maghrib on 10 December 2019, i.e. 2.73%. This rate will be increased by a risk premium ranging from 55 to 60 bps).
Coupon payment	The coupons shall be served annually on the anniversary dates of the bonds' vesting date, i.e. on the 26 th of December of each year. Payment shall be made on the same day or on the first working day following the 26 th of December if it is not a working day. Interests shall be calculated using the following formula: [Nominal x Nominal Rate]. They will cease to accrue from the day the capital is repaid by BCP. No deferral of interest shall be possible in connection with this operation.
Principal repayment	The BCP issue will be subject to an in fine repayment of the principal. In the event of merger, demerger or partial transfer of assets of BCP during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the obligations shall be automatically transmitted to the substituting legal entity in the rights and obligations of the BCP.
Early repayment	The BCP undertakes not to proceed, during the whole period of the loan, with the early repayment of the bonds, subject of this issue. In the event of BCP's liquidation, the repayment of the capital is subordinated to all conventional, preferential or unsecured debts. However, BCP reserves the right to buy back bonds on the secondary market, provided that Bank Al Maghrib permits it, such redemptions having no consequences for a subscriber wishing to keep their bonds until the provided maturity and without affecting the normal depreciation schedule. The bonds so redeemed shall be canceled, following the approval of Bank AL Maghrib. In the event of cancellation of the bonds, the issuer must inform the AMMC and the representatives of the bondholders' group.
Assimilation clause	There is no assimilation of the bonds, subject of the present Prospectus, to securities of a previous issue. In the event that BCP subsequently issues new securities having identical rights in all respects to those of this issue, it may proceed, without requiring the consent of bondholders of the old bonds, to the assimilation of all the securities of successive issues, provided that the issuing contracts so stipulate, thus unifying all operations relating to their management and trading.
Loan Rank / Subordination	Capital and interest are subject to a subordination clause. The application of this clause does not in any way affect the legal rules concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, in accordance with the conditions set out in the contract, the payment of their securities in capital and interest. In the event of the liquidation of BCP, repayment of the capital and interest of the subordinated bonds of the present issue shall take place only after all preferred or unsecured creditors have been paid up. These subordinated notes shall be repaid at the same rate as all other subordinated loans that may subsequently be issued by the BCP both in Morocco and internationally, in proportion to their amount.
Repayment guarantee	Bonds issued by BCP are not subject to any special guarantee.
Rating	This issue has not been the subject of a rating request.

Applicable Law / Competent Court	Moroccan law with the Commercial Court of Casablanca as a competent court.
Representation of Bondholders' body	<p>Pending the holding of the General Meeting of Bondholders held on November 8th, 2017, the Chairman of the Board of Directors of BCP appointed Mr. Hdid, Chartered Accountant, as a provisional trustee. Mr. Mohamed HDID has no capitalistic relationship with BCP. In addition, he is the representative of the bond mass for bond issues made by BCP in 2014, 2017 and 2018.</p> <p>This decision will take effect starting from the opening of the subscription period.</p> <p>BCP undertakes to convene the general meeting of bondholders in order to proceed with the appointment of the permanent trustee of bondholders, within one year from the opening of the subscription.</p>

II. PRESENTATION OF THE ISSUER

I.1. ACTIVITY

I.1.1. GENERAL INFORMATION

Banque Centrale Populaire (BCP) is an agency affiliated to Crédit Populaire du Maroc - CPM. This latter, established by virtue of Dahir No 1-60-232 dated February 2nd, 1961, is governed by Law No 12-96 on CPM reform as amended and supplemented by Law No 42-07 dated October 20th, 2008, Law No 44-08 dated August 24th, 2010 and Law No 77-14.

CPM is defined as a consortium of banks, composed of the Banque Centrale Populaire on the one hand, and eight Banques Populaires Régionales, on the other hand. Its mission consists of fostering the activity and development of any small or medium-sized enterprise, operating in the sectors of craft, industry and service by the distribution of loans. It contributes to the mobilization of savings, their usage in the regions where they are collected and the promotion of banking activities at the regional level.

Corporate name	Banque Centrale Populaire – BCP
Registered office	101, Boulevard Zerktouni- B.P : 20100, Casablanca
Phone number	(212) 522 20 25 33 / 522 22 41 11 / 522 22 25 89
Fax number	(212) 522 22 26 99 / 522 20 93 40
Website	www.gbp.ma
Legal form	BCP is a Limited Company (Ltd.) with a Board of Directors, governed by the provisions of Law No 17-95 as amended and supplemented ¹ .
Date of establishment	Banque Centrale Populaire was created by virtue of Dahir No 1-60-232 dated February 2 nd , 1961 as a Variable Capital Cooperative Company.
Life span	99 years
Registry of commerce	R.C. Casablanca N° 28173
Fiscal year	From January 1 st to December 31 st
Corporate objectives	Article 5 of Banque Centrale Populaire bylaws stipulates the following:

¹ BCP was converted from a variable capital cooperative company into a limited company (Ltd) pursuant to Article 16 of Law No 16-96 as amended and supplemented

	<p>1- Bank's operations</p> <ul style="list-style-type: none">▪ The company is intended to carry out, as a usual vocation, all operations that are likely to be practiced by banks under the provisions of Law No 103-12 governing credit institutions and similar bodies and by any text amending or supplementing this Law.▪ The company carries out its banking activities under the supervision as well as the financial and technical administrative control of the Steering Committee of Crédit Populaire du Maroc. <p>2- Central banking body of Banques Populaires Régionales</p> <ul style="list-style-type: none">▪ The company is the central banking body of Banques Populaires Régionales governed by the aforementioned Law No 12/96.▪ As such, the bank is in charge of the following:<ul style="list-style-type: none">▪ Compensation of reciprocal receivables and payables of the bodies of Crédit Populaire du Maroc;▪ Refunding of Banques Populaires Régionales, within the conditions established by the Steering Committee;▪ Centralization of subscriptions of public or private transferable securities collected by the bodies of Crédit Populaire du Maroc;▪ Consolidation of the accounts of CPM bodies and their subsidiaries. For the establishment of its consolidated financial statements, the consolidating entity is composed of the bodies affiliated to Crédit Populaire du Maroc;▪ Management, according to the terms set by the Steering Committee:<ul style="list-style-type: none">- Cash surplus of Banques Populaires Régionales;- Common interest services to agencies of Credit Populaire du Maroc;- Support fund of Crédit Populaire du Maroc, which develops its internal rules and submits them for approval by the Steering Committee;- The centralization of declarations of any kind with respect to Bank Al-Maghrib, the Board of Directors and Professional Bodies;
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- Any mission entrusted to it by the Steering Committee, pursuant to Article 11 of Law n° 12-96.

Under the provisions of Article 55 of Law No 12- 96, Banque Centrale Populaire provides Regional Banques Populaires, on a transitional basis, with the executive staff necessary for their proper functioning.

3- Activities on behalf of the Steering Committee

- Banque Centrale Populaire serves as the secretariat for the Steering Committee of Crédit Populaire du Maroc pursuant to the provisions of Article 14 of Law No 12- 96.
- The Steering Committee can, in accordance with Article 11 of the said Law, assign to the Banque Centrale Populaire the implementation of its decisions under the powers vested therein by law.
- The decisions of the said Committee are obligatory to Banque Centrale Populaire.

4- Functional, investments and share acquisition operations - Subsidiaries

- Subject to compliance with standards, procedures and financing conditions of the budgets set by the Steering Committee of Crédit Populaire du Maroc, the company can conduct the following operations:

4.1- Functional activities:

- The company can perform all functional expenses required for its activity.

4.2- Investment:

- The company can carry out all movable or immovable investments necessary for the exercise of its activity, the safeguard of its interests and the housing of its staff.

4.3- Share acquisition in BPR's capital

The Steering Committee determines the level of the participation of Banque Centrale Populaire in the capital of Banques Populaires Régionales, notwithstanding the provisions of Article 23 of Law No 12-96.

4.4- Other share acquisitions and subsidiaries

	<ul style="list-style-type: none"> ▪ Share acquisitions by Banque Centrale Populaire in one or more other bodies of the Crédit Populaire du Maroc are subject to the prior approval of the Steering Committee who shall determine the level and terms. ▪ The company can, subject to compliance with the provisions of Law No 103-12 relating to credit institutions and similar bodies, the regulation in force, and subject to the Steering Committee authorization: <ul style="list-style-type: none"> - Take the existing or new shares of all companies or enterprises while giving priority to those enclosing a regional or local interest. - Create or delete any subsidiary, in Morocco or abroad, in charge of managing or exploiting common activities to Banque Populaire Group. ▪ However, the company cannot intervene directly in territorial constituencies where Banques Populaires Régionales operate only in agreement with the concerned Banque Populaire Régionale. In case of conflict, the Director shall decide. ▪ And more generally, the company can conduct all banking, financial, commercial, industrial, movable or immovable operations, related directly or indirectly to its corporate objectives.
Share capital	<ul style="list-style-type: none"> ▪ At September 30th, 2019, MAD2,022,546,560 divided into 202,254,656 shares with a par value of MAD10 each
Legal documents	<ul style="list-style-type: none"> ▪ Legal documents, including the statutes, minutes of shareholders' meetings, auditors' reports and management reports are available at Banque Centrale Populaire Headquarters
Applicable laws and regulations	<ul style="list-style-type: none"> ▪ Due to its legal form, BCP is governed by the Moroccan law and Law No 17-95 dated August 30th, 1996 on Limited Companies, as amended and supplemented; ▪ Due to its affiliation to Crédit Populaire du Maroc, BCP is governed by Law No 12-96, as amended and supplemented by Law No 42-07, Law No 44-08 and Law No 77-14, regarding CPM; ▪ Due to its business activity, BCP is governed by No 103-12 relating to credit institutions and similar bodies; ▪ Due to its listing in the stock exchange, BCP is governed by all statutory and regulatory provisions relating to the financial market including: <ul style="list-style-type: none"> ▪ General Regulations of the Stock Exchange approved by Order No. 2208-19 of the Minister of Economy and Finance on July 3, 2019; ▪ Dahir providing law n°19-14 relating to the stock exchange, stockbrokers and financial investment advisers;

	<ul style="list-style-type: none"> ▪ Dahir 1-96-246, dated 9 January, 2011, providing Law N° 35-96 on the creation of the Central Depository and the establishment of a general system of registration of certain securities, amended and supplemented by Law N° 43-02; ▪ General regulations of the central depository approved by Order No. 932-98 of the Minister of the Economy and Finance of 16 April 1998, supplemented and amended by Order 1961-01 published in Official Gazette 4966 of 3 January 2002 and Order 77-05 of 17 March 2005; ▪ Dahir No 1-04-21 dated April 21st, 2004 promulgating Law No 26-03 on public offerings in the stock Exchange, as amended and supplemented by Law No 46-06; ▪ Dahir No. 1-12-55 of 28 December 2012 promulgating Act No. 44-12 on the public offering and information required of legal entities and organizations making public offerings; ▪ General Regulations of the Moroccan Capital Market Authority (AMMC) as approved by Order No. 2169/16 of 14 July 2016 of the Minister of Economy and Finance; ▪ Dahir No. 1-13-21 of 13 March 2013 promulgating Law 43-12 on the AMMC; ▪ AMMC circular. <ul style="list-style-type: none"> ▪ By virtue of its certificate of deposit issuance program, the BCP is governed by Dahir 1-95-03 promulgating Law 35-94 on Negotiable Debt Securities as amended and supplemented and by Order No. 2560-95 of the Minister of Finance and Foreign Investment on Negotiable Debt Securities as amended and supplemented and BAM Circular No. 2/G/96 of 30/01/1996 on certificates of deposit and its amendment.
Tax system	<ul style="list-style-type: none"> ▪ Being a credit institution, BCP is subject to corporate taxation (37%) and to VAT (10%).
Competent jurisdiction in case of litigation	<ul style="list-style-type: none"> ▪ Commercial court of Casablanca

I.1.2. HISTORICAL BACKGROUND OF BCP'S SHARE CAPITAL

Date	Nature of the Operation	Number of securities issued	Face value (MAD)	Amount of the operation (MAD)	Issuance Price (MAD)	Number of shares	Share capital post-operation (MAD)
07/10/2002	Sale of 21% of the capital to the BPR	-	100	543 874 500	-	5 755 288	575 528 800
12/31/2002	Merger through the acquisition of SMDC	132 763	100	53 105 200	-	5 888 051	588 805 100
07/08/2004	Initial public offering by transfer of 20% of the capital by the government	-	100	800 774 800	680	5 888 051	588 805 100

09/22/2008	Capital increase stocks for CPM employees of 4.6%.	284 137	100	536 450 656	1 888	6 172 188	617 218 800
01/15/2009	Split of the nominal value per share from MAD 100 to MAD 10	-	10	-	-	61 721 880	617 218 800
02/13/2009	Capital increase allocated to the OCP of 6.62%.	4 376 368	10	1 000 000 000	228,5	66 098 248	660 982 480
10/29/2010	Capital increase by merger-absorption of the BPC by the BCP	312 500	10	100 000 000	320	66 410 748	664 107 480
05/20/2011	Transfer of 20% of the State's capital from BCP to BPR	*	10	5 339 424 300	-	13 282 150	664 107 480
		7 813 030	10	3 140 838 060			
09/13/2011	Capital increase stocks for Selected Institutional Investors And to the staff of the CPM	3 906 515	10	1 336 028 130	402 342	78 130 293	781 302 930
02/11/2011	Capital increase by incorporation of stocks	78 130 293	10	NA	-	156 260 586	1 562 605 860
05/30/2012	Capital increase allocated to BPCE Morocco	8 224 241	10	1 653 072 441	201	164 484 827	1 644 848 270
09/26/2012	Transfer of 10% of the BCP's capital by the State to the BPR		10	3 306 145 023	-	164 484 827	1 644 848 270
10/22/2012	Capital increase allocated to the IFC	8 657 096	10	1 740 076 296	201	173 141 923	1 731 419 230
04/17/2014	Transfer of 6% of the BCP's capital by the State to the BPR		10	2 055 517 791	-	173 141 923	1 731 419 230
11/25/2015	Capital increase for CPM staff only	9 112 733	10	1 676 742 872	184	182 254 656	1 822 546 560
06/30/2016	Merger of the BP of El Jadida-Safi by BCP		10	1 247 074 700 **	-	182 254 656	1 822 546 560
06/12/2019	Capital increase for BPRs only	10 000 000	10	2 760 000 000	276	192 254 656	1 922 546 560
06/25/2019	Capital increase for the staff of the CPM and the entities involved	10 000 000	10	2 210 000 000	221	202 254 656	2 022 546 560

* number of securities assigned

** overall amount of the contribution

Source : BCP

On 10 July 2002, the state transferred 21% of BCP's share capital to the Regional People's Banks. This sale concerned the sale of 1,208,610 shares sold at a unit price of MAD450 per share (par value MAD100), representing a total amount of MAD543,874,500.

As of December 31, 2002, BCP absorbed SMDC. This merger was carried out by means of a capital increase of BCP for an amount of MAD 53,105,200.

On July 08, 2004, BCP was floated on the stock exchange by the State selling 20% of its capital. The sale concerned 1,177,610 shares sold at a unit price of MAD680, for a unit face value of MAD100. The total amount of the operation amounted to MAD 800,774,800.

On 22 September 2008, BCP carried out a capital increase by creating 284,137 shares for the benefit of CPM employees. This capital increase was made at a unit price of MAD1,888, i.e. an issue premium of MAD1,788 per share, for a total amount of MAD536,450,656. As a result of this operation, employees hold 4.6% of BCP's capital.

A reduction in the face value of BCP shares from MAD100 to MAD10 per share was carried out on January 15, 2009.

BCP's share capital, which amounted to MAD 617,218,800, is divided into 61,721,880 shares following the split.

On February 13, 2009, a 6.62% increase in BCP's share capital was carried out, exclusively allocated to OCP, for a total amount of MAD1 billion, divided into a capital increase of MAD43,763,680 and an issue premium of MAD956,236,320. BCP's share capital, as of February 13, 2009, was MAD660,982,480.

On October 29, 2010, following the merger-absorption of BP Casa by BCP, BCP's capital increased by MAD100 million, divided into a capital increase of MAD3,125,000 and an issue premium of MAD96,875,000.

In May 2011 and following an agreement signed between the State and the Banque Populaire Group, 20% of BCP's capital held by the Treasury was transferred to the 10 regional popular banks for an amount of MAD 5.3 billion.

This operation follows the one carried out in 2002 in accordance with the provisions of Article 59 of Law 12/96 reforming Crédit Populaire du Maroc and has a set of objectives:

Strengthen the cohesion of Crédit Populaire du Maroc and bring it closer to the standards and norms of major international mutualist groups where regional banks hold the majority or even all of the capital of their central bank;

Consolidate the functional and organisational interdependence between the CPM bodies, which appears to be a necessity given the evolution of banking regulations, particularly in the context of Basel II, especially since the law has empowered BCP to consolidate the Group's accounts.

Thus, and at the end of this operation, the Banques Populaires Régionales will become the reference shareholder of the Banque Centrale Populaire with nearly 39.1% of its capital at a time when the State and the Banques Populaires Régionales will continue to hold, together, the majority of the BCP's capital.

Following the capital increase reserved for selected institutional investors and CPM staff, on 13 September 2011, BCP's share capital was increased by MAD 117,195,450 to MAD 781,302,930, corresponding to 78,130,293 shares.

On November 02, 2011, BCP carried out a capital increase by incorporating these stocks in an amount equal to the capital. The capital thus increased from MAD 781,302,930 to MAD 1,562,605,860 by incorporating a portion of the reserves.

This capital increase was achieved by the creation of 78,130,293 new shares with a par value of MAD10 each, issued at par and allocated free of charge to shareholders, based on one (1) new share for every one (1) old share.

On 30 May 2012, BCP carried out a capital increase reserved for BPCE Morocco. The total amount of this increase is MAD 1,653,072,441. BCP's share capital has been increased by MAD 82,242,410 to MAD 1,644,848,270, corresponding to 164,484,827 shares.

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

On 22 October 2012, BCP carried out a capital increase reserved for the IFC. The total amount of this increase is MAD 1,740,076,296. BCP's share capital increased by MAD 86,570,960 to MAD 1,731,419,230, corresponding to 173,141,923 shares.

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

On 25 November 2015, BCP carried out a capital increase reserved for Crédit Populaire du Maroc staff members. The total amount of this increase is MAD 1,676,742,872. BCP's share capital increased by MAD 91,127,330 to MAD 1,822,546,560, corresponding to 182,254,656 shares.

On June 30, 2016, BCP carried out a merger-absorption operation of the BP of El Jadida - Safi for a net asset contributed in the amount of MAD 1,247,074,700. This transaction had no impact on BCP's capital.

On June 12, 2019, BCP carried out a capital increase reserved for BPRs for a total amount of MAD 2,760,000,000,000 in order to comply with the legal and regulatory requirements for a minimum threshold of 51% ownership of BCP by BPRs as stipulated by article 17 of law 12-96, reforming Crédit Populaire du Maroc. BCP's share capital increased from MAD1,822,546,560 to MAD1,922,546,560.

On June 12, 2019, BCP carried out a capital increase reserved for BPRs for a total amount of MAD 2,760,000,000. This capital increase preceded the capital increase reserved for the staff of the CPM and the entities concerned in order to comply with the legal and regulatory requirements of a minimum threshold of 51% for the holding of the BCP by the BPRs as stipulated by Article 17 of Law 12-96, reforming Crédit Populaire du Maroc. BCP's share capital increased from MAD1,822,546,560 to MAD1,922,546,560.

On June 25, 2019, BCP carried out a capital increase reserved for the staff of the CPM and the entities concerned for a total amount of MAD 2,210,000,000,000. BCP's share capital increased from MAD1,922,546,560 to MAD2,022,546,560.

I.1.3. BOARD OF DIRECTORS

As of September 30th, 2019, BCP Board of Directors is composed as follows:

Name	Title	Appointment or cooptation date	Reappointment date	Appointment expiry date	Relationship with BCP
M. Mohamed Karim MOUNIR²	Chairman of the Board of Directors	General Assembly on 05/21/2019	-	General Meeting ruling on the accounts of the fiscal year ending 2022	
Mrs Zineb ABBAD EL ANDALOUSSI	Independent Administrator	General Assembly June 29th, 2017	-	General Meeting ruling on the accounts of the fiscal year ending 2022	None
M. Mostafa TERRAB	Administrator	General Assembly on June 29th, 2017	-	General Meeting ruling on the accounts of the fiscal year ending 2022	None
M. Alberto ROSSETTI	Independent Administrator	General Assembly on June 29th, 2017	-	General Meeting ruling on the accounts of the fiscal year ending 2022	None
Banque Populaire Rabat-Kenitra Represented by its Management Board Chairman, Mrs Bouchra Berrada	Administrator	General Assembly on 05/25/2005	General Assembly on June 29th, 2017	General Meeting ruling on the accounts of the fiscal year ending 2022	BP RABAT is a 6.39% shareholder of BCP

² Co-opted by the Board of Directors on November 01, 2018

Banque Populaire Centre-Sud Represented by its Chairman of the Management Board M. Mohamed AJJOU	Administrator	Cooptation CA on May 21st, 2019		General Meeting ruling on the accounts of the fiscal year ending 2022	BP Centre Sud is a 6.39% shareholder of BCP
Banque Populaire Tanger-Tétouan Represented by its Chairman management board M. Samir KLAOUA	Administrator	General Assembly 02/27/2001	General Assembly June 29th, 2017	General Meeting ruling on the accounts of the fiscal year ending 2022	BP Tangier Tetouan is 6.28% shareholder of BCP
Caisse Interprofessionnelle Marocaine de Retraite Represented by its CEO M. Khalid CHEDDADI	Administrator	General Assembly of June 29th, 2017	-	General Meeting ruling on the accounts of the fiscal year ending 2022	CIMR is a shareholder of BCP with a shareholding of 5.39%
Banque Populaire Oujda Represented by its Chairman management board M. Ahmed MAHROUS	Administrator	General Assembly on May 16th, 2018	-	General Meeting ruling on the accounts of the fiscal year ending 2022	BP de Oujda is 6.26% shareholder of BCP
BPCE Maroc Represented by Mrs Christine FABRESSE Member of the executive board BPCE	Administrator	General Assembly on 05/24//2013	General Assembly of June 29th, 2017	General Meeting ruling on the accounts of the fiscal year ending 2022	BPCE Morocco is a shareholder of BCP with a 4.07% stake
M. Adriano ARIETTI	Independent Administrator	General Assembly 05/24/2013	General Assembly June 29th, 2017		None
Mutuelle Centrale Marocaine d'Assurances (MCMA) Represented by M Hicham BELMRAH Chairman of the mngt board of MCMA	Administrator	General Assembly 05/24/2013	General Assembly June 29th, 2017	General Meeting ruling on the accounts of the fiscal year ending 2022	MCMA is a shareholder of BCP with a shareholding of 4.55%

Source : BCP

The members of the Board of Directors are appointed by the Ordinary General Assembly for a maximum period of 6 years, they may be re-elected but may be dismissed or replaced at any time by a simple decision of the General Assembly and this in accordance with the provisions of Law 17-95 as amended and supplemented relating to public limited companies.

There is no alliance or family relationships between the directors and the officers of the Banque Centrale Populaire.

I.1.4. SUBSIDIARIES

Banque Centrale Populaire controls several subsidiaries. As of June 30th, 2019, BCP's main subsidiaries are as follows:

Main subsidiaries ^(*)	Field of Activity	% capital	Voting rights %	% Interest	% Control**
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BP Centre Sud	Bank	56,01%	55,64%	55,64%	55,64%
BP Fès Meknès	Bank	57,05%	56,97%	56,97%	56,97%
BP Laayoune	Bank	56,19%	56,09%	56,09%	56,09%
BP Marrakech Béni Mellal	Bank	54,84%	54,71%	54,71%	54,71%
BP Nador Al Hoceima	Bank	59,56%	59,05%	59,05%	59,05%
BP Oujda	Bank	60,97%	60,92%	60,92%	60,92%
BP Tanger Tetouan	Bank	57,25%	56,27%	56,27%	56,27%
BP Rabat Kenitra	Bank	56,92%	55,28%	55,28%	55,28%
CIB Off Shore	Bank	100,00%	100,00%	100,00%	100,00%
BPMC	Bank	75,00%	75,00%	75,00%	75,00%
MAI	Assistance	77,43%	77,43%	77,43%	77,43%
CCI	Investment fund	54,10%	100,00%	80,21%	100,00%
IMC	Investment fund	43,50%	50,03%	48,74%	50,03%
VIVALIS	Consumer loan	87,28%	87,28%	87,28%	87,28%
Mediafinance	Capital market	60,00%	100,00%	96,10%	100,00%
CHAABI LLD	Long term leasing	83,62%	83,62%	84,35%	83,62%
Chaabi International Bank	Offshore Bank	70,00%	100,00%	87,10%	100,00%
Bank Al Amal	Bank	38,59%	38,59%	44,07%	38,59%
Upline Group	Merchant bank	77,39%	100,00%	90,25%	100,00%
Maroc Leasing***	Leasing	53,11%	53,11%	53,11%	53,11%
BP Shore Group	Holding	56,80%	100,00%	81,37%	100,00%
ABI	Holding	70,03%	70,03%	70,03%	70,03%
Maroc Traitement de Transactions (M2T)	Research office holding	83,74%	83,74%	83,74%	83,74%
BP REM	Real estate	43,13%	100,00%	80,31%	100,00%
Fonds Moussahama II	General purpose investment fund	63,97%	64,00%	NC	64,00%
Atlantic Microfinance For Africa	Holding	100%	100,00%	NC	100,00%
Africa Transaction Processing & services Group (ATPS)	Security management	100%	100%	NC	100,00%
Al Akaria Invest	Investment fund	100,00%	100%	100%	100,00%
Banque Populaire Patrimoine	Bank	100,00%	99,87%	NC	99,87%
BCP Bank (Mauritius)	Bank	100,00%	100%	100%	100,00%
Bank Al Yousr	Bank	80,00%	80,00%	80%	80,00%

(*) BPR are presented at the level of section II.2

(**) Percentage of direct and indirect shareholdings

(***) Company listed on the Casablanca Stock Exchange

Source : BCP

I.1.5. BCP PRESENTATION

Loan Evolution

The net outstanding of customer loans, by type of loan, are broken down as follows:

(In MAD Billion)	2016	2017	2018	30/06/2019	Var17/16	Var 17/18	Var 06-19/18
Cash and consumer loans	28 991	26 018	24 811	26 368	-10,26%	-4,64%	6,28%
Equipment loans	22 700	28 905	30 685	30 746	27,34%	6,16%	0,20%
Real-estate loans	26 109	27 924	26 734	26 440	6,95%	-4,26%	-1,10%

Other loans	15 280	16 514	19 022	16 594	8,08%	15,19%	-12,76%
Net outstanding of customer loans	93 079	99 360	101 251	100 149	6,75%	1,90%	-1,09%

Source : BCP-Corporate accounts

The net outstanding of customer loans at the end of 2017 increased by 6.75% compared to the end of 2016. This increase was mainly due to equipment loans (+27.3% to MMDH 28.9 million), real estate loans (+6.95% to MMDH 27.9 million) and other loans (+8.08% to MMDH 16.5 million).

At the end of 2018, the net outstanding of customer loans increased by 1.9% to 101.3 MMDH compared to 99.4 MMDH at the end of 2017. This evolution is due to the increase in equipment loans (+6.16% to MMDH 30.7) offset by a 4.64% decrease in consumer loans from MMDH 26.0 in 2017 to MMDH 24.8 in 2018 and a 4.26% decrease in home loans from MMDH 27.9 in 2017 to MMDH 26.7 in 2018.

At June 30th, 2019, the outstanding of net customer loans fell by 1.09% to 100.1 MMDH compared to MMDH 101.2 at the end of 2018. This change is due to the decrease in other loans (-12.76% to MMDH 30.7 million).

Evolution of customer deposits

Customer deposits outstanding by product type are broken down as follows:

In MMAD	2016	Share	2017	Share	2018	Share	30/06/2019	Share
Accounts payable	37 516	59,15%	38 608	64,46%	36 930	59,17%	37 581	64,34%
Saving accounts	6 907	10,89%	7 324	12,23%	7 530	12,06%	7 678	13,14%
Term deposits	17 127	27,00%	11 441	19,10%	15 093	24,18%	10 991	18,82%
Other accounts payable	1 878	2,96%	2 521	4,21%	2 862	4,58%	2 163	3,70%
Customer deposits	63 428	100,00%	59 894	100,00%	62 414	100,00%	58 413	100,00%
Growth %	6,22%		-5,57%		4%		-6%	

Source : BCP - Corporate accounts

At the end of 2017, customer deposits decreased by -5.57% compared to the end of 2016 to reach MMDH 60 million. This is mainly due to the decrease in term deposits (-33.2% to MMDH 11.4 million).

At the end of 2018, customer deposits increased by 4% compared to the end of 2017 to reach MAD62.4 million, mainly from term deposits (+ MAD15.1 million).

As of June 30, 2019, customer deposits decreased by 6% compared to the end of 2018 to MAD58.4 million. This is mainly due to the decrease in term deposits (-18.82% to +MAD 11.0 million).

I.2. SHAREHOLDING STRUCTURE

I.1.1. EVOLUTION OF THE SHAREHOLDING STRUCTURE

Shareholder	31-dec-14		31-dec-15		31-dec-16		31-dec-17		31-dec-18	
	Number of securities issued	Equity and voting rights%	Number of securities issued	Equity and voting rights%	Number of securities issued	Equity and voting rights	Number of securities issued	Equity and voting rights	Number of securities issued	Equity and voting rights
BPR	90 149 952	52,07%	93 083 115	51,1%	94 787 367	52,00%	95 528 367	52,40%	94 226 380	51,70%
Treasury	1	0,00%	1	0,0%	1	0,00%	1	0,00%	1	0,00%
Staff	3 019 241	5,98%	10 897 674	6,0%	8 914 526	4,90%	6 751 545	3,70%	5 096 260	2,80%

OCP	7 289 626	1,32%	2 408 548	1,3%	-	-	-	-	-	-
BPCE Maroc		-	8 224 241	4,5%	8 224 241	4,50%	8 224 241	4,50%	8 224 241	4,51%
Selected institutional investors including*:	22 794 884	14,17%	17 591 748	9,7%	50 025 683	27,40%	48 732 424	26,70%	52 266 061	28,68%
MCMA		-		-	9 772 289	5,40%	9 822 289	5,40%	10 198 589	5,60%
CIMR		-		-	10 904 158	6,00%	10 904 158	6,00%	10 904 158	5,98%
RCAR		-		-	11 092 510	6,10%	11 092 510	6,10%	11 092 510	6,09%
Other shareholders	49 888 219	28,81%	50 049 329	27,5%	20 269 110	11,10%	22 911 805	12,60%	22 315 476	12,24%
Treasury shares held	0	0,00%	0	0,0%	33 728	0,00%	106 273	0,10%	126 237	0,07%
TOTAL	173 141 923	100,00%	182 254 656	100,0%	182 254 656	100,00%	182 254 656	100,00%	182 254 656	100,00%

*Shareholders holding at least 5% of the capital
Source : BCP

On June 12th, 2019, MCMA crossed the 5% threshold for ownership of BCP's share capital based on the dilution as part of the BCP's capital increases (the capital increase reserved for CPM staff and the entities concerned and the capital increase reserved for the Regional People's Banks).

On December 21st, 2018, BP Fez Meknes crossed the 10% threshold for ownership of BCP's share capital following the merger of BP Fez Taza and BP Meknes.

On May 4th, 2016, MCMA, CIMR and RCAR crossed the 5% threshold for ownership of BCP's capital following the purchase of shares on the main market.

In 2016, the OCP leaves the BCP round table after having crossed the 5% threshold for ownership of BCP's capital following the block trade operation 2014.

I.1.2. SHAREHOLDING AT SEPTEMBER 30th, 2019

The shareholding structure of BCP, as at september 30th, 2019, is as follows:

Shareholders	Number of shares and voting rights	% of ownership
BANQUES POPULAIRES REGIONALES	104 226 380	51,53%
AGADIR	12 932 212	6,39%
FES-MEKNES	20 964 575	10,37%
LAÂYOUNE	6 720 831	3,32%
TANGER	12 709 899	6,28%
MARRAKECH	12 532 486	6,20%
RABAT	12 920 282	6,39%
NADOR	12 786 124	6,32%
OUJDA	12 659 971	6,26%
OVERALL CASH FLOW	1	0,00%
CPM EMPLOYEES AND ENTITIES INVOLVED	14 348 288	7,09%
CIMR	10 904 158	5,39%
MAMDA	9 427 452	4,66%
MCMA	9 198 589	4,55%
MAC*	4 393 690	2,17%
SAHAM-ASSURANCE	568 978	0,28%

CMR	4 682 718	2,32%
Wafa Assurance	2 000 489	1,10%
BPCE	8 224 241	4,07%
ATLANTA	3 520	0,00%
RMA	1 682 882	0,83%
RCAR	11 092 510	5,48%
OTHER SHAREHOLDERS	21 448 896	10,60%
SELF OWNED SHARES	51 864	0,03%
TOTAL	202 254 656	100,00%

**Mutuelle Attamine Chaabi*

Source : BCP

Each share held confers on its owner a simple voting right.

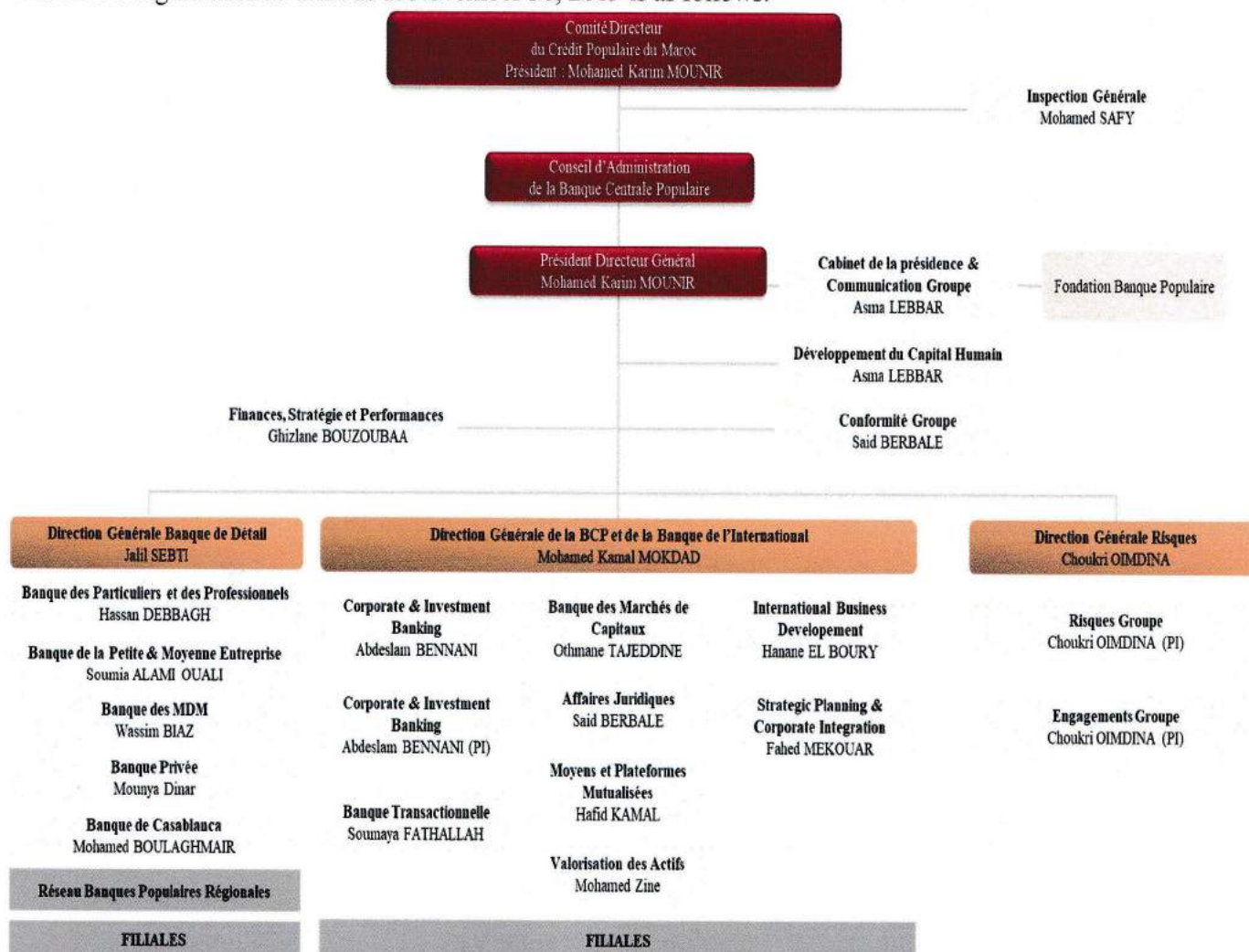
According to Article 17 of Law 77-14 amending and supplementing Law 12-96, reforming Crédit Populaire du Maroc, at least 51% of the share capital of Banque Centrale Populaire is held by the regional Banques Populaires. No other legal person may hold, directly or indirectly, a share exceeding 15% in the capital of the Banque Centrale Populaire. Any other individual may not hold more than 5% of the capital of the Banque Centrale Populaire.

On the eve of the prospectus approval, no agreement exists between the shareholders of the BCP.

LISSANIAT
 Hay Nassim Lot. Nassim Imm 130 N° 11
 Lissasfa - Casablanca
 Tel.: 0522 89 78 89
 GSM : 0664 78 99 40

I.3. LEGAL ORGANIZATION CHART

The BCP's organizational chart as at November 30, 2019 is as follows:



LISSANIAT
 Hay Nassim Lot, Nassim Imm 130 N° 11
 Lissasfa - Casablanca
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III. FINANCIAL DATA

I.1. BALANCE SHEET

In MMAD	2016	2017	01-jan-18	2018	juin-19
Cash values, central banks. Public Treasury, services of postal checks	14 702	11 157	11 056	15 195	15 826
Financial assets at fair value	37 244	41 666	56 115	57 091	60 848
<i>Financial assets held for trading</i>			41 666	46 353	50 011
<i>Other financial assets at fair value through profit or loss</i>			14 449	10 738	10 837
Financial assets at fair value through equity	35 993	41 712	26 792	23 884	26 825
<i>Debt instruments recorded at fair value through recyclable equity</i>			22 710	19 287	21 911
<i>Debt instruments recorded at fair value through non-recyclable equity</i>			4 083	4 597	4 914
<i>Financial assets available at the sale</i>	35 993	41 712			
Securities at amortized cost	15 249	13 102	13 102	12 047	11 334
Loans and receivables to credit and similar institutions	11 877	19 279	19 179	14 699	12 923
Customer loans and receivables	213 853	228 709	224 644	244 228	247 085
Tax assets due	1 131	1 092	1 092	1 209	1 579
Deferred tax assets	652	1 431	3 261	3 651	3 744
Accruals and other assets	7 521	10 136	10 136	7 591	8 942
Investments in equity-consolidated companies	38	40	40	23	38
Tangible assets	11 217	12 668	12 668	14 345	15 857
Intangible assets	907	1 014	1 014	1 114	1 091
Purchase goodwill	1 327	1 539	1 539	1 512	1 463
TOTAL IFRS ASSETS	351 711	383 545	380 638	396 590	407 555

Source : BCP

In MMAD	2016	2017	01-jan-18	2018	juin-19
Central banks. Public Treasury, services of postal checks	539	845	845	1 303	884
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Loans and receivables to credit and similar institutions	33 908	42 162	42 162	46 214	46 566
Debts to customers	259 738	273 475	273 475	283 348	285 550
Debts represented by a security	-	-	-	-	-
Issued loan securities	133	706	706	3 678	3 667
Current tax liabilities	1 211	1 446	1 446	1 397	2 475
Deferred tax liabilities	503	532	532	734	745
Accruals and other liabilities	7 171	7 310	7 310	5 305	9 398
Technical provisions of insurance agreements	3 365	5 086	5 086	1 233	1 555
Provisions for risks and costs	2 652	3 200	4 039	4 742	4 776
Subsidies, restricted public funds and special funds of guarantee	3 215	3 656	3 656	3 229	3 231
Subordinated debts	1 120	5 299	5 299	7 217	7 329
Capital and associated reserves	20 498	21 361	21 361	22 330	28 307
Consolidated reserves	12 405	13 681	11 225	12 491	11 265
- Group share	4 134	4 445	2 465	3 180	3 434
- BPRs' share	-	-	-	-	-
- Minority shareholding	8 271	9 236	8 760	9 311	7 831

Latent or deferred gains or losses, group share	2 215	1 374	84	-174	-192
- Group share	1 504	927	175	-58	-74
- BPRs' share	-	-	-	-	-
- Minority shareholding	711	447	-92	-116	-118
Net profit of the FY	3 038	3 412	3 412	3 543	1 999
- Group share	2 643	2 843	2 843	2 943	1 641
- BPRs' share	-	-	-	-	-
- Minority shareholding	395	569	569	600	358
IFRS Total Liabilities	351 711	383 545	380 638	396 590	407 555

Source : BCP

CONSOLIDATED INCOME STATEMENT

In MMA	2016	2017	2018	juin-18	juin-19
Interests and similar income	14 971	15 457	15 933	7 947	8 092
Interests and similar costs	-4 564	-5 021	-4 892	-2 442	-2 608
INTEREST MARGIN	10 407	10 436	11 040	5 504	5 484
Commissions receivables	2 402	2 602	2 936	1 404	1 552
Commissions payments	-314	-275	-327	-128	-142
COMMISSIONS MARGIN	2 088	2 327	2 609	1 276	1 410
Net gains and losses on financial instruments at the fair value through result	1 786	1 842	2 301	1 022	1 323
Net gains or losses on financial assets held for sale	615	876	284	243	196
RESULT OF TRADING ACTIVITIES	2 401	2 718	2 585	1 265	1 519
Income from other activities	3 964	5 493	1 712	816	862
Costs of other activities	-3 206	-4 611	-926	-474	-489
NET BANKING INCOME	15 655	16 363	17 020	8 387	8 786
General operating costs	-7 014	-7 438	-7 857	-3 820	-3 743
Allocation to amortizations and depreciations of tangible and intangible assets	-869	-954	-1 026	-509	-662
GROSS OPERATIONAL RESULT	7 771	7 971	8 137	4 058	4 381
Risk cost	-3 323	-3 091	-3 154	-1 246	-1 379
OPERATING RESULT	4 449	4 881	4 983	2 812	3 001
Share of the result of equity-consolidated companies	6	4	-4	-3	-1
Net gains or losses on other assets	20	-13	188	13	-21
Change of goodwill purchase values	-	-	-	-	-
PRE-TAX RESULT	4 475	4 872	5 167	2 823	2 979
Benefit tax	-1 436	-1 460	-1 625	-871	-981
NET INCOME	3 038	3 412	3 543	1 951	1 999
Result – BPR share	-	-	-	-	-
External result	395	569	600	396	358
BCP GROUP NET SHARE	2 643	2 843	2 943	1 556	1 641

Source : BCP

IV. RISKS

I.1. ISSUER RISKS

I.1.1. CREDIT RISKS

A credit risk is the risk of loss stemming from a borrower's failure to repay his or her debts (bonds, bank credits, commercial credits, etc.). This risk is broken down into a default risk, which arises in the case where the borrower fails to repay or delays the repayment of the principal and/or interest on their debt, a risk on recovery rate in the event of default, and a risk of deterioration of the credit portfolio's quality.

GENERAL CREDIT POLICY

The general credit risk management policy, adopted by the Bank and approved by its administrative and management bodies, aims to define a global framework for the activities generating credit risks. Its principles are applied to ensure the Group's smooth development of its activities. The credit policy is based on the following principles:

- Standardization of credit risk management across all CPM organizations;
- Safety and profitability of operations;
- Risk diversification;
- Strict selection of files at the time of award;
- Establishment of a file for all credit transactions and its review at least once a year for companies;
- Rating of Companies and Professionals and scoring on the granting of loans to individuals;
- Separation between the functions of credit sales and risk assessment and control;
- Collegiality of decisions resulting in the establishment of committees at all levels of the sector;
- Early detection of counterparty default risks;
- Reactivity in recovery.

The implementation of the credit policy is based on a comprehensive internal regulatory framework that complies with best practices. This covers the entire credit risk management process, through circulars, circular letters and standards setting the scope and conditions for carrying out risk taking, monitoring and control activities.

Decision-making process

The Bank's decision-making process is based on the following principles:

- The analysis of files by the commercial entities initiating the requests, and the second risk reading carried out by the entities Counter-study at the level of the BPR and BCP;
- Risk prevention through a decisive role of the Counter Study function in filtering files and in decision-making;
- The exercise of powers within the framework of committees reflecting the collegiality of the decision;
- A multifaceted delegated scheme ensuring that the level of risk is appropriate to the level required for the decision;
- Limits of competence established for each group of related beneficiaries;
- Excluding the powers of the OPIs from loans to related parties, regardless of their amount. The latter are subject to the internal credit committees held at the BCP level;

- The separation of tasks between commercial entities and those responsible for assessing, monitoring and managing credit risks, both at the BCP and BPR levels.

Overview of the credit risk management system

The credit risk control and management system is based mainly on the following areas:

- Collegiality of the decision resulting in the establishment of credit committees at all levels (Regional Credit Committee, Credit Committee BCP: Internal Credit Committee, Collections Committee and major risks...);
- Separation of duties between business entities and those responsible for credit risk assessment, monitoring and risk management;
- Definition of the attributions and modalities of operation of all the committees by circulars.

These areas are also confined to a general control framework that meets the regulatory requirements dictated by BAM. Within BCP, the risk management system and the internal control system follow, in the same way as the group, an individualized monitoring of the activities generating risks. This monitoring, deployed at all levels of the Bank, revolves around a three-component operational system:

- Evaluation and independent monitoring of the quality of the risks;
- Special monitoring of major risks and concentration risks;
- Permanent and close monitoring of sensitive receivables.

Our system, based on our risk governance structure and a solidly anchored risk management culture, is gradually being complemented by a risk appetite framework. It provides regular feedback to the Bank's Management and Governance bodies to implement:

- The right policies for controlled development;
- Corrective actions to safeguard the Bank's interests.

Internal Rating System

The Bank has set up a global rating system in line with regulatory requirements for use and usage, applicable to all counterparties, whether they are sovereign states, banks or companies. Those operating in the real estate development sector are qualified through project ratings. Individual customers are currently subject to scoring for consumer and real estate loans, pending the deployment of the new tool dedicated to the rating of individuals.

The rating system is the core of the credit risk management system and is based on a series of models appropriate for each asset class. The rating consists in assigning a rating to each counterparty according to an internal scale, each level of which corresponds to a probability of default. It is one of the key criteria of the credit granting policy. The rating is assigned at the time the credit file is prepared and is reviewed at least once a year. In addition, attention is paid to the consistency between the decisions taken and the risk profile identified by each rating and its components, in this case the various qualitative and quantitative information that the grid includes.

The risk classification adopted by the CPM and their significations are presented in the table below:

Note	Label	Description
A	Excellent	Excellent development, and/or excellent positioning in its sector, and/or very high debt capacity, and/or management has a long reputation for excellence.

B	Very Good	Very good evolution of activity and profitability indicators, and/or good commercial positioning, and/or high debt capacity, and/or management enjoys a good reputation.
C	Good	Good evolution of activity and/or profitability, and/or modest debt, and/or good reputation management.
D	Quite Good	Normal evolution of activity and/or profitability, and/or moderate debt, and/or good reputation management.
E	Average	Assets of satisfactory quality, and/or moderate debt, and/or management of good reputation, and/or the borrower has an average position in its sector.
F	Adequate	Assets of acceptable quality, and/or low or no debt capacity, and/or average management.
G	Mediocre	Significant debt, and/or weak management, and/or weak positioning in its sector.
H	Very Mediocre	Too fragile a financial situation, and/or heavy indebtedness, and/or anarchic management, and/or poor position in the sector...etc

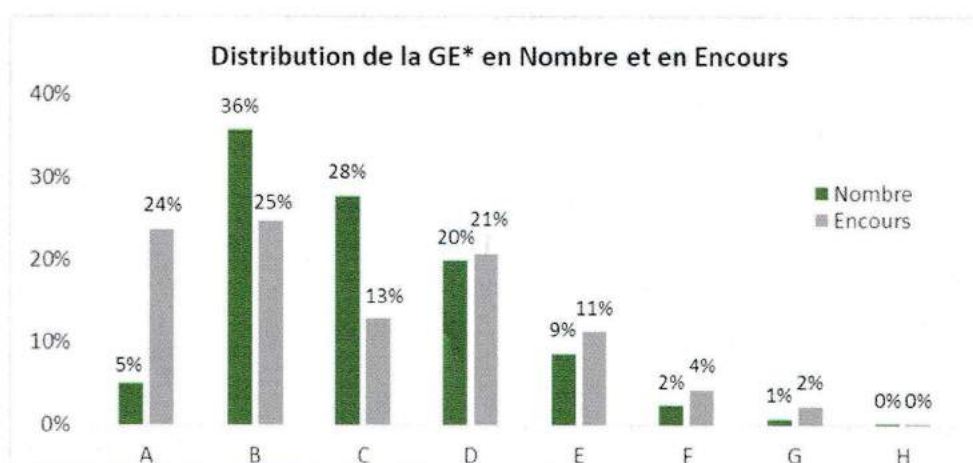
Source : BCP

Rating is also an important factor in assessing the quality of the Bank's exposures, through the analysis of the rated portfolio and changes in its distribution. In addition, special monitoring is carried out for counterparties with a deterioration in the quality of risk.

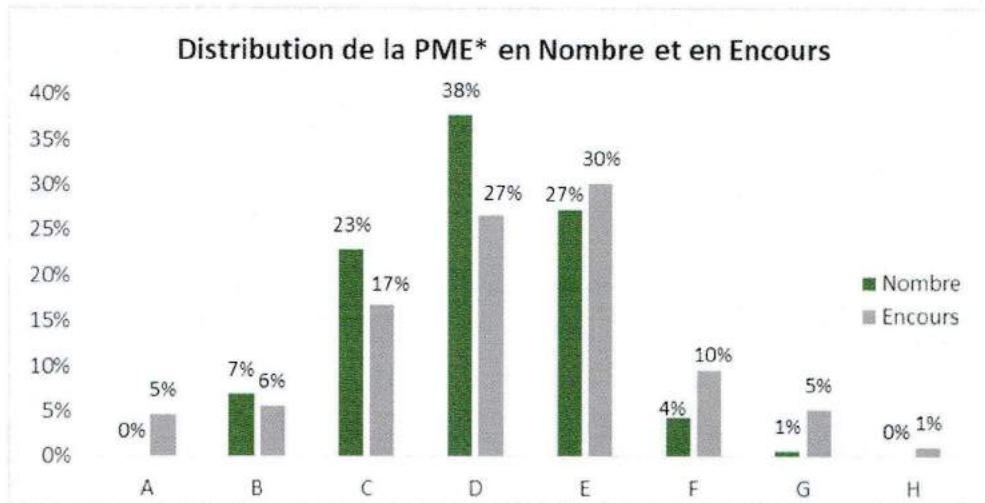
In addition, the rating system is a fundamental element of the new IFRS provisioning process⁹.

Finally, as part of the ongoing maintenance of the company rating tool, the Group has defined a series of tests to assess the performance of rating models in terms of discrimination, failure prediction and stability. These tests, known as backtesting, are carried out to ensure the viability of the rating models and to implement corrective actions if necessary.

As at June 30, 2019, the distribution of the rated healthy portfolio is as follows:



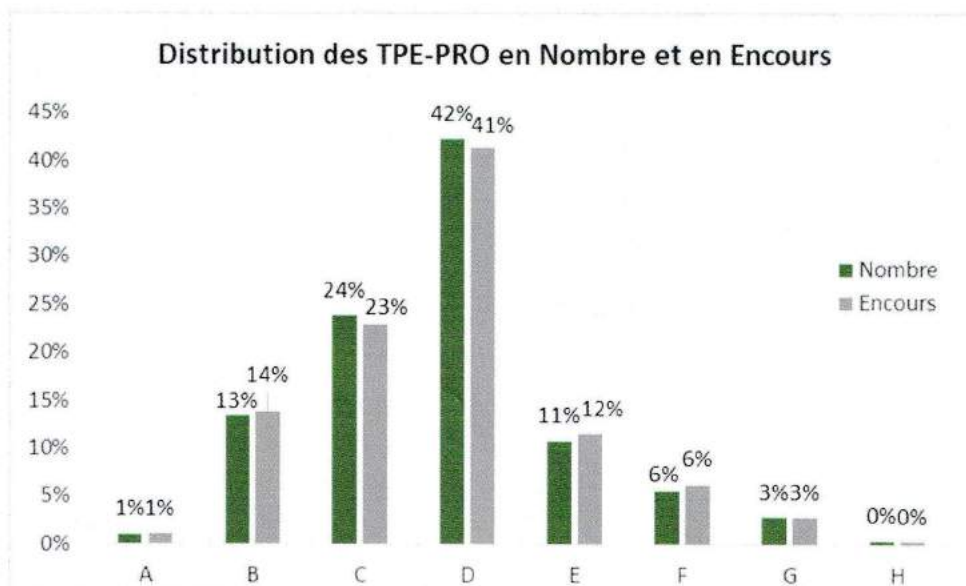
*GE are Large Corporations: Company with a turnover greater than or equal to MAD50 million



* PME are Small Medium Entities: Company with a turnover between 3 and 50 MAD million

The portfolio analysis of the SME-GE segment shows a reassuring distribution of risks. Indeed, the portfolio, in terms of number and outstanding amounts, is concentrated on ratings between classes A and E.

Ratings A, B and C represent 69% of the GE companies rated by number, corresponding to 62% of outstandings in June 2019. For SMEs, classes B, C, D and E represent 95% by number and 80% by stock in June 2019.



The analysis of the distribution of TPE* /PROs shows a concentration on B-E rating classes, which indicates a controlled level of risk for these two segments.

Classes B-E account for 90% of the TPE /PRO with 90% of the total outstanding amount in this segment.

* TPE : Very small entities (VSE)

Concentration risk monitoring system

The individual concentration of risks is closely monitored by the Bank on the one hand to follow the prudential rules imposed by the requirement of the division of risks, and on the other hand, to ensure the diversification necessary to risk dilution.

The managing and monitoring system of the concentration risk is built around the following elements:

- A portfolio review process based on a risk database built and continuously enhanced by the various applications, allowing the feedback of all the information necessary for the group review of a given portfolio (group and commitment database, central balance sheet database specific to the bank, rating database, etc.);
- A system of sectoral and individual limits constituting the first foundations of the risk appetite framework.
- Particular attention to commitments as soon as their level exceeds 5% of the bank's equity;
- A process for examining the top 100 risks in the sense of counterparty or group of related counterparties, for all the bank's entities.

Payment credits	In % of productive jobs CPM (*)
First 100 risks CPM (*)	69,8%
Counterparties eligible to BAM's declaration (*)	40%

(*) Excluding subsidiaries

Portfolio review process

Portfolio review is increasingly an important tool for monitoring and managing major risks and concentration. It complements the regular process of annual file review and ongoing monitoring of commitments based on the usual parameters for loan risk assessment (sector related data, qualitative and quantitative elements related to the counterparty and to the group...).

The concept of portfolio concerns a group of assets grouped by sector of activity, risk class, level of commitments...

Through the simultaneous and global analysis of a given portfolio resulting in a homogeneous classification of counterparties, a definition of individual limits is made. The convergence sought between the opinions of the commercial line and the risks allows the higher authorities to have the necessary elements for decision-making, in particular as regards the commercial policy to adopt with regard to a given portfolio (development of relations, maintenance, disengagement, strengthening of security rights, etc.)

Credit risk appetite system

The Group is continuing to gradually build its global risk appetite system. To date, the system is divided into:

Sectoral concentration limits: The process of setting sector limits is based on qualitative and quantitative standards, consisting in combining the measurement of the degree of loss experience of the sectors with

their development potential. Since 2017, this system has been an important component of the planning process insofar as it makes it possible to define strategic orientations in terms of overall market share in a given sector/sub-sector, with a view to ensuring targeted and more controlled development. The sectoral limits are updated once a year. Their monitoring is accompanied by measures according to the level of the limit reached.

Individual concentration limits: Based on the portfolio review process, the Bank's major risks are analysed in a grouped analysis that leads to a classification by risk level. Based on this classification and taking into account other parameters (nature and level of activity, own funds of the counterparty and the Bank, sectoral limit, etc.), limits per group of counterparties are defined after approval by the appropriate committees.

It should be noted that the definition of limits includes a negotiation process with the business lines. The results from the limit models are thus examined beforehand with the limits to integrate any possible component not modelled by the calculations. The proposals resulting from these discussions are submitted to the appropriate committees for decision and arbitration.

The limits are reviewed annually. They may be subject to a one-time reassessment in the event of a significant change in market conditions that may impact the perception or assessment of risk. Compliance with the limits is monitored by the functions concerned through appropriate monitoring and reporting tools.

It should be noted that the Group has launched the Risk Appetite Framework project to model economic capital, risk-adjusted profitability and define the Group's risk appetite.

Sensitive receivables monitoring system

The objective of the sensitive risk monitoring system is to identify as early as possible signals of potential deterioration of the healthy portfolio, in order to be able to process it promptly, while actions to protect the interests of the Bank can still be quite effective and inexpensive;

These receivables are identified and monitored jointly by the risk functions and the monthly business lines.

The mechanism put in place consists of a permanent exchange of information on each situation with the relationship managers with a view to initiating the necessary negotiations for the possible regularisation of the claim; Cases that do not show a favourable development of their situation are entered in the Watch List, after a decision by the competent committees. This "Watch List", which is the outcome of all supervisory actions, is itself the subject of a monitoring mechanism, to enable the Bank to preserve its recovery potential over time.

With regard to provisions, the "Watch List" is an important component of the provisioning process for both corporate (PRG) and consolidated (IFRS9) provisions. This allows the risk management system and the provisioning system to converge perfectly.

It should be noted that Bank Al Marghrib's circular 19/G, on the classification and provisioning of receivables, is currently being revised to include the treatment of sensitive receivables. This reform project, the text of which is not yet circulated by Bank Al Maghrib, aims to:

Ensure consistent application in the identification, classification and provisioning of sensitive receivables within the banking sector;

Incorporate new default criteria (overruns, restructuring, etc.).

I.1.2. COUNTRY RISKS

Country risk monitoring and management process

To support the Group's controlled international development, risk management benefits from a global strengthening of tools and processes. Indeed, the Group continued to focus its work on the convergence project, which aims to harmonize and deploy Group standards for risk management and control. To this end, the various projects are set up as a global programme with adequate governance to ensure their proper execution.

Country risk management process

Country risk is the risk that a country's economic, financial, political, legal or social conditions will affect the Bank's financial interests. It does not constitute a nature of risks different from "elementary" risks (credit, market, operational) but an aggregation of risks resulting from vulnerability to a specific political, social, macro-economic, and financial environment.

Through its acquisitions, BCP has exposure to sub-Saharan Africa that presents risks in terms of asset quality, combined with limited Buffer capital.

The country risk measurement and monitoring system implemented is based on the following principles:

- A dedicated organization capable of making the important choices and making the necessary arbitrations (Monitoring Committee for International Banking activities at BCP level, Holding Committees);
- A decision-making and delegation of powers architecture (subsidiary, holding company, BCP) both in terms of granting credit and investment;
- Portfolio committees dedicated to monitoring and supervising the sensitive counterparties and sectors of each subsidiary, with centralized monitoring at ABI and BCP level;
- Finally, a review of country risks at the various Boards of Directors and Group Audit and Risk Committees.

In terms of methodology, the bank has set up a country risk management system based on an internal rating model that quantifies country risk based on economic, financial, political and regulatory data and indicators. This rating is divided into four different types of risks: sovereign default risk, non-transfer risk, corporate risk assimilated to the risk of a generalised macroeconomic shock, and banking system risk. For each of these types of risk, ratings distinguish between short-term risk (less than 12 months) and medium-term risk (over 12 months). These internal country ratings are a key component of the Group's provisioning framework.

To improve the country risk management system, the Group launched a structuring project in the fourth quarter of 2019 to define limits by country of exposure and by major type of borrower. These limits will be defined according to the level of risk of the countries (derived from the internal rating system of the countries), the risk appetite of the group and the profitability.

Monitoring process for foreign subsidiaries

The Group has a system for reporting and consolidating risks at local and central level, which makes it possible to assess risk areas in order to implement mitigating strategies. This system, reinforced in 2017-2018 by the implementation of the "Watch List" process, ensures rigorous monitoring:

- The risk profile and portfolio quality for each subsidiary;
- Sensitive or overdue loans;
- Individual and sectoral concentration risks.

I.1.3. MARKET RISKS

Market risks are the risks of loss or exposure on the trading portfolio. They result from unfavorable changes in market parameters (exchange rates, interest rates, property security prices, commodity prices, volatility of derivative financial instruments).

The Bank, a leading financial institution and a major player in market activities, has a market risk management system that covers all activities relating to transactions related to the trading book or intended to hedge or finance it. This system is based on clear guidelines, internal policies and procedures in line with risk tolerance levels and performance objectives, and in line with the Bank's own funds.

Thus, the Bank's tolerance level for market risks is defined through the limits and delegation of authority mechanisms. This tolerance level is set so that market risk exposures cannot generate losses that could compromise the Bank's financial strength and expose it to undue or significant risks.

In addition, in order to secure the development of market activities, the Bank has developed, as part of its overall risk management strategy, a culture of rigorous control and supervision of market risks, based on guiding principles that make it possible to:

- Control risks on exposure
- Secure the development of the Bank's market activities within the framework of its strategic orientations and in accordance with regulatory provisions
- Adopt best practices in risk management for all market activities

Policies and Proceedings

The market risk management policy defines the overall framework for managing the risks associated with market activities. It integrates, within a coherent framework, all risk management tools/processes as well as the principles and guidelines adopted by the Bank to guide its risk exposure on market activities. This policy is based on an internal regulatory corpus comprising a set of circulars, procedures and standards governing risk-taking in market activities.

The market risk management policy focuses on:

- The roles and responsibilities of the governance and management bodies and the missions of the operational entities involved in market risk management;
- Determination and review of market limits;
- Review of exposures and risks;
- Risk measurement methodologies and validation of valuation models;
- Monitoring and Reporting tools.

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

- A system for separating trading and banking portfolios, reflecting the prerogatives of circulars 26/G/2007 and 8/G/2010 on the calculation of capital requirements for market risks.
- A system of delegation of authority governing the attributions delegated to those responsible for market activities in order to:
- secure operations and limit risks;

- comply with banking regulations on internal control and prudential management;
- optimize decision-making processes;
- improve profitability.

A derivatives management policy describing the process for launching, monitoring and managing derivatives. It thus provides a framework for the powers delegated to the various functions involved in this process and the main limits to which this activity is subject.

Parties and companies involved in market risk management

Market risks are managed through ad-hoc governance bodies supported by the following actors:

- "La Banque des Marchés": is the first line of self-checking. In terms of risk, its responsibilities include:
- The proposed risk limit for each of the portfolios under management based on performance and risk tolerance objectives. These risk limits are submitted, after analysis and calibration by Risk Management, to the Group Global Risk Management Committee for validation;
- Submitting for approval, in accordance with a delegation of authority mechanism governed by an internal circular, transactions that exceed their level of competence.

"The Middle Office": carries out first-level control and carries out daily monitoring activities in complete independence from the operational staff of market activities. Its main responsibilities consist of:

- Monitoring and control of market transactions (data update, position monitoring, transaction compliance, gap analysis and correction);
- An analysis of the results of market activities: reconciliation, reconciliation and profit and loss (P&L) monitoring;
- Risk monitoring: limit monitoring, analysis and monitoring of hedging operations;
- Optimization and development of processing resources (participation and support during the development of information systems, new products, internal referentials and management procedures).

"Market Risks": defines risk measurement methodologies, examines limits and monitors all of the Bank's market risks. This function is in charge of the second level control. Its main missions are to:

- Design, develop and organize the Market Risk Management System;
- Define risk measurement and boundary determination methodologies;
- Monitor positions, limits and risks generated by market activities;
- Ensure the development and optimization of risk measurement tools and systems;
- Produce regulatory and internal reports for the regulator and the Group's various committees and governance bodies.

"Counterparty Risks": intervenes on methodological aspects relating to counterparty risk related to market activities, designing and implementing the Group's standards in this area.

Market risk management and monitoring system

In order to control and monitor risks on market activities, the market risk management system adopted by the Bank is organised along the following lines:

- A governance system that includes a clear organization ensuring a well-defined division of responsibilities, and guaranteeing independence between operational staff and risk management and control bodies;
- A steering and arbitrage activity between the various market activities via the investment committee;
- A system of delegation of authority defining the process for requesting, validating limits and authorizing exceedances;
- Monitoring and surveillance of risk indicators by entities and market risk control bodies;
- A set of tools for managing and controlling market risks.

Applicable limits

The framework of limits governing market activities is reflected in a system of internal limits governing the risks inherent in the trading book, including market limits, transaction limits and counterparty limits.

The market limits system consists in defining a market risk appetite based on risk taking capacity, taking into account available capital and a solvency objective. This maximum tolerance is broken down into authorised market risk envelopes, which are allocated to each product line or asset class according to a loss envelope allocation scale based on risk-adjusted performance measures.

The defined loss envelopes are translated into overall VaR and portfolio VaR limits, which are supplemented by stop loss limits and sensitivity limits appropriate to each product type. The definition of these limits takes into account portfolio sizes and historical market parameter shocks observed in periods of high volatility.

The transaction limit system represents the delegation of authority for the amounts of transactions to be processed, depending on the nature of the instruments authorized and the hierarchical rank of the participants in the market activities chain.

Counterparty limits for exposure to bank counterparties. These limits are defined based on either an expert model through the analysis of counterparties' qualitative and quantitative data or through the rating of rating agencies, or a statistical model with quantitative variables combined with a country risk component.

In addition, the market and transaction limits system is based on a delegation of powers grid setting limits per instrument, per market and per participant. The process of renewing limits and managing exemptions is governed by an internal circular.

Risk indicator monitoring system

Market risks are monitored daily by the Middle Office and Risk Management functions. The Group Risk Management Committee ensures, through bimonthly reporting of exposure levels, returns, risks related to market activities, compliance with regulatory requirements and compliance with the limit system. This reporting also includes the analysis of portfolio sensitivity and simulations in the case of extreme scenarios taking into account both the structure of the portfolios and the correlations between the various risk factors.

In addition to regulatory reporting, the Bank's risk reporting system takes two forms:

- Internal reporting on the market risk monitoring and management process, including risk indicators per sub-fund;
- Internal reporting on the monitoring and management of market risks for the Group Risk Management Committee, which is held bimonthly, and for the Committees of the governance bodies. This reporting, structured by asset class at a fairly fine level of granularity, is based on the VaR approach and systematic measurements of portfolio sensitivity to the various market parameters. It tracks the evolution of exposures and risk indicators over the past year with a daily focus on the last three months. These risk indicators are compared, like position measurements, with previously set internal limits.

Risk monitoring and management tools

The assessment of market risks is based on the combination of two measurement groups to quantify potential risks: The calculation of value at risk (VaR) on the one hand, and the use of sensitivity measures and stress scenarios on the other.

The Bank has adopted a market risk management and monitoring structure that includes the use of a VaR approach for the entire trading portfolio.

VaR is defined as the maximum theoretical loss that a portfolio can suffer in the event of adverse movements in market parameters over a given time horizon and confidence interval. The Bank uses a confidence interval of 99% and a time horizon of one day, based on two years of data history. This makes it possible to monitor, on a day-to-day basis, the market risks taken by the Bank on trading activities under normal market conditions.

The method used to calculate the VaR is that of a historical model based on historical scenarios of the risk factors inherent in the trading portfolio. This model implicitly takes into account the correlations between the different risk factors. An aggregate VaR is calculated for all trading activities, by type of instrument and by risk factor class.

In addition to the VaR indicator, the Bank incorporates sensitivity analyses and limits into its monitoring system. Thus, impacts in terms of P&L, based on standard scenarios or stress scenarios, are estimated for the entire trading portfolio. These scenarios are chosen from three categories, namely historically proven scenarios, hypothetical scenarios and adverse scenarios.

The main scenarios selected are:

- An interest rate variation of +/-1 bp, +/-10 bps, +/- 25 bps, +/-50 bps and +/- 100 bps (aggregate shocks and by maturity band);
- An extreme variation in interest rates of 200 bps;
- An exchange rate variation of +/- 1% and 5%, taking into account the correlation between the EUR and the USD in the composition of the MAD basket;
- Extreme variations calculated on the basis of a history of interest rates, exchange rates and the MASI index.

Evolution of exposures and risk profile

At the end of June 2019, the total gross outstanding amount of the trading portfolio was fixed at MMDH 101.4 million, of which 48% was invested in direct bond securities or via UCITS and 24% in foreign exchange activity. The overall VaR (1-day at 99%) excluding the inter-portfolio diversification effect is

estimated at MAD65 million, or 0.1% of the trading portfolio's mark-to-market, excluding hedging and financing operations, which amounted to MAD63.8 million at the end of the first half of 2019.

VaR is mainly concentrated on the bond portfolio and property securities, and incidentally on forward exchange transactions, foreign currency treasury transactions and foreign exchange derivatives. This is related to the size of these portfolios, the high volatility of the risk factors that make up them and their weight in relation to other items in the trading portfolio.

The level of VaR followed a downward trend throughout the first half of 2019, mainly due to the decrease in the volatility of market parameters, particularly MAD rates, and the decrease in the duration of the overall bond portfolio.

At the end of June 2019, the following graphs show the structure of the Bank's trading portfolio and the contribution of each class of risk factors to the overall VaR.

Change to compartment

Forward exchange outstanding amounted to MAD10.3 million at the end of June 2019, an increase of nearly MAD1.4 million compared to the end of March 2019 and an increase of nearly MAD9.8 million compared to the end of December 2018.

The foreign exchange position decreased during the fourth quarter of 2018, from MAD4.1 million at the end of September to MAD460 million at the end of December 2018. This decline was maintained during the first half of 2019 and stood at the end of June at a "short" position of MMDH 3.4 million. SdM reduced its foreign exchange position to protect itself against a possible appreciation of the Dirham against the Euro and the Dollar, following exogenous events impacting the liquidity of foreign exchange markets.

The VaR of the foreign exchange trading activity, excluding diversification effect, reached MAD10.36 million at the end of June 2019.

Bond sub-fund

The local bond stock is part of an upward trend during the first half of 2019 to reach MMDH 48 at the end of June 2019, while reducing exposure to risk in terms of average sensitivity.

The VaR of the local and international bond trading portfolio amounted to MAD31 million at the end of June 2019, down 45% compared to its value at the end of March 2019 (MAD56.8 million).

Equities and Diversified OPCVM Sub-Fund

The outstanding amount of the Equity and Diversified OPCVM portfolio was MAD3.2 million as of June 30, 2019, with a VaR of MAD20.7 million.

I.1.4. ALM RISKS

The strategy of management of rate and liquidity global risk is in line with the risk control objective within the development process planned and adopted by the Group. This strategy is based on the following guiding principles:

- Directing development activities in the context of a medium-term plan taking account of the risks of rate and liquidity.

- Maintaining a stable and diversified structure of our deposits with a mastery of the growth potential of our commitments.
- Gradually improving the overall rate Gap to maintain a balance of different activities in terms of rate and liquidity profile.
- Developing variable-rate assets to immunize a portion of the balance sheet following an unfavorable evolution in interest rates.

Global Rate Risk

The overall rate risk is the loss caused by unfavorable changes in interest rates across the bank's balance sheet with respect to its ability to transform savings and resources into productive uses.

The analysis of global risk of rate is complex because of the need to make hypotheses about the depositors' behavior regarding the maturity of refundable deposits contractually on demand and on the assets and liabilities directly insensitive to interest rates. When the behavioral characteristics of a product are different from its contractual characteristics, behavioral characteristics are assessed to determine the risk of the underlying real interest rate.

The process of assessing and controlling the overall level of interest rate risk takes place:

- Once a quarter at the end of the summary statements;
- In line with the planning process (phase of the strategic guidelines note and phase of the medium-term financial plan), as a final validation mechanism for the PMT;
- On the occasion of significant changes in tariff structures to assess their impact;

This monitoring system is based on:

- An evaluation methodology based on the gap approach. This results in a classification of assets and liabilities according to their maturity and interest rate profile (fixed or variable), taking into account factors of residual maturity and future behaviour (four-year forecast approach and MTP assumptions).
- A quarterly reporting system for the ALM Committee on exposure levels, stress tests in terms of impact on NBI and equity, and forecast trends in prudential ratios.
- A system of limits in terms of risk impacts, in relation to GNP and equity.

Through this system, the management of global interest rate risk aims to optimise the impact of interest rates on profits and shareholders' equity by relying on a Gap calculation.

Overall interest rate risk management system

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

- Once a quarter when the financial statements are closed;
- In conjunction with the planning process (phase of the strategic guidelines note and the framework phase of the Medium-Term Financial Plan), as a final validation mechanism for the MTP;
- During major changes to the rate schedules to assess their impacts.

This monitoring system is based on:

- An evaluation methodology based on the gap approach. This results in a classification of assets and liabilities according to their maturity and interest rate profile (fixed or variable), taking into account factors of residual maturity and future behaviour.
- A quarterly reporting system for the ALM Committee on exposure levels, stress tests in terms of impact on PNB and equity, and forecast trends in prudential ratios.
- A system of limits in terms of risk impacts, in relation to PNB and equity, defined by the ALM Committee and validated by the Executive Committee.

Through this system, the management of global interest rate risk aims to optimise the impact of interest rates on profits and shareholders' equity by relying on the calculation of static and dynamic Gap

Evolution of risk indicators

The profile of short-term assets at the end of June 2019 is approximately the same as that of December 2018. However, short-term liabilities are down slightly due to lower use of (very short-term) money market funding and lower term deposits. The main changes affecting interest rate risk are as follows:

- The increase in the amount of the monetary reserve by MAD 1.4 billion;
- The increase in BDT of marketable securities by MAD1.6 billion;
- The decrease in term deposits and savings bonds with a residual maturity of less than one year (i.e. -3.9 MMDH)

In the event of a 100 basis point change in interest rates, the profit would vary by MAD 160 million compared to MAD 198 million in December 2018. It should be noted that the sensitivity of profits to a change in interest rates remains below the limits of the Group's risk objectives.

The following table presents the potential impact of a 100 basis point change in interest rates over a 12-month period on the Bank's net interest income and economic value in Dec. 2018 and June 2019. The impact of such a change represents less than 2% of PNB and regulatory capital.

	31/12/2018	30/06/2019
Earnings impact (in millions of Moroccan dirhams)	198	160
Relative to net banking income	1,69%	1,36%
Impact on the economic value on the CT (in millions of dirhams)	83	61
In relation to regulatory capital	0,25%	0,18%

Liquidity Risk

This risk may arise from the balance sheet structure due to lags between effective maturities of assets and liabilities' elements, funding requirements for future businesses, customer behavior or potential disruptions in markets or economic conditions.

The purpose of liquidity risk management is to provide BCP with access to the funds necessary to meet its financial commitments as they come due. The management of this risk results in the maintenance of a sufficient level of liquid securities and a supply of stable and diversified funds. The portfolio of securities consists mainly of Treasury bonds and, to a lesser extent, liquid securities and UCITS.

Liquidity management relies on the following:

- The monitoring of the balance sheet's liquidity ratios according to internal and regulatory requirements;

- The development of a liquidity schedule based on dynamic scenarios over the PMT period as well as the static liquidity schedule giving indications on the liquidity situation of the Group in the medium and long term;
- The monitoring of the investment portfolio and the projection of cash flows;
- The monitoring of the investment portfolio and the projection of cash flows, - the maintenance of a varied range of financing sources and the monitoring of the concentration of deposits by product and counterparty, with regular monitoring of the concentration of the 10 largest depositors;
- The maintaining of privileged relationships with institutional investors and major corporate customers.

The Group has a refinancing risk management policy applicable under normal market conditions but also in the event of a liquidity crisis. This policy defines the monitoring mechanisms and alternatives to mitigate refinancing risks in the event of a prolonged liquidity crisis. Customers' sight deposits (current accounts and savings accounts) constitute an important part of the Group's overall financing, which has proved stable over the years.

In addition, BCP is a major player in the money and bond markets through its market activities. Its position allows it to use short-term repurchase agreements with BAM, banks and other financial institutions.

Changes in risk indicators

Total assets of the CPM amounted to MAD335 billion at the end of June 2019 compared to MAD329 billion in December 2018, an increase of 1.8%.

In June 2019 and compared to December 2018, the jobs to be refinanced in cash amounted to approximately MAD8 billion. These are mainly customer loans (+MMDH 1.6 million), financial loans (+MMDH 2.6 million) and the trading and investment securities portfolio (+MMDH 4.3 million). These amounts were refinanced by:

- A decrease in cash loans (+2.5 MMDH);
- Investment securities sales (+0.7 MMDH);
- An increase in shareholders' equity (+3.9 MMDH);
- Various operations (+0.7 MMDH).

The Bank's liquidity situation remains comfortable, as evidenced by the level of the LCR at the end of June 2019 (122%), which is well above the regulatory minimum.

CPM's resources collected from customers stagnated at around MAD243 billion between December 2018 and June 2019. This situation is the result of the following developments:

- Increase in non-interest bearing sight deposits (+4.3 MMDH) and book accounts (+0.6 MMDH)
- Decrease in term deposits mainly to companies (-3.9 MMDH) and other accounts payable (-1.2 MMDH)

The result is an improvement in the resource structure with a share of unpaid resources rising from 66% in December 2018 to 67% in June 2019.

The Group's transformation coefficient stood at 88.7% in June 2019 compared with 87.7% in December 2018 (an increase of 1 point) due to an increase in loans exceeding that of deposits.

I.1.5. OPERATIONAL RISKS AND BUSINESS CONTINUITY PLAN

Operational risk management system

Operational risks are defined as the risk of potential harm due to inadequacy or failure due to external procedures, people, systems or events. This definition of operational risk includes legal risk, but excludes strategic and reputation risk.

In addition to the regulatory requirements for the allocation of capital for operational risk, the system implemented seeks to fully meet BAM's recommendations and the sound practices recommended by the Basel II agreements. As a result, it is part of a system of continuous improvement:

- Collect data on (potential) risks and/or (proven) incidents;
- Analyze these risks and/or incidents and assess their frequency and financial consequences;
- Support the business lines in developing action plans and preventive and/or corrective actions to reduce the impact and probability of the most significant operational risk events occurring;
- Have management tools and risk indicators that reflect operational risk exposure.

Organization of the operational risk management process

The operational risk management system is organised around:

- The central function at the BCP level, whose mission is to design and manage methodological and IT tools while ensuring awareness, training and assistance for the various stakeholders;
- Regional risk managers who act as relays for the central function at the level of the Regional Banks;
- counterparts at subsidiary level who ensure the implementation of the methodology and IT tools in synergy with the measures adopted within the group;
- Operational risk correspondents designated by business line as part of the incident collection protocol. The role of these correspondents is to identify operational losses and record them in the operational risk management tool made available to them.

Operational risk mapping

The process of reviewing the operational risk mapping is based on the internal process reference framework. Through workshops with business experts, operational risk events are identified and assessed.

These operational risk events are assessed according to the frequency and average unit impact parameters, according to two grids established for this purpose, each with 6 degrees of score. Risk control systems are assessed in terms of their relevance and applicability according to the following three levels: satisfactory, to be reinforced or unsatisfactory.

The work of reviewing the operational risk mapping allows a hierarchical view of risks and the implementation of action plans by business line.

Incident collection

In line with regulations, a system for collecting incidents related to operational risk, based on a reporting mechanism, has been set up. This system is managed in real time using the Front Risk tool. Moreover, the operational risk correspondents designated at the level of the various business lines report directly to the Front Risk level. Then, a workflow is planned in order to offer managers a permanent monitoring of the occurrence of an operational risk.

The continuous animation of the actors involved in the incident collection process makes it possible to improve the quality of reports and to have a better visibility on the Bank's risk profile.

Monitoring of externalized activities

To assess the risk incurred by the bank, two evaluation grids are put in place:

- Criticality grid with 8 axes (service implementation, number of services in the region, service cost, regulatory requirements, etc.) on a scale of 1 to 4 to order benefits according to their risk exposure;
- Level of control grid including 5 axes (Financial health, PCA, provider's visit, ...) on a scale of 1 to 4 highlighting the level of risk control between providers of the same activity

Business continuity plan management system

The Groupe Banque Populaire defines the business continuity plan (BCP) as a written action plan that sets out the procedures and determines the processes and systems necessary to continue or restore an organization's operations in the event of a major operational disruption.

The business continuity strategy includes the identification of critical processes. These processes constitute the scope of business continuity in the event of a claim as listed in the mapping of threats that could put the Bank out of business.

This strategy covers threat mapping scenarios whose consequences are:

- Unavailability of staff;
- Unavailability of the information system;
- Unavailability of the premises;
- Unavailability of essential service providers.

Activation of the business continuity plan

It is important to note that no major claims occurred during the first half of 2019 requiring the bank to activate its business continuity plan. In addition, training exercises and awareness sessions for the crisis unit and the business lines were organised.

Device for managing the risks of intrusion of the information system

Faced with the risks in cyberspace, the Strategic Committee for Information Systems Security approved the creation of the General Directorate for Information Systems Security (DGSSI) on December 5, 2012.

Thus, in order to meet the security requirements of the Information Systems, and in particular Decree No. 2-15-712 of the DGSSI dated 12 Jumada 1437 (March 22nd, 2016), the bank has set up a system composed of organisational, human and technical resources:

- The appointment of an IS security manager, whose role is to propose a cyber-security strategy to the Executive Board based on the risks weighing on the bank's IS and to monitor its application.

- The development of a general security policy that reflects the bank's approach to ensuring IS security. This policy has been translated into a number of thematic policies that constitute the guidelines to be applied at the operational level, thus constituting the documentary reference framework for security.
- The implementation of a governance system consisting of a periodic steering committee that reviews the bank's security indicators, monitors security structuring projects and decides on the bank's priorities in terms of security. In addition, and in accordance with the Central Bank's guidelines, reports on security work and related risks are presented to the Bank's control committees (Risk and Audit Committee).

In this context, the bank has initiated a series of projects, including a three-year cyber-security strategy study, the certification of the bank's data centre in accordance with ISO27001 and the partitioning of the bank's IS to strengthen IS security and control cyber-risk.

Overall capital adequacy assessment system

Shareholders' equity highlights the group's solvency level and ability to cover unproven risks, while providing depositors and creditors with the necessary protection. The group has sufficient equity capital, which gives it the flexibility to expand, both through organic growth and strategic acquisitions.

Since 2007, the Bank has been calculating solvency ratios according to Basel II standards. From 2014, the new Basel III standards for equity capital were adopted by Bank Al-Maghrib. In addition to maintaining high minimums for the Tier 1 and Tier 2 ratios (9% and 12% respectively), this new regulation introduces stricter eligibility criteria, particularly for capital increases financed by the Bank, cross-shareholdings with credit institutions, minority interests, etc.

In full compliance with these standards, the Bank permanently holds a comfortable cushion of equity capital enabling it to cover risks and pass regulatory stress tests while remaining above the regulatory minimum. Its high equity ratios are mainly attributable to the almost systematic postponement of the results achieved.

In addition, the process of assessing the adequacy of our capital base is an integral part of the consistency analyses of our strategic plans, which take place at least once a year when examining the impact of the Medium-Term Plan on capital base and prudential ratios.

I.2. RISKS RELATED TO THE OFFERED SECURITIES

I.1.1. LIQUIDITY RISK

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

I.1.2. RATE RISK

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

I.1.3. SUBORDINATION RISK

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

I.1.4. RISK OF NON-PAYMENT

The obligations covered by this prospectus may present the risk that BCP may not be able to honour its contractual commitments towards bondholders.

This risk is reflected in the non-payment of coupons and the non-repayment of principal.

The obligations covered by this prospectus may present the risk that BCP may not be able to honour

DISCLAIMER

The aforementioned information is only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference n° VI/EM/035/2019 on December 13th, 2019.

The AMMC recommends reading the complete Prospectus made available to the public in French.