

BANQUE CENTRALE POPULAIRE






PROSPECTUS SUMMARY

SUBORDINATED BOND ISSUE

ISSUE CEILING: MAD 2,000,000,000

Issue ceiling	MAD 2,000,000,000
Maximum number of securities	20,000 bonds
Nominal value	MAD 100,000
Maturity	7 years
Interest rate	Annually revisable by reference to the full 52-week treasury bills rates (monetary rate) determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated December 11 th , 2017, i.e. 2.29%, increased by a risk premium between 50 and 60 basis points. That is, an exit rate ranging between 2.79% and 2.89% for the first year.
Risk premium	Between 50 and 60 bps
Tradability	Over the counter
Reimbursement guarantee	<i>None</i>
Reimbursement method	<i>In fine</i>
Allocation method	<i>French allocation method</i>

Issue reserved for qualified investors referred to in this Prospectus

Counselor and Global Coordinator	Centralizing body ensuring the issuer's financial service
	
Placement agent	
	

Approval of the Moroccan Stock Market Authority (AMMC)

In accordance with the provisions of AMMC circular taken in pursuance of Article 14 of the Dahir providing Law No. 1-93-212 of September 21, 1993, as amended and supplemented, the original version of this Prospectus has been approved by AMMC on December 14th 2017 under reference No VI/EM/038/2017.

DISCLAIMER

The Moroccan Stock Market Authority (AMMC) approved on December 14th, 2017 a Prospectus relating to the subordinated bonds issue by Banque Centrale Populaire (BCP).

The prospectus approved by AMMC is available at all times at BCP's headquarters and at its financial advisor. It is also available within a maximum of 48 hours at order collecting institutions.

The present Prospectus is available on AMMC website www.ammc.ma.

I. PRESENTATION OF THE OPERATION

I.1. LEGAL FRAMEWORK OF THE OPERATION

The Ordinary General Meeting of November 7th, 2017, having taken note of the Board of Directors' report on a bond issue program, and making use of the right reserved to it by Article 294 of Law no. 17-95 relating to public limited companies, as amended and supplemented, authorized the Board of Directors to proceed with the issue of one or more subordinated bonds with or without public offering, up to an amount, for the whole of the bonds to be issued, capped at eight billion dirhams (MAD 8,000,000,000).

Date of the OGM authorizing the operation:	November 7 th , 2017
Amount allowed:	MAD 8,000,000,000
Amount of previous bond issues:	MAD 0 000 000 000
Remainder:	MAD 8,000,000,000

In the case of several bond issues, each issue is considered to be a bond issue provided for in Article 298 of Law 17/95 on public limited companies, as amended and supplemented. As such, the amount of each issue may be limited to the amount of subscriptions actually received.

The authorization thus granted by the Ordinary General Meeting is valid for a period of five (5) years from the date of this Meeting.

The Ordinary General Meeting grants full powers to the Board of Directors with the option of sub-delegation to carry out at such times as it deems appropriate and before the expiration of the five (5) year period referred to above to carry out one or more subordinated bond issues, with or without public offering, up to an amount, for all loans to be issued, capped at MAD 8 billion (MAD 8,000,000,000), and determine the proportions, terms and conditions of the subordinated bond loan(s) as it deems appropriate and in accordance with the corporate interest, all in accordance with the applicable legal and regulatory provisions.

Pursuant to the powers granted to it by the Ordinary General Meeting of November 7, 2017, BCP's Board of Directors held on November 8, 2017 decided to sub-delegate to the Chairman of the Board of Directors the powers to carry out at such times as it deems appropriate and before the expiration of the five (5) year period referred to above to carry out one or more subordinated bond issues, with or without public offering, up to an amount, for all loans to be issued, capped at MAD 8 billion (MAD 8,000,000,000), and determine the proportions, terms and conditions of the subordinated bond loan(s) as it deems appropriate and in accordance with the corporate interest, all in accordance with the applicable legal and regulatory provisions.

In accordance with the powers delegated to it by BCP's Board of Directors of November 8, 2017, the Chairman of the Board of Directors has decided on December 11th, 2017 the amount of the present subordinated bond issue to Two Billion (2,000,000,000) dirhams and has set the following terms:

- **Maturity:** 7 years
- **Exit rate:** Annually revisable ranging between **2.79% and 2.89%** for the first year by reference to the full 52-week treasury bills rates (monetary rate) determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated December 11th, i.e. 2.29%, and revisable annually on each anniversary date of the issue. The rate is increased by a risk premium between 50 and 60 basis points, i.e. ranging between 2.79% and 2.89% for the first year

- **Reimbursement method:** In fine
- **Allocation method:** French allocation method
- **Subscription period:** From 21 to 25 December inclusive

I.2. OBJECTIVES OF THE OPERATION

Banque Centrale Populaire is continuing to implement its development strategy, in line with a dynamic of sustained growth and aimed at consolidating its positioning in the banking landscape.

The main objectives of this issue are as follows:

- Financing BCP's development projects without altering its current regulatory capital;
- Strengthening existing regulatory capital and, therefore, strengthening BCP's solvency ratio.

I.3. STRUCTURE OF THE OFFER

BCP will proceed with the issue of 20,000 subordinated bonds with a nominal value of MAD 100,000. The total amount of the operation amounts to MAD 2,000,000,000 (two billion dirhams) with a 7-year maturity, at an annually revisable rate non-listed on the Casablanca Stock Exchange and a nominal value of MAD 100,000.

In no case shall the total amount reserved for the issue exceed the sum of MAD 2,000,000,000.

This issue is reserved for qualified investors under Moroccan law: Undertakings for Collective Investment in Transferable Securities (UCITS), financial companies, credit institutions, insurance and reinsurance companies, *Caisse de Dépôt et de Gestion* (deposit and management fund) as well as pension funds and retirement.

The limitation of subscription to qualified Moroccan investors is to facilitate the management of subscriptions on the primary market. It remains the case that any investor wishing to acquire the bonds may purchase them on the secondary market.

I.4. CHARACTERISTICS OF SUBORDINATED BONDS

The subordinated bond differs from the ordinary bond at the level of the contractually defined debt by the subordination clause, the effect of this subordination clause being to set a condition in the event of the liquidation of the issuer, the repayment of the bond for privileged or unsecured creditors.

The characteristics of the bonds are as follows:

Nature of securities	Non-listed bonds dematerialized by registration with the central depository (Maroclear) and registered with the authorized affiliates.
Legal form	Bearer bonds
Tranche ceiling	MAD 2,000,000,000
Maximum number of securities to be issued	20,000 securities
Unit nominal value	MAD 100,000
Maturity	7 years
Subscription period	From 21 to 25 December 2017 inclusive
Vesting date	28 December 2017
Maturity date	28 December 2024

Risk premium	Between 50 and 60 bps
Issue price	At par, i.e. MAD 100,000 on the vesting date
Allocation method	French allocation method
Tradability	Over the counter 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 coupon shall be revised annually on the anniversary dates of the vesting date, i.e. on 28 December of each year. The new rate shall be published by the issuer 5 working days before the anniversary date in a legal gazette. Interests shall be paid on the anniversary date or on the following business day if it is not a working day.
Nominal interest rate	Annually revisable For the 1 st year, the nominal interest rate is calculated on the basis of the full 52-week treasury bills rates determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated 11/12/2017, i.e. 2.29%, increased by a risk premium between 50 and 60 basis points. That is, a rate ranging between 2.79% and 2.89%. For the following years, the subordinated bonds' nominal rate will be calculated on the basis of the latest 52-week Treasury Bill rate or calculated by linear interpolation on the secondary market yield curve as published by Bank Al Maghrib in 5 working days preceding each anniversary date. The reference rate thus obtained will be increased by the risk premium ranging between 50 and 60 bps.
Calculation method of the reference rate	On each anniversary date, the reference rate to be taken into account will be determined as follows: The reference rate for subordinated bonds shall be calculated on the basis of the latest rate of the Monetary 52-week Treasury Bills or calculated by linear interpolation on the secondary market yield curve as published by Bank Al Maghrib in 5 working days preceding each anniversary date. The rate thus obtained shall be increased by a risk premium ranging between 50 and 60 bps.
Coupon payment	The coupons shall be served annually on the anniversary dates of the bonds' vesting date, i.e. on 28 December of each year. Payment shall be made on the same day or on the first working day following the 28 December if it is not a working day. Interests shall be calculated using the following formula: $[\text{Nominal} \times \text{Nominal Rate}] \times [\text{number of exact days}] / 360$. They will cease to accrue from the day the principal is repaid by BCP. No deferral of interest shall be possible in connection with this operation.
Principal repayment	The BCP bond issue will be subject to a final repayment of 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. However, BCP reserves the right to buy back bonds on the secondary market, provided that the legal and regulatory provisions permit 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.
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 in all respects rights identical to those of the present 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.
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 principal 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.
Reimbursement 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 as the Commercial Court of Casablanca as a competent court.
Representation of Bondholders' body	Pending the holding of the General Meeting of Bondholders, the Chairman of the Board of Directors of BCP appointed Mr. Hdid, Chartered Accountant, as a provisional trustee. This decision will take effect starting from the opening of the subscription period. 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.

I.5. OPERATION SCHEDULE

Order	Steps	Not later than
1	Approval of AMMC	14 December 2017
2	Publication of an extract of the Prospectus in a legal gazette	16 December 2017
3	Opening of the subscription period	21 December 2017
4	Closing of the subscription period	25 December 2017
5	Allocation of securities	26 December 2017
6	Communication of the results of the operation to the subscribers	26 December 2017
7	Payment / Delivery	28 December 2017
8	Publication of the results of the operation in a legal gazette	29 December 2017

I.6. FINANCIAL INTERMEDIARIES

Type of financial intermediaries	Name
Financial counselor	Upline Corporate Finance 162, Angle Bvd d'Anfa et rue Molière – 20050 – Casablanca - Morocco Phone: 05 22 99 71 71
Placement agent	Banque Centrale Populaire 101, Bd Zerktouni, Casablanca

Phone: 05 22 20 25 33

Establishment providing financial
services relating to the securities

Médiafinance
27, Bd Mly Youssef, Casablanca
Phone: 05 22 20 97 31

I.7. SUBSCRIPTION TERMS

I.7.1. SUBSCRIPTION PERIOD

The subscription period for this issue will begin on December 21st, 2017 and will be closed on December 25th, 2017 inclusive.

I.7.2. SUBSCRIBERS

The subscribers concerned by this bond issue are the qualified investors of Moroccan law as defined below:

1. The financial companies referred to in Article 20 of Law No 103-12 on credit institutions and similar institutions, subject to compliance with the laws, regulations or statutes and the prudential rules governing them;
2. The credit institutions referred to in Article 20 of Law No 103-12 referred to above, subject to compliance with the laws, regulations or statutory provisions and the prudential rules governing them;
3. Undertakings for Collective Investment in Transferable Securities (UCITS) governed by the Dahir laying down Law No.193-213 of Rabii II 1414 (21 September 1993) on undertakings for collective investment in transferable securities, subject to compliance with the legislative, regulatory or statutory provisions and the prudential rules governing them;
4. Insurance and reinsurance undertakings governed by Law No 17-99 on the Insurance Code, subject to compliance with the provisions of the Staff Regulations and the prudential rules governing them;
5. The *Caisse de Dépôt et de Gestion*, subject to compliance with laws, regulations or by-laws and the prudential rules that govern it;
6. Pension and retirement institutions subject to compliance with the laws, regulations or statutory provisions and the prudential rules governing them.

Subscriptions are all made in cash, regardless of the class of the subscriber.

I.7.3. IDENTIFICATION OF SUBSCRIBERS

BCP must ensure that the subscriber belongs to one of the categories defined above. For this purpose, it must obtain a copy of the document attesting to this identification and attach it to the application form.

BCP, the agency responsible for the placement, must ensure that the representative of subscribers has the ability to act either as a legal representative or under a mandate available to them.

For each category of subscribers, the identification documents to be produced are as follows:

Category	Documents to attach
UCITS	<ul style="list-style-type: none">• For mutual funds, the number of the deposit certificate at the clerk's office and a photocopy of the approval decision;• For open-ended investment companies (SICAVs), the number of the commercial register and a photocopy of the approval decision;
Qualified investors under Moroccan law other than UCITS	Model of entries in the commercial register including the corporate purpose showing their membership in this category.

I.7.4. SUBSCRIPTION TERMS

Subscribers may make one or more subscription applications by specifying the number of securities applied for and the subscribed rate by one basis point. Subscription requests are daily cumulative by subscription amount and subscribers may be served up to their demand and within the limits of available securities.

There is no minimum floor or ceiling for the issue of bonds object of the present Prospectus, up to the amount of the transaction, i.e. MAD 2 billion.

BCP is held to collect subscription orders from subscribers via their depository by means of subscription forms, duly completed, signed and timestamped by the subscribers according to the attached model.

Depositories must make sure of the financial ability of investors to subscribe to the issue.

In addition, BCP undertakes not to accept any subscriptions outside the subscription period.

Subscription orders shall be collected by the BCP via depositories and subscribers throughout the subscription period. Subscriptions collected by an entity other than the BCP shall not be accepted.

Any subscription form must be completed, signed and dated by the subscriber or their representative and sent to the BCP. All subscriptions must be made in cash and must be expressed in number of securities.

Each subscriber must formulate his subscription order(s) by specifying the number of shares requested and the amount of his subscription. Each subscriber must submit a subscription form in accordance with the attached model, at 02:00 pm at the latest throughout the subscription period.

In the case of a portfolio management mandate containing an express clause enabling the representative to subscribe instead of the person he represents.

The subscription slips are irrevocable after the end of the subscription period.

I.8. ORDER PROCESSING

I.8.1. ALLOCATION METHOD

For the operation object of this prospectus summary and within the limit of the amount of the bond issue, the allocation will be made according to the so-called French allocation method.

The allocation method relating to the French allocation is as follows:

The Placement agent will hold bids for the lowest risk premiums, within the proposed range (including limits), until the issue amount is reached.

The agent responsible for the placement will then set the limit rate of the tender, corresponding to the highest risk premium of the retained applications. The selected bids are fully paid at the limit rate or the highest risk premium of the retained applications.

Thus, if the amount of subscriptions is less than the issue ceiling to it, the subscriptions received will all be allocated up to the amounts requested at the limit rate or the highest risk premium of the retained applications. If, on the other hand, the amount of the subscriptions is higher than the issue ceiling, two cases could arise:

- In the case where the subscriptions selected have been expressed with several risk premiums, the retained applications expressed at the lowest risk premiums will be served in priority and in full. As for the retained applications expressed at the highest risk premium, they will be prorated based on an allocation rate determined as follows:

Quantity of remaining securities / Quantity requested at the highest risk premium

The risk premium selected will be equal to the highest risk premium of the retained applications and will be applied to all the selected subscribers;

In the case where the subscriptions selected have been expressed with a single risk premium within the proposed range (including limits), all retained applications will be paid for this risk premium, pro rata, on the basis of an allocation rate determined as follows:

Offered quantity / Requested quantity

If the number of securities to be distributed, according to the pro rata rule determined above, is not an integer, this number of securities will be rounded down.

Odd lots will be allocated, by paying a bond per subscriber, with priority given to the highest applications.

At the end of the subscription period, the subscription orders will be consolidated by the placement agent.

It should be noted that the authorized ceiling for the operation subject of this prospectus summary is two billion (2,000,000,000) dirhams, the amount auctioned cannot, under any circumstances, exceed two billion (2,000 000 000) dirhams for the issue.

If at the end of the subscription period, the total amount of subscriptions received is less than the maximum amount of the issue (2 000 000 dirhams), subscriptions will be deemed to be allocated up to the amount collected.

I.8.2. TERMS OF SUBSCRIPTIONS' CANCELLATION

Any subscription that does not comply with the conditions contained in this prospectus is subject to cancellation by the placement agent.

In the event that the bond issue is not fully subscribed at the end of the subscription period, the amount of this issue may be limited to the amount of the subscriptions actually collected.

I.9. TERMS OF PAYMENT/DELIVERY

I.9.1. TERMS OF PAYMENT/DELIVERY

Payment/delivery between Mediafinance and the depositaries of subscribers shall take place within the framework of the private negotiation channel offered by the Maroclear settlement platform and will take place on the dividend date scheduled for 28 December 2017. The securities are payable in cash, in one payment and registered in the name of the subscribers on 28 December 2017. Médiafinance will arrange the registration date of subordinated bonds.

I.9.2. ISSUE DOMICILIARY

Médiafinance is designated as the operation's domiciliary, which is responsible for carrying out all operations inherent to the securities issued in connection with the operation object of the present prospectus.

In the event that the bond issue is not fully subscribed at the end of the subscription period, the amount of this issue may be limited to the amount of the subscriptions actually collected.

I.10. TERMS OF PUBLICATION OF THE OPERATION'S RESULTS

The results of the operation will be published by BCP in a legal gazette on December 29th, 2017.

I.11. TAX SYSTEM OF THE BONDS TO BE ISSUED

Investors' attention is drawn to the fact that the Moroccan tax system is presented below as an indication and does not constitute the exhaustiveness of the tax situations applicable to each investor.

Thus, legal entities wishing to participate in this operation are invited to check with their tax advisor the taxation that applies to their particular case. Subject to legal or regulatory changes, the current system is as follows:

I.11.1. INCOME TAXATION

Persons subject to corporate tax

Fixed income investment products are subject to a 20% withholding tax deducted from the amount of the installments and possibly the remainder of the corporate tax of the fiscal year in which the deduction was made. In this case, the beneficiaries must decline, when cashing these products, the following:

- the name and address of the headquarters or main establishment;
- the number of the commercial register and the number of the corporate tax bill.

Persons subject to income tax

Fixed income investment products are subject to income tax at the rate of:

- 30% for individual beneficiaries who are not subject to income tax under the Real Net Income (RNI) or the Simplified Net Income (SNI) systems;
- 20% attributable to the income tax contribution with restitution rights for legal entities and natural persons subject to income tax under RNI or SNI systems. The said beneficiaries must decline when the said income is received:
 - ✓ their surname, first name, address and ID number;

- ✓ their reference of the income tax applicable.

I.11.2. CAPITAL GAINS TAX

Legal entities

In accordance with the provisions of the General Tax Code, profits from the sale of bonds and other debt securities are subject, as the case may be, to either the income tax or the corporate tax.

II. PRESENTATION OF THE ISSUER

II.1. ACTIVITY

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 nine 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- P.B : 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 No 28173
Fiscal year	From January 1 st to December 31 st
Corporate objectives	<p>Article 5 of Banque Centrale Populaire bylaws stipulates the following:</p> <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 backing 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 baking body of Banques

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

Populaires Régionales governed by the aforementioned Law No 12/96.

- As such, the bank is in charge of the following:
 - 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:
 - 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;
- 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

- 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:
 - 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 Banques Populaires 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

	<p>Director shall decide.</p> <ul style="list-style-type: none"> ▪ And more generally, the company can conduct all banking, financial, commercial, industrial, movable or immovable operations, related directly or indirectly to its corporate objectives.
Current share capital	<ul style="list-style-type: none"> ▪ As of November 30th, 2017 the share capital is MAD 1,822,546,560 divided into 182,254,656 shares.
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"> ▪ Dahir providing Law No 1-93-211 dated September 21st, 1993 on Stock Exchange, amended and supplemented by Laws 34-96, 29-00, 52-01 et 45-06; ▪ General Regulations of the Stock Exchange approved by the Decree of the Minister of Economy and Finance N° 1268-08 dated 7th July 2008, amended and supplemented by the Minister of Economy and Finance's Decrees No 1156-10 dated April 7th, 2010, No. 30-14 dated January 6th, 2014 and No 1955-16 dated July 4th, 2016; ▪ Dahir providing Law N° 1-93-212, dated September 1993, as amended and supplemented by Laws N° 23-01, 36-05, 44-06, 43-09; ▪ 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 Regulation of the Central Depository approved by the Decree of the Minister of Economy and Finance No 932-98 dated April 16th, 1998, amended and supplemented by the Decree 1961-01 published in OB 4966 of January 3rd, 2002 and the decree 77-05 of March 17th, 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; ▪ General regulation of the Moroccan Authority of Capital Markets; ▪ Dahir 1-95-03 promulgating Law N° 35-94 on the TCNs.

	<ul style="list-style-type: none"> ▪ AMMC circular.
Tax system	<ul style="list-style-type: none"> ▪ Being a credit institution, BCP is subject to corporate taxation (37%) and to VAT (10%).
Competent court in case of litigation	<ul style="list-style-type: none"> ▪ Commercial Court of Casablanca.

II.2. SHAREHOLDING

History of shareholding evolution

Shareholder	Dec. 31. 14		Dec. 31. 15		Dec. 31. 16		Nov. 11. 17	
	Number of shares held	% Capital and voting rights	Number of shares held	% Capital and voting rights	Number of shares held	% Capital and voting rights	Number of shares held	% Capital and voting rights
BPR	90 149 952	52.07%	93 083 115	51.07%	94 787 367	52.01%	95 528 367	52.41%
Treasury	1	0.00%	1	0.00%	1	0.00%	1	0.00%
CPM employees	3 019 241	1.74%	10 897 674	5.98%	8 914 526	4.89%	6 882 048	3.78%
OCP	7 289 626	4.21%	2 408 548	1.32%	0	0.00%		
Selected institutions of which *:	22 794 884	13.17%	25 815 989	14.16%	58 249 924	31.96%	57 137 411	31.35%
MCMA	–	–	–	–	9 772 289	5.36%	9 822 289	5.39%
CIMR	–	–	–	–	10 904 158	5.98%	10 904 158	5.98%
RCAR	–	–	–	–	11 092 510	6.09%	11 092 510	6.09%
Miscellaneous (including floating on the stock exchange)	49 888 219	28.81%	50 049 329	27.46%	20 269 110	11.12%	22 674 999	12.44%
Treasury shares	0	0.00%	0	0.00%	33 728	0.02%	31 830	0.02%
TOTAL	173 141 923	100.00%	182 254 656	100.00%	182 254 656	100.00%	182 254 656	100.00%

* Shareholders owning at least 5% of the capital
Source: BCP and Casablanca Stock Exchange

On September 13, 2011, BCP increased its capital in the following ways:

- A capital increase reserved for the selected Institutionals. The total amount of this operation amounted to MAD 3,140,838,060 for 7,813,030 BCP shares at a price of MAD 402 per share.
- A capital increase reserved for Bank staff. The total amount of this operation amounted to MAD 1,336,028,130 for 3,906,515 BCP shares at a price of MAD 342 per share.

On November 2, 2011, BCP decided to increase its share capital by MAD 781,302,930, by incorporating part of the reserves. This capital increase was achieved through the creation of 78,130,293 new shares with a nominal value of MAD 10 each. Thus, BCP's share capital increased to MAD 1,562,605,860 divided into 156,260,586 shares with a nominal value of MAD 10.

On May 30, 2012, BCP proceeded with a capital increase reserved for BPCE Maroc for 5.00%. The overall amount of this increase is MAD 1,653,072,441. The share capital of the BCP will be increased by MAD 82 242 410 to MAD 1 644 848 270, corresponding to 164 484 827 shares of MAD 10.

On September 26, 2012, 10% of BCP's capital held by the Treasury was transferred to the benefit of regional popular banks for MAD 3.30 billion.

On October 22, 2012, BCP proceeded with a capital increase reserved for SFI of 5.00%. The overall 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 of MAD 10.

During the 2012 fiscal year, the number of BCP shares held by Banques Populaires Régionales increased to 76,357,911 shares (compared with 54,948,059 shares at the end of 2011). This increase is due, on the one hand, to the acquisition of new BCP shares on the market and, on the other hand, to the transfer of 10% of the capital of BCP by the State to the benefit of the BPR on September 26, 2012.

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

On November 25, 2015, BCP proceeded with a capital increase reserved for staff members of Crédit Populaire du Maroc. The overall 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.

As of November 30, 2017, BCP shareholders are listed as follows:

Shareholders	Number of shares and voting rights	Ownership%
BANQUES POPULAIRES REGIONALES	95 528 367	52.41%
<i>BP MEKNES</i>	<i>11 232 463</i>	<i>6.16%</i>
<i>BP AGADIR</i>	<i>11 403 641</i>	<i>6.26%</i>
<i>BP FEZ</i>	<i>11 234 099</i>	<i>6.16%</i>
<i>BP LAÂYOUNE</i>	<i>5 292 257</i>	<i>2.90%</i>
<i>BP TANGIER</i>	<i>11 281 328</i>	<i>6.19%</i>
<i>BP MARRAKECH</i>	<i>11 103 915</i>	<i>6.09%</i>
<i>BP RABAT</i>	<i>11 391 711</i>	<i>6.25%</i>
<i>BP NADOR</i>	<i>11 357 553</i>	<i>6.23%</i>
<i>BP OUJDA</i>	<i>11 231 400</i>	<i>6.16%</i>
Treasury	1	0.00%
STAFF	6 882 048	3.78%
BPCE Maroc	8 224 241	4.51%
CIMR	10 904 158	5.98%
MAMDA	6 637 336	3.64%
MCMA	9 822 289	5.39%
MAC*	1 767 000	0.97%
SAHAM-ASSURANCE	356 349	0.20%
CMR	4 474 006	2.45%
WAFI ASSURANCE	2 176 640	1.19%
RMA	1 682 882	0.92%
RCAR	11 092 510	6.09%
Self-held shares	31 830	0.02%
MISCELLANEOUS	22 674 999	12.44%
Total	182 254 656	100.00%

* *Mutuelle Attamine Chaabi (health mutual)*

Source: BCP

II.3. BOARD OF DIRECTORS

As of November 30, 2017, BCP Board of Directors is composed as follows:

Name	Title	Appointment or cooptation date	Reappointment date	Appointment expiry date
Mr. Mohamed Benchaaboun	Chairman of the Board of Directors	Cooptation by the Board of Directors dated 02/01/2008	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Mrs. Zineb Abbad El Andaloussi	Independent Administrator	General Meeting dated 29/06/2017	--	General Meeting ruling on the accounts of the fiscal year ending 2022
Mr. Mostafa Terrab	Administrator	Cooptation by the Board of Directors dated 27/07/2016	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Mr. Alberto Rossetti	Independent Administrator	General Meeting dated 29/06/2017	--	General Meeting ruling on the accounts of the fiscal year ending 2022
Banque Populaire de Rabat-Kenitra Represented by its Management Board Chairman, Mr. Jalil Sebti	Administrator	General Meeting dated 25/05/2005	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Banque Populaire de Marrakech-Béni Mellal Represented by its Management Board Chairman, Mr. Noureddine Belmahjoubi	Administrator	General Meeting dated 25/05/2005	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Banque Populaire de Tanger-Tétouan Represented by its Management Board Chairwoman, Mrs. Mouna Lebnioury	Administrator	General Meeting dated 27/02/2001	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Caisse Interprofessionnelle Marocaine de Retraite Represented by its Chief Executive Officer, Mr. Khalid Cheddadi	Administrator	Cooptation by the Board of Directors dated 02/06/2016	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Banque Populaire du Centre Sud Represented by its Management Board Chairman, Mr. Mohamed Boulghmair	Administrator	Cooptation by the Board of Directors dated 09/03/2016	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
BPCE MAROC Represented by Mr. François Perol, Management Board Chairman of Banque Populaire et Caisse d'Epargne	Administrator	General Meeting dated 24/05/2013	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Mr. Adriano Arietti	Independent Administrator	General Meeting dated 24/05/2013	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022
Mutuelle Centrale Marocaine d'Assurances (MCMA) Represented by Mr. Hicham Belmrah, President of the MCMA Management Board	Administrator	General Meeting dated 24/05/2013	General Meeting dated 29/06/2017	General Meeting ruling on the accounts of the fiscal year ending 2022

Source: BCP

II.4. SUBSIDIARIES

Banque Centrale Populaire controls several subsidiaries. As of June 30, 2017, BCP's subsidiaries are as follows:

Main subsidiaries (*)	Field of activity	Capital %	Voting rights %	Interest %	Control %
BP Centre Sud	Bank	51.60%	51.60%	51.60%	100.00%
BP Fes Taza	Bank	52.75%	52.75%	53.20%	100.00%
BP Laayoune	Bank	52.71%	52.71%	51.94%	100.00%
BP Marrakech Béni-Mellal	Bank	52.21%	52.21%	54.47%	100.00%
BP Meknes	Bank	52.53%	52.53%	51.43%	100.00%
BP Nador Al Hoceima	Bank	52.63%	52.63%	51.03%	100.00%
BP Oujda	Bank	52.47%	52.47%	51.31%	100.00%
BP Tanger Tetouan	Bank	52.44%	52.44%	50.79%	100.00%
BP Rabat Kenitra	Bank	52.51%	52.51%	53.10%	100.00%
Chaabi Bank	Bank	100.00%	100.00%	100.00%	100.00%
BPMC	Bank	62.50%	62.50%	62.50%	62.50%
MAI	Assistance	77.43%	77.43%	77.43%	77.43%
CCI	Investment fund	54.10%	54.10%	77.98%	100.00%
IMC	Investment fund	43.50%	43.50%	48.59%	50.34%
VIVALIS	Consumer loan	66.38%	66.38%	77.25%	87.28%
Mediafinance	Capital market	60.00%	89.95%	95.66%	100.00%
CHAABI LLD	Long-term leasing	83.62%	83.62%	84.35%	83.62%
CIB	Offshore Bank	70.00%	70.00%	85.28%	100.00%
BPMG	Bank	77.25%	77.25%	77.25%	77.25%
Bank Al Amal	Bank	38.58%	51.56%	43.49%	38.58%
ATTAWFIQ MICRO FINANCE	Micro finance	100%	100%	100.00%	100.00%
Upline Group	Merchant bank	77.39%	77.39%	89.15%	100.00%
Maroc Leasing	Leasing	53.11%	53.11%	53.11%	53.11%
BP Shore	Holding	56.80%	56.80%	77.63%	100.00%
FPCT Sakane (**)	Real estate	ND	ND	49.00%	100.00%
ABI	Holding	92.35%	92.35%	92.35%	100.00%
Maroc Traitement de Transactions (M2T)	Holding a research office	54.74%	54.74%	54.74%	54.74%
BP REM	Real estate	43.13%	43.13%	NC	NC
Fonds Moussahama II	General-purpose investment fund	64.00%	64.00%	NC	NC
Atlantic Microfinance For Africa	Holding	100.00%	100.00%	NC	NC
Africa Transaction Processing & services Group (ATPS)	Security management	100%	100%	NC	NC
Al Akaria Invest	Investment fund	99.87%	99.87%	NC	NC
Banque Populaire Patrimoine	Bank	99.87%	99.87%	NC	NC
Bank Al Youssr	Bank	80.00%	80.00%	NC	NC

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

(**) A securitization collective investment fund does not include any capital
Source: BCP

II.5. BCP PRESENTATION

Loan evolution

The net outstanding of customer loans, by type of loan, are distributed as follow:

(In MMAD)	2014	2015	proforma 2015	2016	30/06/2017	Var 15/14	var proforma 16/15	Var 16/15	Var June 17/16
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Cash and consumer loans	33 748	30 987	32 080	28 991	30 666	-8.18%	-9.63%	-6.44%	5.78%
Equipment loans	18 167	19 500	20 082	22 700	23 909	7.34%	13.04%	16.41%	5.33%
Real estate loans	24 025	23 668	26 885	26 109	27 259	-1.49%	-2.89%	10.31%	4.40%
Other loans	10 679	13 320	13 534	15 280	15 709	24.73%	12.90%	14.71%	2.81%
Net outstanding of customer loans	86 619	87 474	92 581	93 079	97 543	0.99%	0.54%	6.41%	4.80%

Source: BCP-Corporate accounts

The net outstanding of customer loans at the end of 2016 compared with the 2015 proforma year by 0.54% (from MAD 92.5 billion to MAD 93 billion). This increase was mainly due to equipment loans (+ 13% from MAD 20 billion to MAD 22.7 billion) and other loans (+ 12.9% from MAD 13.5 billion to MAD 15 billion), offsetting the decrease in cash appropriations, consumption loans (-9.6%) and real estate loans (-2.9%).

As of June 2017, the net outstanding of customer loans have evolved compared to the end of 2016. This increase comes from the increase in cash and customer loans (+ 5.78 % to MAD 30.6 billion) of equipment loans. (+ 5.33% to MAD 23.9 billion) of real estate loans (+ 4.40% to MAD 27.2 billion) and other loans (+ 2.81% to MAD 15.7 billion).

Evolution of customer deposits

Customer deposits outstanding by product type are distributed as follows:

(In MMAD)	2014	Share	2015	Share	proforma 2015	Share	2016	Share	30/06/2017	Share
Accounts payable	31 674	58.11%	32 547	54.51%	37 068	55.06%	37 516	59.15%	37 395	62.44%
Saving accounts	4 504	8.26%	4 955	8.30%	6 449	9.58%	6 907	10.89%	7 093	11.84%
Term deposits	16 129	29.59%	18 454	30.91%	20 007	29.72%	17 127	27.00%	13 273	22.16%
Other accounts payable	2 203	4.04%	3 757	6.29%	3 797	5.64%	1 878	2.96%	2 127	3.55%
Customer deposits	54 510	100.00%	59 713	100.00%	67 321	100.00%	63 428	100.00%	59 888	100.00%
Growth %	6.67%		9.54%		23.50%		-5.78%		-5.58%	

Source: BCP – Corporate accounts

At the end of 2016, customer deposits decreased by 5.782% compared to the end of 2015 proforma to reach MAD 63.4 billion. This decrease was mainly due to the decrease in term deposits (-14% to MAD 17.1 billion) and other accounts payable (-50% to MAD 1.9 billion).

As of June 2017, customers' deposits decreased by -5.58% compared to the end of 2016 to reach MAD 60 billion. This is mainly due to the decline in term deposits (-22.5% to MAD 13.3 billion).

III. FINANCIAL DATA

IV.2. CONSOLIDATED INCOME AND EXPENSES ACCOUNT

In MMAD	2014	2015	2016	Δ 14/15	Δ 15/16	30/06/2016	30/06/2017	Δ 06-16 /06-17
Interests and similar income	14 785	14 967	14 971	1%	0%	7 676	7 497	-2%
Interests and similar costs	-4 772	-4 478	-4 564	6%	2%	-2 421	-2 418	0%
INTEREST MARGIN	10 013	10 489	10 407	5%	-1%	5 255	5 078	-3%
Commissions receivables	2 243	2 183	2 402	-3%	10%	1 228	1 350	10%
Commissions payments	-326	-231	-314	29%	36%	-123	-113	-8%
COMMISSIONS MARGIN	1 917	1 952	2 088	2%	7%	1 105	1 237	12%
Net gains and losses on financial instruments at the fair value through result	2 158	1 752	1 786	-19%	2%	1 020	1 027	1%
Net gains or losses on financial assets held for sale	233	609	615	162%	1%	449	534	19%
RESULT OF TRADING ACTIVITIES	2 391	2 362	2 401	-1%	2%	1 469	1 562	6%
Income from other activities	715	1 113	3 964	56%	>100%	651	1 572	>100%
Costs of other activities	-289	-575	-3 206	-99%	<-100%	-349	-1 234	>100%
NET BANKING INCOME	14 747	15 341	15 655	4%	2%	8 132	8 216	1%
General operating costs	-6 065	-6 667	-7 014	-10%	5%	-3 565	-3 579	0%
Allocation to amortizations and depreciations of tangible and intangible assets	-804	-835	-869	-4%	4%	-441	-469	6%
GROSS OPERATIONAL RESULT	7 877	7 839	7 771	0%	-1%	4 126	4 169	1%
Risk cost	-3 027	-3 253	-3 323	-7%	2%	-1 765	-1 618	-8%
OPERATING RESULT	4 850	4 586	4 449	-5%	-3%	2 360	2 550	8%
Share of the result of equity-consolidated companies	-2	-8	6	<-100%	n.a	3	2	-38%
Net gains or losses on other assets	16	106	20	559%	-81%	38	-3	<-100%
Change of goodwill purchase values	-	-	-	n.a	n.a	-3	-	-100%
PRE-TAX RESULT	4 864	4 684	4 475	-4%	-4%	2 398	2 550	6%
Benefit tax	-1 608	-1 661	-1 436	-3%	-14%	-686	-783	14%
NET RESULT	3 256	3 023	3 038	-7%	1%	1 712	1 766	3%
Result – BPR share	676	-	-	-100%		-	-	0%
External result	384	511	395	33%	-23%	315	239	-24%
BCP GROUP NET SHARE RESULT	2 195	2 511	2 643	14%	5%	1 397	1 527	9%
Result per share (in MAD)	12.68	13.78	14.50	9%	5%	7.66	8.39	9%
Diluted result per share (in MAD)	12.68	13.78	14.50	9%	5%	7.66	8.39	9%

Source: BCP IFRS consolidated accounts

IV.2. CONSOLIDATED BALANCE SHEET

In MMAD	2014	2015	2016	30/06/2017	Δ 14/15	Δ 15/16	Δ 16/06-17
Cash values. Central banks. Public Treasury. services of postal checks	7 707	9 666	14 702	13 092	25%	52%	-11%
Financial assets at fair value through result	22 299	25 335	37 244	41 813	14%	47%	12%
Financial assets held for sale	28 390	26 512	35 993	36 522	-7%	36%	1%
Loans and receivables to credit and similar institutions	11 689	19 798	11 877	18 359	69%	-40%	55%
Customer loans and receivables	206 082	210 134	213 853	229 083	2%	2%	7%
Investments held till their maturity date	17 402	16 105	15 249	14 176	-7%	-5%	-7%
Current tax assets	818	731	1 131	1 391	-11%	55%	23%
Deferred tax assets	288	480	652	1 294	67%	36%	98%
Accruals and other assets	4 834	8 913	7 521	8 547	84%	-16%	14%
Investments in equity-consolidated companies	54	43	38	38	-20%	-12%	-1%
Tangible assets	8 503	9 120	11 217	11 802	7%	23%	5%
Intangible assets	538	737	907	937	37%	23%	3%
Purchase goodwill	1 025	1 253	1 327	1 353	22%	6%	2%
IFRS TOTAL ASSETS	309 630	328 829	351 711	378 406	6%	7%	8%
Central banks. Public Treasury. services of postal checks	70	550	539	900	>100%	-2%	67%
Financial liabilities at fair value through profit or loss	53	-	-	-	-100%	n.a	n.a
Hedging derivatives	-	-	-	-	n.a	n.a	n.a
Loans and receivables to credit and similar institutions	32 414	25 804	33 908	50 044	-20%	31%	48%
Debts to customers	229 821	250 313	259 738	263 153	9%	4%	1%
Debts represented by a security	-	-	-	-	n.a	n.a	n.a
Issued loan securities	270	224	133	890	-17%	-41%	>100%
Current tax liabilities	1 127	1 100	1 211	1 693	-2%	10%	40%
Deferred tax liabilities	996	436	503	631	-56%	15%	25%
Accruals and other liabilities	5 643	5 721	7 171	9 094	1%	25%	27%
Technical provisions of insurance agreements	126	847	3 365	4 356	571%	297%	29%
Provisions for risks and costs	1 748	2 318	2 652	2 768	33%	14%	4%
Subsidies. restricted public funds and special funds of guarantee	2 719	2 642	3 215	3 723	-3%	22%	16%
Subordinated debts	2 637	2 676	1 120	3 103	1%	-58%	>100%
Capital and associated reserves	17 344	19 776	20 498	21 361	14%	4%	4%
Consolidated reserves	10 101	11 847	12 405	12 889	17%	5%	4%
- Group share	3 294	3 700	4 134	4 037	12%	12%	-2%
- BPRs share	5 001	-	-	-	-100%	n.a	n.a
- Minority shareholding	1 806	8 148	8 271	8 852	>100%	2%	7%
Latent or deferred gains or losses. group share	1 304	1 551	2 215	2 035	19%	43%	-8%
- Group share	1 333	1 231	1 504	1 281	-8%	22%	-15%
- BPRs share	-40	-	-	-	-100%	n.a	n.a

- <i>Minority shareholding</i>	10	321	711	754	>100%	>100%	6%
Net profit of the FY	3 256	3 023	3 038	1 766	-7%	1%	-42%
- <i>Group share</i>	2 195	2 511	2 643	1 527	14%	5%	-42%
- <i>BPRs share</i>	676	-	-	-	-100%	n.a	n.a
- <i>Minority shareholding</i>	384	511	395	239	33%	-23%	-39%
IFRS TOTAL LIABILITIES	309 630	328 829	351 711	378 406	6%	7%	8%

Source: BCP IFRS consolidated accounts

IV. Risks

The Bank has a structure in line with the best international standards. Its integrated governance structure enables it to identify the risks it faces, to implement an adequate and effective internal control system and to establish a monitoring and readjustment system.

Responsibility for risk control, measurement and supervision is shared between:

- Governance and steering bodies (Steering Committee, Board of Directors, Audit Committee, Risk Management Committee, Investment Committee, etc.);
- Group Risk Management and other dedicated functions and/or involved in the monitoring of risks (credit, market, financial and operational);
- internal control bodies.

I. 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 principle 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.

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.

This system is being progressively complemented by a risk appetite framework, based on our governance structure and a solidly anchored risk management culture.

Internal rating system

The Bank has set a global rating system in line with the regulatory requirements in terms of use and usage, applicable to all counterparties, whether sovereign states, banks or companies. Those operating in the real estate development sector are qualified through project scoring. Individual customers are subject to credit scoring on consumer loans and mortgage loans.

In addition, the Bank is engaged in a structuring project aimed at building a retail rating system that will serve as the foundation for its second tranche, which is still necessary for the transition to "internal rating" approaches.

The rating system is the core of the loan risk management system and is based on a series of models appropriate to each class of asset. The rating consists of assigning a rating to each counterparty on an internal scale, each level of which corresponds to a probability of default. It is one of the key criteria

of the lending policy. It is allocated at the time of the preparation of the credit report and is reviewed at least once a year. In addition, attention is paid to the consistency between the decisions taken and the risk profile of each rating level and its components, in this case the different qualitative and quantitative information are included in the matrix.

The rating is also an important element in the assessment of the quality of the Bank's exposures through the analysis of the reviewed portfolio and the evolution of its distribution. Particular monitoring is also reserved for counterparties with a deterioration in the quality of the risk (G and H levels) which are reviewed by the Risk Committees.

In addition, as part of the ongoing maintenance of the company's rating system, the Group has defined a battery of tests to gauge the performance of rating models in terms of discrimination, failed prediction and stability.

These tests, known as back-testing, are carried out to ensure the viability of the rating models and to implement corrective actions where necessary.

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:

- Special attention to commitments as soon as their level exceeds 5% of the Bank's own funds;
- A review process of the first 100 risks in the counterparty or group of related counterparties (around 500 companies excluding subsidiaries);
- A portfolio review process based on a risk database built and continuously enriched by the various applications allowing the reporting of all the information necessary for the pooled examination of a given portfolio (basis of groups and commitments, central balance sheets specific to the bank, rating basis, ...);
- A system of individual and sectoral limits constituting the first bases of the risk appetite framework.

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

As part of the gradual construction of a risk appetite system necessary for the Bank's strategic management, the process of sectoral limits was extensively reviewed in 2016 and completed in 2017 by that of the limits by group of counterparties:

Sectoral concentration limits: The new approach is based on qualitative and quantitative standards and combines the measurement of the loss ratio of sectors with their development potential to define maximum levels of commitment not to be exceeded for each sector. These new limits are used to guide the Bank's development and sector positioning strategy.

Limits of individual concentration: Based on the portfolio review process, the Bank's major risks are the subject of a pooled analysis that leads to classification by risk level.

Based on this classification and incorporating other parameters (nature and level of activity, counterparty and bank capital, sectoral limit, etc.), limits by group of counterparties are defined after approval by the appropriate committees.

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 in constantly exchanging, with the managers of the relation, information on each situation with a view to initiating the necessary negotiations for the eventual regularization of the claim;

Cases not registering a favorable development of the situation are entered in the "Watch List", after the decision of the competent committees.

This "Watch List", which is the culmination of all surveillance actions, is itself subject to a monitoring mechanism, to enable the Bank to preserve, over time, its recovery potential.

In terms of provisioning, the "Watch List" is at the heart of the sizing mechanism for both collective provisions (IFRS) and for general risks (corporate accounts). This makes it possible to perfectly converge the system of risk management and that of the provisioning.

II. MARKET RISK

Market risks represent the risk of loss or exposure of the trading portfolio resulting from unfavorable changes in market parameters (exchange rates, interest rates, property prices, raw material costs, volatility of derivative financial instruments).

In order to manage and control market risks, the Bank has put in place a risk management system in line with best practices in this area. This system is based on clear guiding principles, internal policies and procedures in line with risk tolerance levels and performance objectives, and in line with the Bank's own funds.

The guiding principles of the market risk management system are as follows:

- Control risks on exposures;
- Secure the development of the Group's market activities within the framework of the strategic orientations of the medium-term plan and the regulatory provisions;
- Adopt best practices in risk management for all market activities.

The Bank's level of tolerance for market risks is downgraded through limit and delegation mechanisms. These tolerance levels are set so that exposures to market risks cannot generate losses that could compromise the Bank's financial strength and expose it to undue or material risks.

Market risk management and monitoring system

In order to underpin and supervise market activities risks, the Bank has a system organized around four areas:

- A delegation of authority system defining the process for requesting, validating limits and authorizing overruns;
- A steering and arbitrage activity between the various market activities via the Investment Committee;
- Monitoring and surveillance of risk indicators by entities and market risk control bodies;
- A set of tools for managing and controlling market risks.

Market risks arising from the banking book are monitored, managed and integrated within the framework of structural interest rate and liquidity risk management.

Applicable limits

The limit system is applied to all market activities in the trading book, and includes portfolio exposure limits, interest rate duration and sensitivity limits, limits for products derivatives, and concentration limits by asset class and share of the investment universe of the Equity portfolio. This system is reinforced by VaR (Value at Risk) limits as global limits broken down by portfolio and by class of risk factors. The market risk limits system is based on a delegation of authority grid setting the limits by instrument, by market and by stakeholder. The process of proposal and validation of limits is framed by an internal circular.

Risk monitoring and management tools

Market risk assessment is based on the combination of two sets of measures 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 hand.

VaR is defined as the maximum theoretical loss that a portfolio can undergo in the event of unfavorable movements of market parameters over a time period and for a given confidence interval. The Bank retains a 99% confidence interval and a one-day time period, based on two years of data. This ensures to monitor follow, on a daily basis, the market risks that the Bank has taken on Trading activities.

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

Being aware of the limitations of the VaR model, the Bank incorporates sensitivity limits into its monitoring system. Thus, P&L impacts from standard scenarios or stress scenarios are estimated for the entire trading portfolio. These scenarios are selected from three categories, namely, historically proven scenarios, hypothetical scenarios and adverse scenarios.

Market risk monitoring is carried out daily by the Middle Office and by the market risk function. The Management Committees (Global Risk Management Committee and Investment Committee) regularly monitor exposure levels, returns generated by market activities, risks associated with trading activities, compliance with regulatory and regulatory requirements. compliance with limit devices.

The reporting presented to the various committees includes, in addition to portfolio sensitivity analysis, simulations in the case of extreme scenarios taking into account both the structure of the portfolios and the correlations between the different risk factors.

III. 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;
- an evaluation methodology based on the gaps approach. This results in a classification of assets and liabilities according to their maturity and interest rate profile (fixed or variable), taking into account the residual duration and future behavior factors (forecasting approach over a three-year horizon and according to PMT assumptions);
- a quarterly reporting system for the Risk Management Committee on exposure levels, stress tests in terms of impact on gross net profit and equity, and the projected evolution of prudential ratios;
- a system of limits in terms of the impact of risks, in relation to gross net profit and equity, as defined by the Risk Management Committee and validated by the Steering Committee.

Through this system, the management of the overall interest rate risk aims to optimize the interest rate impact on earnings and capital by relying on the calculation of static and dynamic Gap according to the parameters defined above.

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 as well as the alternatives to mitigate refinancing risks in the event of a prolonged

liquidity crisis. Customer deposits (current and savings accounts) represent a significant portion of the Group's overall financing, which has been stable over the years.

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

IV. OPERATIONAL RISKS

Operational risk management device

The Group has developed management tools and processes to strengthen the control and management of operational risks. These are defined as the risk of potential harm from inadequate or failed procedures, people, systems or external events. This definition of operational risk includes legal and reputational risk, but excludes strategic risk.

Beyond the regulatory requirements of an equity allocation for operational risk, our device seeks to better meet BAM recommendations and the sound practices advocated by the Basel II agreements. Overall, it is part of a system of continuous improvement:

- collecting data on (potential) risks and/or (proven) incidents;
- analyzing (potential) risks and/or (proven) incidents and assessing their financial consequences;
- communicating data on (potential) risks and/or (proven) incidents and assessing the exposure to operational risks;
- initiating preventive and corrective actions that are necessary to reduce the impacts and the likelihood of occurrence of risk events.

Operational risk segment organization

The operational risk segment is structured around:

- The central function at the headquarters level, which is responsible for designing and managing methodological and IT tools;
- A risk manager by BPR, they are the relays of the central function at CPM level;
- Correspondents appointed by function within the framework of the loss collection protocol; these correspondents have the task of identifying operational losses and indexing them in the risk management tool made available to them;
- Subsidiary correspondents who ensure the implementation of the methodology and operational risk tools in synergy with the device adopted within the Bank.

Main tools for the operational risks management

The four main methodological tools are: mapping of operational risks, incident collection process, monitoring of the risks related to outsourced activities and the business continuity plan.

Risk mapping

The process is based on the process repository and adopts the division deployed by the Organization function. Through workshops with business experts, operational risk events are identified and described. These events are then evaluated according to two parameters: average unit financial impact and frequency.

For each event, an assessment of the risk management device (RMD) is carried out according to three levels (Satisfactory, To strengthen or Unsatisfactory). This mapping allows a hierarchical view of risks and the implementation of action plans by business line. In general, these action plans are integrated into the projects launched by the Bank and monitored within the framework of the Permanent Control and Operational Risks Commission.

Incident collection

In accordance with the regulations, a system to collect losses and operational incidents was implemented, based on a declaratory mechanism. The correspondents in charge of the collection of the different incidents enter the input directly into a dedicated computer tool. A workflow is being designed in order to enable managers to control the relevance of the information provided by co-workers and to inform them in real time of events taking place within their scope, with aim to implement corrective measures.

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 requirement, 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

BIA (Business Impact Analysis) and MAID (Maximum Allowable Interruption Duration) allow to identify the processes to be restored in priority in case of crisis. For each critical process, there is a business contingency plan (BCP) that specifies the role of everyone at the time of a disaster, the means available and the immediate actions to take when arriving at the fallback site. It is important to note that no major claims occurred during the first half of 2017, obliging the Bank to activate its business continuity plan.

V. COUNTRY RISK

Risk management policy

The Group has a country risk management system built around an internal rating model. This model quantifies the risk to countries based on quantitative data (economic and financial indicators) and qualitative (political and regulatory environment). The list of indicators used are multiple (Inflation, Public Balance, Investment Dynamics, Rule of Law, Regulatory quality ...) and is based on publications and assessments of international organizations (IMF, World Bank, Doing Business ...).

The rating is based on four different types of risk: sovereign default risk, non-transfer risk, corporate risk compared to the risk of a generalized macroeconomic shock, and the risk of banking system. For each of these types of risk, ratings distinguish short-term (less than 12 months) and medium-term (beyond 12 months) risk.

Under this system, since 2015, the BCP has implemented a provisioning process covering country risk on all of its exposures in sub-Saharan Africa under the ABI perimeter.

In terms of risk management, the Group places the alignment of the local system on the Group's standards as a priority. The year 2016 was thus devoted to the completion of this project by:

- the effective implementation of a proximity risk management function at the level of the holding company ABI, relayed by a monitoring function of the commitments located at the level of each of the subsidiaries,
- the establishment of ABI and subsidiary risk committees in line with best practices;
- the deployment of risk management tools (concentration management, sensitive risks, etc.).

The BCP's initiative demonstrates its rigorous risk management policy with the objective of ensuring its development on a solid foundation and strengthening its fundamentals.

DISCLAIMER

The aforementioned information is only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference No VI/EM/038/2017 on December 14th, 2017.

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