

BANQUE CENTRALE POPULAIRE



Prospectus Summary

SUBORDINATED BOND ISSUE

MAXIMUM AMOUNT OF THE ISSUE: 2 000 000 000 MAD

	Tranche A non-listed	Tranche B non-listed	Tranche C non-listed	Tranche D non-listed
Issue ceiling	2 000 000 000 MAD	2 000 000 000 MAD	2 000 000 000 MAD	2 000 000 000 MAD
Maximum number of securities	20 000 bonds	20 000 bonds	20 000 bonds	20 000 bonds
Nominal value	100 000 MAD	100 000 MAD	100 000 MAD	100 000 MAD
Maturity	7 years	7 years	10 years	10 years
Interest rate	Annually revisable by reference to the full 52 weeks treasury bills rates (money market rate) determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated 05/06/2017, i.e. 2.26%, increased by a risk premium between 50 and 60 basis points. That is, an exit rate between 2.76% and 2.86% for the first year.	Fixed by reference to the sovereign 7-year maturity rate calculated from the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib on 05/06/2017, i.e. 3.03%, plus a premium Between 60 and 70 basis points. That is, an exit rate between 3.63% and 3.73%.	Annually revisable by reference to the full 52 weeks rates (money market rate) determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated 05/06/2017, i.e. 2.26%, increased by A risk premium between 55 and 65 basis points. That is, an exit rate between 2.81% and 2.91% for the first year.	Fixed by reference to the sovereign 10-year maturity rate calculated from the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib on 05/06/2017, i.e. 3.03%, plus a premium Between 70 and 80 basis points. That is, an exit rate between 4.00% and 4.10%.
Risk premium	50-60 pbs	60-70 pbs	55-65 pbs	70-80 pbs
Tradability	Over the counter	Over the counter	Over the counter	Over the counter
Reimbursement guarantee	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>
Reimbursement method	<i>In fine</i>	<i>In fine</i>	<i>In fine</i>	<i>In fine</i>
Allocation method	<i>French tendering method with priority to tranches B and D</i>			

Issue reserved for qualified investors referred to in the present Prospectus

Counselor and Global Coordinator	Centralizing and domiciliary body
Placement agent	

Approval of the Moroccan Stock Market Authority (AMMC)

In accordance with the provisions of the AMMC Circular taken in pursuance of Article 14 of the Dahir Law No. 1-93-212 of September 21, 1993, as amended and supplemented, the original version of this Prospectus has been approved by the AMMC on 14 June 2017 under reference No VI/EM/017/2017.

DISCLAIMER

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

The information notice approved by the AMMC is available at all times at the head office of BCP and its financial advisor. It is also available within a maximum of 48 hours at order collecting institutions.

The present Prospectus is made available to the public on the AMMC website www.ammc.ma.

I. PRESENTATION OF THE OPERATION

I.1. LEGAL FRAMEWORK OF THE OPERATION

The Ordinary General Meeting of May 23, 2014, 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 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 three billion dirhams (3 000 000 000 MAD).

Date of the OGM authorizing the transaction:	23 May 2014
Amount allowed:	3 000 000 000 MAD
Amount of the subordinated bond issue in December 2014:	1 000 000 000 MAD
remaining:	2 000 000 000 MAD
Amount of the bond issue in June 2017:	2 000 000 000 MAD
remaining:	0 MAD

In the case of several bond issues, each issue is considered to be a bond issue as provided for in Article 298 of Law 17/95 on public limited companies, as amended and supplemented. As such, the amount of the bond loan must be fully subscribed. Otherwise, subscriptions shall be deemed null and void.

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 Chairman of the Board of Directors and to all persons designated by him as he deems appropriate and before the expiration of the five (5) years period, to carry out one or more subordinated bond issues, with or without public offering, up to an amount, for all of the bonds to be issued, capped at three billion dirhams (3 000 000 000 MAD), and to set the proportions, terms and conditions of the subordinated debt or bonds as he deems appropriate and in accordance with the corporate interest, all in accordance with applicable legal and regulatory provisions.

I.2. OPERATION OBJECTIVES

The 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 sector.

The main objectives of the operation are as follows:

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

I.3. OFFER STRUCTURE

BCP will proceed with the issue of 20 000 subordinated bonds with a nominal value of 100 000 dirhams. The total amount of the transaction amounts to 2 000 000 000 MAD (two billion dirhams) distributed as follows:

- **Tranche « A »:** with a maturity of 7 years, at an annually revisable rate non-listed on the Casablanca Stock Exchange, with a ceiling of 2 000 000 000 dirhams, and a nominal value of 100 000 dirhams.
- **Tranche « B »:** with a maturity of 7 years, at a fixed rate non-listed on the Casablanca Stock Exchange, with a ceiling of 2 billion dirhams, and a nominal value of 100 000 dirhams.
- **Tranche « C »:** with a maturity of 10 years, at an annually revisable rate non-listed on the Casablanca Stock Exchange, with a ceiling of 2 000 000 000 dirhams, and a nominal value of 100 000 dirhams.
- **Tranche « D »:** with a maturity of 10 years, at a fixed rate non-listed on the Casablanca Stock Exchange, with a ceiling of 2 000 000 000 dirhams, and a nominal value of 100 000 dirhams.

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

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, the Caisse de Depot et de Gestion and pension funds and retirement.

The limitation of underwriting 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

A 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 for the bonds to repayed for privileged or unsecured creditors.

The characteristics of the bonds are as follows:

Characteristics of tranche A (At an annually revisable rate, with a maturity of 7 years not listed on the Casablanca Stock Exchange)

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	2 000 000 000 MAD
Maximum number of securities to be issued	20 000 securities
Unit nominal value	100 000 MAD
Maturity	7 years
Subscription period	From 21 to 23 June 2017 inclusive
Vesting date	29 June 2017
Maturity date	29 June 2017
Risk premium	Between 50 and 60 pbs
Issue price	At pair, i.e. 100 000 MAD on the vesting date
Allocation method	French tendering method with priority given to tranches B and D
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	<p>The coupon shall be revised annually on the anniversary dates of the vesting date, i.e. the 29 June of each year. The coupon will be reviewed annually on the anniversary dates of the date of the borrowing, ie the 29 June of each year.</p> <p>The new rate shall be published by the issuer 5 working days before the anniversary date in a legal gazette.</p> <p>Interest shall be paid on the anniversary date or on the following business day if it is not a working day.</p>
Nominal interest rate	<p>Annually revisable</p> <p>For the first year, the nominal interest rate is calculated on the basis of the full treasury bills 52 weeks rates (money market rate) determined by reference to the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib dated 05/06/2017, i.e. 2.26%, increased by a risk premium between 50 and 60 basis points. That is, a rate between 2.76% and 2.86%.</p> <p>For the following years, the subordinated bonds 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.</p> <p>The reference rate thus obtained will be increased by the risk premium between 50 and 60 bp.</p>
Calculation method of the reference rate	<p>On each anniversary date, the reference rate to be taken into account will be determined as follows:</p> <p>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.</p> <p>The rate thus obtained shall be increased by a risk premium between 50 and 60 pbs.</p>
Coupon payment	<p>The coupons shall be served annually on the anniversary dates of the bonds vesting date, ie the 29 June of each year. Payment shall be made on the same day or on the first working day following the 29 June if it is not a working day.</p> <p>Interest 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.</p>
Principal repayment	<p>The BCP bond issue will be subject to a final repayment of 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>
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 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.</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 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.</p>
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 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</p>

	BCP both in Morocco and internationally, in proportion to their amount.
Reimbursement guarantee	Bonds issued by BCP are not subject to any special guarantees.
Rating	This issue has not been the subject of a rating request. 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 competent court.
Representation of Bondholders	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. The 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.

Characteristics of tranche B (Fixed rate, with a maturity of 7 years not listed on the Casablanca Stock Exchange)

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	2 000 000 000 MAD
Maximum number of securities to be issued	20 000 securities
Unit nominal value	100 000 MAD
Maturity	7 years
Subscription period	From 21 to 23 June 2017 inclusive
Vesting date	29 June 2017
Maturity date	29 June 2017
Risk premium	Between 60 and 70 pbs
Issue price	At par, i.e. 100 000 MAD on the vesting date
Allocation method	French tendering method with priority to tranches B and D
Tradability	Over the counter There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.
Nominal interest rate	Fixed rate Between 3.63% and 3.73% (the nominal interest rate is determined by reference to the 7-year rate calculated from the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib on 05 / 06/2017, ie 3.03%, increased by a risk premium of between 60 and 70 bp)
Coupon payment	The coupons shall be served annually on the anniversary dates of the bonds vesting date, ie the 29 June of each year. Payment shall be made on the same day or on the first working day following the 29 June if it is not a working day. Interest shall be calculated using the following formula: [Nominal x Nominal Rate]. They will cease to accrue from the day on which the capital 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	<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 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.</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 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.</p>
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 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.</p>
Reimbursement guarantee	Bonds issued by BCP are not subject to any special guarantees.
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 competent court.
Representation of Bondholders	<p>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.</p> <p>This decision will take effect starting from the opening of the subscription period.</p> <p>The 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 (At an annually adjustable rate, with a maturity of 10 years not listed on the Casablanca Stock Exchange)

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	2 000 000 000 Bonds
Maximum number of securities to be issued	20 000 securities
Nominal unit value	100 000 MAD
Maturity	10 years
Subscription period	From 21 to 23 June 2017 inclusive
Vesting date	29 June 2017
Maturity date	29 June 2017
Risk premium	Between 55 and 65 pbs
Issue price	At par, i.e. 100 000 MAD on the vesting date
Allocation method	French tendering method with priority to tranches B and D
Tradability	<p>Over the counter</p> <p>There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.</p>

Date of determination of the interest rate	<p>The coupon shall be revised annually on the anniversary dates of the vesting date, i.e. the 29 June of each year.</p> <p>The new rate will be published by the issuer 5 working days before the anniversary date in a legal gazette.</p> <p>Interest shall be paid on the anniversary date or on the following business day if it is not a working day.</p>
Nominal interest rate	<p>Annually revisable</p> <p>For the first year, the nominal interest rate is calculated on the basis of the monetary rate of the 52-weeks Treasury bonds determined by reference to the secondary market rates curve of the BDT published on 05/0/2017 by Bank Al Maghrib, ie 2.26 %. This rate will be increased by a risk premium between 55 and 65 bps, ie a rate between 2.81% and 2.91%.</p> <p>For the following years, the subordinated bonds 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.</p> <p>The reference rate thus obtained will be increased by the risk premium between 55 and 65 bp.</p>
Calculation method of the reference rate	<p>On each anniversary date, the reference rate to be taken into account will be determined as follows:</p> <p>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.</p> <p>The rate thus obtained shall be increased by a risk premium between 55 et 65 pbs.</p>
Coupon payment	<p>The coupons shall be served annually on the anniversary dates of the bonds vesting date, ie the 29 June of each year. Payment shall be made on the same day or on the first working day following the 29 June if it is not a working day.</p> <p>Interest 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.</p>
Principal repayment	<p>The BCP bond issue will be subject to a final repayment of 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>
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 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.</p>
XAssimilation 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 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.</p>
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 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</p>

	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 guarantees.
Notation	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 competent court.
Representation of Bondholders	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. The 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.

Characteristics of tranche D (Fixed rate, with a maturity of 10 years not listed on the Casablanca Stock Exchange)

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	2 000 000 000 MAD
Maximum number of securities to be issued	20 000 bonds
Nominal unit value	100 000 MAD
Maturity	10 years
Subscription period	From 21 to 23 June 2017 inclusive
Vesting date	29 June 2017
Maturity date	29 June 2017
Risk premium	Between 70 and 80 pbs
Issue price	At par, i.e. 100 000 MAD on the vesting date
Allocation method	French tendering method
Tradability	Over the counter
	There are no restrictions imposed by the terms of the issue on the free tradability of these bonds.
Nominal interest rate	Fixe
	Between 4.00% and 4.10% (the nominal interest rate is determined by reference to the 10-year rate calculated from the secondary market rates curve of Treasury bills as published by Bank Al-Maghrib on 05 / 06/2017, ie 3.30%, increased by a risk premium of between 70 and 80 bp).
Coupon payment	The coupons shall be served annually on the anniversary dates of the bonds vesting date, ie the 29 June of each year. Payment shall be made on the same day or on the first working day following the 29 June if it is not a working day.
	Interest shall be calculated using the following formula: [Nominal x Nominal Rate]. They will cease to accrue from the day on which the capital 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.

	<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>
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 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.</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 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.</p>
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 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.</p>
Reimbursement guarantee	<p>Bonds issued by BCP are not subject to any special guarantees.</p>
Rating	<p>This issue has not been the subject of a rating request.</p>
Applicable Law / Competent Court	<p>Moroccan law with as the Commercial Court of Casablanca as competent court.</p>
Representation of Bondholders	<p>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.</p> <p>This decision will take effect starting from the opening of the subscription period.</p> <p>The 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>

Order	Steps	Date
1	Approval of the AMMC	14/06/2017
2	Publication of an extract of the Prospectus in a legal gazette	16/06/2017
3	Opening of the subscription period	21/06/2017
4	Closing of the subscription period	23/06/2017 at 12h
5	Allocation of securities	23/06/2017
6	Communication of the results of the operation to the subscribers	23/06/2017

7	Payment / Delivery	29/06/2017
8	Publication of the results of the operation in a legal gazette	29/06/2017

I.5. OPERATION SCHEDULE

I.6. FINANCIAL INTERMEDIARIES

Types of financial intermediaries	Name
Financial counselor	Upline Corporate Finance 162, Angle Bvd d'Anfa et rue Molière – 20050 – Casablanca - Maroc Tél.: 05 22 99 71 71
Placement agent	Banque Centrale Populaire 101, Bd Zerktouni, Casablanca Tél.: 05 22 20 25 33
Establishment providing financial services relating to the securities	Banque Centrale Populaire 101, Bd Zerktouni, Casablanca Tél.: 05 22 20 25 33

I.7. TERMS OF THE SUBSCRIPTION

I.7.1. SUBSCRIPTION PERIOD

The subscription period for this issue will begin on June 21, 2017 and will be closed on June 23, 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. CONDITIONS OF THE SUBSCRIPTION

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, ie 2 billion dirhams.

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

BCP 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 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 14:00 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 transaction described in this Prospectus and within the limit of the amount of the bond issue, the allocation shall be made according to the so-called French method of tendering, ie all Subscriptions retained in a tranche will be paid at the rates corresponding to the number of benchmark basis points of that tranche.

At the end of the subscription period, the subscription orders will be consolidated in tranches.

Applications can still be made until the maximum amount of the issue is reached.

It should be noted that the authorized ceiling for the operation covered by this Prospectus is two billion (2 000 000 000) dirhams, the amount awarded will in no case exceed two billion (2 000 000 000) of dirhams for the entire issue.

If at the end of the subscription period the total amount of subscriptions received is less than the maximum amount of the issue (2 000 000 000 dirhams), subscriptions shall be deemed null and void.

Tranches B and D will be served in priority with respect to tranches A and C up to the amount of the issue.

If at the end of the subscription period the total amount of subscriptions received for tranches B and D is greater than or equal to the maximum amount of the issue, no amount will be allocated to tranches A and C.

The amount allocated to each of the tranches will be determined by the issuer in its sole discretion and in accordance with its own interests and the quality of the subscriptions received for each of the tranches.

For each tranche, subscriptions will be consolidated and ordered in ascending order of proposed basis points. Subscribers offering the lowest number of basis points shall be served in priority to the amount decided by the issuer until the maximum amount of the issue is reached between the tranches.

For subscribers who have expressed a subscription request with a number of basis points equal to the number of limit points, they will be served in proportion to their request if the number of available securities is less than that requested, and up to their demand if the number of available securities is equal to the number requested.

If the number of shares to be distributed, according to the pro rata rule, is not a whole number, the number of shares will be rounded down to the nearest whole number. Fractions will be allocated in increments of one bond per underwriter, with priority being given to the strongest demands.

The pro rata rule is determined by the ratio "Quantity offered / Quantity requested".

I.8.2. TERMS OF CANCELLATION OF SUBSCRIPTIONS

If the financial transaction fails, subscriptions must be repaid within 3 working days from the date of allocation of the securities.

Any subscription that does not comply with the conditions contained in this Circular is subject to cancellation by the Lead Partner.

I.9. TERMS OF PAYMENT / DELIVERY

I.9.1. TERMS OF PAYMENT / DELIVERY

Payment / delivery between the issuer (BCP) and the 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 29 June 2017. The securities are payable in cash, in one payment and registered in the name of the subscribers on 29 June 2017.

I.9.2. DOMICILIATION OF THE ISSUE

BCP is designated as the domiciliary institution for the present operation, which is responsible for carrying out all transactions inherent to the securities issued in connection with the operation object of the present Prospectus.

I.10. TERMS OF THE ANNOUNCEMENT OF THE OPERATION RESULTS

The results of the operation will be published by the BCP in a legal announcement journal on 29 June 2017.

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 ten (10) 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- Opérations de banque</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>

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

- 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:
 - de la compensation des créances et des dettes réciproques des organismes du 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;
 - de la 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- Investments:

- 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.
- The holding of shareholding by Banque Centrale Populaire in one or more agencies of Credit Populaire du Maroc is subject to the prior approval of the Steering Committee who determines the level and terms.
 - The Company may, provided that the provisions of Law

	<p>No. 103-12 on credit institutions and similar bodies and applicable regulations are met, and subject to the approval of the Steering Committee:</p> <ul style="list-style-type: none"> - Take shareholdings in all companies, existing or being created, by giving priority to those with 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 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.
Current share capital	<ul style="list-style-type: none"> ▪ As of May 31, 2017, the share capital is 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°

	<p>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;</p> <ul style="list-style-type: none"> ▪ 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. ▪ 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 the shareholding

Shareholder	Dec. 31, 14		Dec. 31, 15		Dec. 31, 16		Jun. 6, 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%	6 911 074	3,79%
OCP	7 289 626	4,21%	2 408 548	1,32%	0	0,00%	0	0,00%
Selected institutions of which *:	22 794 884	13,17%	25 815 989	14,16%	58 249 924	31,96%	57 997 164	31,82%
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%	21 786 220	11,95%
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 Bourse de Casablanca

As of June 09, 2017, BCP shareholders are listed as follows:

Actionnaires	Nombre d'actions et de droits de vote	% de détention
BANQUES POPULAIRES REGIONALES	95 528 367	52,41%
BP MEKNES	11 232 463	6,16%
BP AGADIR	11 403 641	6,26%

<i>BP FES</i>	11 234 099	6,16%
<i>BP LAËYOUNE</i>	5 292 257	2,90%
<i>BP TANGER</i>	11 281 328	6,19%
<i>BP MARRAKECH</i>	11 103 915	6,09%
<i>BP RABAT</i>	11 391 711	6,25%
<i>BP NADOR</i>	11 357 553	6,23%
<i>BP OUJDA</i>	11 231 400	6,16%
Trésor	1	0,00%
PERSONNEL	6 911 074	3,79%
BPCE Maroc	8 224 241	4,51%
CIMR	10 904 158	5,98%
MAMDA	8 404 336	4,61%
MCMA	9 822 289	5,39%
SAHAM-ASSURANCE	497 226	0,27%
CMR	5 192 882	2,85%
Wafa ASSURANCE	2 176 640	1,19%
RMA	1 682 882	0,92%
RCAR	11 092 510	6,09%
Actions auto-détenues	31 830	0,02%
DIVERS	21 786 220	11,95%
Total	182 254 656	100,00%

Source : BCP

I.1. BOARD OF DIRECTORS

As of May 31, 2017, BCP Board of Directors is composed as follows:

Name	Title	Appointment or cooptation date	Reappointment date	Appointment expiry date
MR. Mohamed BENCHAABOUN	Chief Executive Officer	Cooptation by the Board of Directors dated 02/01/2008	General Meeting dated 05/24/2011	General Meeting ruling on the accounts of the fiscal year ending 2016
MR. Mohamed BELGHAZI	Independent Administrator	Cooptation by the Board of Directors dated 25/03/2010	General Meeting dated 24/05/2011	General Meeting ruling on the accounts of the fiscal year ending 2016
MR. Mostafa TERRAB	Président Directeur Général OCP-S.A.	Cooptation by the Board of Directors dated 27-07-2016	--	General Meeting ruling on the accounts of the fiscal year ending 2016
MR. Aziz ALOUANE	Chief of the banking and financial stability division at the treasury and External Finances department	Cooptation by the Board of Directors dated 08-09-2015	--	General Meeting ruling on the accounts of the fiscal year ending 2016
Banque Populaire de Rabat-Kenitra	Represented by its Management Board Chairman, Mr. Jalil Sebti	General meeting of 25/05/2005	General Meeting dated 24/05/2011	General Meeting ruling on the accounts of the fiscal year ending 2016
Banque Populaire de Marrakech-Béni Mellal	Represented by its Management Board Chairman, Mr. Noureddine Belmahjoubi	General meeting of 25/05/2005	General Meeting dated 24/05/2011	General Meeting ruling on the accounts of the fiscal year ending 2016
Banque Populaire de Tanger-Tétouan	Represented by its Management Board Chairwoman, Ms. Mouna Lebnioury	General meeting of 27/02/2001	General Meeting dated 24/05/2011	General Meeting ruling on the accounts of the fiscal year ending 2016

Caisse Interprofessionnelle Marocaine de Retraite	Represented by its Chief Executive Officer, Mr. Khalid Cheddadi	Cooptation by the Board of Directors dated 02/06/2016	--	General Meeting ruling on the accounts of the fiscal year ending 2016
Banque Populaire du Centre Sud	Represented by its Management Board Chairman, Mr. Mohamed Boulghmair	Cooptation by the Board of Directors dated 09/03/2016	--	General Meeting ruling on the accounts of the fiscal year ending 2016
BPCE MAROC	Represented by Mr. François Perol, Management Board Chairman of Banque Populaire et Caisse d'Épargne (BPCE)	General meeting of 24/05/2013		General Meeting ruling on the accounts of the fiscal year ending 2016
MR. Adriano ARIETTI	Independent Administrator	General meeting of 24/05/2013	--	General Meeting ruling on the accounts of the fiscal year ending 2016
Mutuelle Centrale Marocaine d'Assurances (MCMA)	Represented by Mr. Hicham Belmrah, President of the MCMA Management Board	General meeting of 24/05/2013	--	General Meeting ruling on the accounts of the fiscal year ending 2016

The OGM to approve the 2016 financial statements will be held on June 29, 2017

Source : BCP

II.3. SUBSIDIARIES

As December 31th, 2016, Banque Centrale Populaire controls many subsidiaries that are as follows:

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%	52.75%	100.00%
BP Laayoune	Bank	52.71%	52.71%	52.71%	100.00%
BP Marrakech B Mellal	Bank	52.21%	52.21%	52.21%	100.00%
BP Meknes	Bank	52.53%	52.53%	52.53%	100.00%
BP Nador Al Hoceima	Bank	52.63%	52.63%	52.63%	100.00%
BP Oujda	Bank	52.47%	52.47%	52.47%	100.00%
BP Tanger Tetouan	Bank	52.44%	52.44%	52.44%	100.00%
BP Rabat Kenitra	Bank	52.51%	52.51%	52.51%	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%	78.04%	100.00%
IMC	Investment fund	43.50%	43.50%	46.05%	50.34%
VIVALIS	Consumer loan	66.38%	66.38%	77.28%	87.28%
Mediafinance	Capital market	60.00%	89.95%	89.95%	100.00%
CHAABI LLD	Long term location	73.62% (**)	73.62% (**)	83.76%	83.76%
CIB	Offshore Bank	70.00%	70.00%	85.48%	100.00%
BPMG	Bank	77.25%	77.25%	77.25%	77.25%
Bank Al Amal	Bank	24.24%	35.16%	30.34%	35.97%
ATTAWFIQ MICRO FINANCE	Micro finance	100%	100%	100.00%	100.00%
Upline Group	Merchant bank	77.39%	77.39%	89.18%	100.00%
Maroc Leasing	Leasing	53.11%	53.11%	53.11%	53.11%
BP Shore	Holding	56.80%	56.80%	78.26%	100.00%
FPCT Sakane (***)	Real estate	ND	ND	49.00%	100.00%

ABI	Holding	74.60%	74.60%	83.50% ^(***)	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
Banque Participative Du Maroc	Bank	80.00%	80.00%	NC	NC

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

(**)BCP's stake in Chaabi LLD increased to 83.62%

(***)A securitization collective investment fund does not include any capital.

(***)ABI, AACI subsidiary holds a 0.2% stake in ABI Holding. This detention is the result of the decrease of BCP interest percentage on a consolidated basis.

Source: BCP

II.4. PRESENTATION OF BCP

Evolution of loans

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

(in MMAD)	2014	2015	2015 proforma	2016	Var 15/14	Var 16/15 proforma	Var 16/ 15
Cash and consumer loans	33 748	30 987	32 080	28 991	-8,18%	-9,63%	-6,44%
Investment loans	18 167	19 500	20 082	22 700	7,34%	13,04%	16,41%
Real estate loans	24 025	23 668	26 885	26 109	-1,49%	-2,89%	10,31%
Other loans	10 679	13 320	13 534	15 280	24,73%	12,90%	14,71%
outstanding receivables balance of customer loans	86 619	87 474	92 581	93 079	0,99%	0,54%	6,41%

Source : BCP-Comptes sociaux

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

Evolution of customer deposits

Customer deposits outstanding by product type are distributed as follows:

(In MMAD)	2014	Part	2015	Part	Proforma 2015	Part	2016	Part
Accounts payable	31 674	58,11%	32 547	54,51%	37 068	55,06%	37 516	59,15%

Saving accounts	4 504	8,26%	4 955	8,30%	6 449	9,58%	6 907	10,89%
Term deposits	16 129	29,59%	18 454	30,91%	20 007	29,72%	17 127	27,00%
Other accounts payable	2 203	4,04%	3 757	6,29%	3 797	5,64%	1 878	2,96%
Customer deposits	54 510	100,00%	59 713	100,00%	67 321	100,00%	63 428	100,00%
Growth percentage	6,67%		9,54%				-5,78%	

Source: BCP- Corporate accounts

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

II. FINANCIAL INFORMATION

IV.2. CONSOLIDATED INCOME AND EXPENSES ACCOUNT

In MMAD	2014	2015	2016	Δ 14/15	Δ 15/16
Interests and similar income	14 785	14 967	14 971	1%	0%
Interests and similar costs	-4 772	-4 478	-4 564	-6%	2%
INTEREST MARGIN	10 013	10 489	10 407	5%	-1%
Commissions receivables	2 243	2 183	2 402	-3%	10%
Commissions payments	-326	-231	-314	-29%	36%
COMMISSIONS MARGIN	1 917	1 952	2 088	2%	7%
Net gains and losses on financial instruments at the fair value through result	2 158	1 752	1 786	-19%	2%
Net gains or losses on financial assets held for sale	233	609	615	162%	1%
RESULT OF TRADING ACTIVITIES	2 391	2 362	2 401	-1%	2%
Income from other activities	715	1 113	3 964	56%	>100%
Costs of other activities	-289	-575	-3 206	99%	<-100%
NET BANKING INCOME	14 747	15 341	15 655	4%	2%
General operating costs	-6 065	-6 667	-7 014	10%	5%
Allocation to amortizations and depreciations of tangible and intangible assets	-804	-835	-869	4%	4%
GROSS OPERATIONAL RESULT	7 877	7 839	7 771	0%	-1%
Risk cost	-3 027	-3 253	-3 323	7%	2%
OPERATING RESULT	4 850	4 586	4 449	-5%	-3%
Share of the result of equity-consolidated companies	-2	-8	6	<-100%	<-100%
Net gains or losses on other assets	16	106	20	>100%	-81%
Change of goodwill purchase values	-	-	-	n.a	n.a
PRE-TAX RESULT	4 864	4 684	4 475	-4%	-4%
Benefit tax	-1 608	-1 661	-1 436	3%	-14%
NET RESULT	3 256	3 023	3 038	-7%	1%
Result – BPR share	676	-	-	-100%	n.a
External result	384	511	395	33%	-23%
BCP GROUP NET SHARE RESULT	2 195	2 511	2 643	14%	5%
Interests and similar income	12,68	13,78	14,50	9%	5%
Interests and similar costs	12,68	13,78	14,50	9%	5%

Source : BCP IFRS consolidated accounts

IV.2. CONSOLIDATED BLANCE SHEET

In MMAD	2014	2015	2016	Δ 14/15	Δ 15/16
Cash values, Central banks, Public Treasury, services of postal checks	7 707	9 666	14 702	25%	52%
Financial assets at fair value through result	22 299	25 335	37 244	14%	47%
Financial assets held for sale	28 390	26 512	35 993	-7%	36%
Loans and receivables to credit and similar institutions	11 689	19 798	11 877	69%	-40%

Customer loans and receivables	206 082	210 134	213 853	2%	2%
Investments held till their maturity date	17 402	16 105	15 249	-7%	-5%
Current tax assets	818	731	1 131	-11%	55%
Deferred tax assets	288	480	652	67%	36%
Accruals and other liabilities	4 834	8 913	7 521	84%	-16%
Investments in equity-consolidated companies	54	43	38	-20%	-12%
Tangible assets	8 503	9 120	11 217	7%	23%
Intangible assets	538	737	907	37%	23%
Purchase goodwill	1 025	1 253	1 327	22%	6%
IFRS TOTAL ASSETS	309 630	328 829	351 711	6%	7%
Central banks, Public Treasury, services of postal checks	70	550	539	>100%	-2%
Financial liabilities at fair value through profit or loss	53	-	-	-100%	n.a
Hedging derivatives	-	-	-	n.a	n.a
Loans and receivables to credit and similar institutions	32 414	25 804	33 908	-20%	31%
Customer debts	229 821	250 313	259 738	9%	4%
Debts represented by a security	-	-	-	n.a	n.a
Issued loan securities	270	224	133	-17%	-41%
Current tax liabilities	1 127	1 100	1 211	-2%	10%
Deferred tax liabilities	996	436	503	-56%	15%
Accruals and other liabilities	5 643	5 721	7 171	1%	25%
Technical provisions of insurance agreements	126	847	3 365	571%	297%
Provisions for risks and costs	1 748	2 318	2 652	33%	14%
Subsidies, restricted public funds and special funds of guarantee	2 719	2 642	3 215	-3%	22%
Subordinated debts	2 637	2 676	1 120	1%	-58%
Capital and associated reserves	17 344	19 776	20 498	14%	4%
Consolidated reserves	10 101	11 847	12 405	17%	5%
- Group share	3 294	3 700	4 134	12%	12%
- BPRs share	5 001	-	-	-100%	n.a
- Minority shareholding	1 806	8 148	8 271	>100%	2%
Latent or deferred gains or losses, group share	1 304	1 551	2 215	19%	43%
- Group share	1 333	1 231	1 504	-8%	22%
- BPRs share	-40	-	-	-100%	n.a
- Minority shareholding	10	321	711	>100%	122%
Net profit of the FY	3 256	3 023	3 038	-7%	1%
- Group share	2 195	2 511	2 643	14%	5%
- BPRs share	676	-	-	-100%	n.a
- Minority shareholding	384	511	395	33%	-23%
IFRS TOTAL LIABILITIES	309 630	328 829	351 711	6%	7%

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.1. CREDIT AND COUNTERPART 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.

General loan policy

The general policy for managing loan risk, adopted by the Bank and approved by its administrative and management bodies, is to define an overall framework for activities that generate loan risks.

Its principles are applied to ensure the Group's smooth development of its activities. Loan policy is structured on the basis of the following principles:

- security and cost-effectiveness of operations;
- diversification of risks;
- standardization of loan risk management within all CPM organizations;
- strict selection of loan requests;
- establishment of a file for all credit operations and reviewing it at least once a year for companies;
- rating of companies and professionals and scoring for the granting of loans to individuals;
- separation between credit sales and risk assessment and control functions;
- collegiality of decisions resulting in the establishment of committees at all levels of the industry;
- early detection of counterparty default risks;
- reactivity in loan recovery.

The implementation of a loan policy is based on an extensive internal regulatory body in line with best practice in this field. This covers the entire credit risk management process, through circulars, memos and standards setting out the extent and conditions for the exercise of control activities and the monitoring of risks.

Decision system

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

- the analysis of the loan requests by the business entities initiating it and the second risk reading made by the risk entities at the level of the BPRs and the BCP;
- the prevention of risk through a decisive role of the second review function in the filtering of files and in decision-making;
- the exercise of powers in committees reflecting the collegiality of the decision;
- a multi-dimensional delegate scheme ensuring that the level of risk is the same as that required for the decision;
- skill limits established by a group of related beneficiaries;
- the exclusion of the powers of the BPRs from credits to related parties, regardless of their amounts. These are subject to internal credit committees at the level of the BCP;
- the separation of tasks between commercial entities and those responsible for assessing, monitoring and managing loan risks at both the BCP and BPRs levels.

Risk monitoring system

The same system for monitoring and controlling exposures is set up for all segments of the Group's clientele. To this end, the Risk Management function is relayed by other functions in charge of operational management, permanent control, in particular the business lines which ensure the selection of authorizations and entities in charge of the risks that play an essential role in monitoring and managing commitments through:

- global monitoring of commitments (by country, region, market and risk class);
- control of delegations (delegation of powers, computerized authorizations ...);
- monitoring the quality of the risks faced;
- monitoring of major risks;
- permanent and reconciled monitoring of sensitive receivables (overdrafts on credit lines, expired and unpaid authorizations, unpaid ...).

Loan notation 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 backtesting, are carried out to ensure the viability of the rating models and to implement corrective actions where necessary.

Concentration risk monitoring system

• Individual concentration:

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 of the necessary counterparties in order to reduce the possible risks. As such, the Bank has put in place a process to review the first 100 risks in the counterparty or group of related counterparties (approximately 520 counterparties outside subsidiaries). This process is duplicated at the level of all the entities each within its own perimeter.

Similarly, special attention is given to commitments as soon as their level exceeds 5% of the capital.

Crédits par décaissement	En % des emplois productifs CPM (*)
100 premiers risques CPM (*)	57%
Contreparties éligibles à la déclaration BAM (*)	30%

(*) : excluding subsidiaries

• Sectoral concentration

The CPM has a system for managing and monitoring the risk of sectoral concentration, based on sectoral limits including the monitoring and follow-up which involve the application of measures adapted to the limit reached.

This system, which is an important component of the planning process, is based on qualitative and quantitative standards and combines the measure of the level of loss of the sectors with their development potentials. This makes it possible to define strategic orientations in terms of overall market share over a given sector / sub-sector and results in targeted and controlled development.

In addition, the Bank has important tools enabling it to identify its concentration risks, including a tool dedicated to the management of related counterpart groups, and a database of promoters and projects operating in the real estate development sector.

Portfolio Review

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 global and simultaneous analysis of a given portfolio resulting in a homogeneous classification of the counterparties, no definition of individual limits is made.

The convergence sought between business line and risk enables higher authorities to a clear idea necessary for decision-making, in particular with regards to the commercial policy to be adopted for a given portfolio (development of relations, retention, disengagement, reinforcement of security rights, etc.).

In addition, this process is gradually extending to cover other aspects related to loan risk, including the variation of sectoral limits into individual limits by group of counterparties.

For the realization of portfolio reviews, the Bank has a risk database that is continuously enriched by the various applications, enabling all the information required for the pooled review of a given portfolio (bank-specific balance sheets, rating data base, group data base, etc.). These aspects are complemented by the contribution of the section concerned with the review function, which produces the qualitative aspects necessary for the analysis of the portfolio.

Sensitive receivables monitoring device

The objective of the sensitive risk monitoring device is to identify as soon as possible the advanced signals of potential deterioration of the counterparties, so that they can be dealt with promptly, while actions to protect the bank's interests may still be more effective and less expensive.

It is particularly important for the Bank that commercial entities have the capacity to identify as soon as possible counterparties with a degraded financial position and place them on the "Watch List".

In this context, the Group's General Risk Management is in charge of defining the most appropriate policies and procedures to regularly assess the quality of assets, review counterparties under supervision and propose corrective actions if necessary.

To this end, the Watch List, which is the culmination of these supervisory actions, is itself the subject of a monitoring mechanism enabling the bank to preserve its potential over time.

The sensitive risk management procedure applies to the portfolio of sound debts. It concerns all

balance sheet and off-balance sheet commitments made to customers of companies and professionals.

The monitoring and management of sensitive receivables is ensured both by Group Risk and by the risk functions located at the level of Regional Banks and Sub-Saharan Subsidiaries. This monitoring is carried out on a quarterly basis in the framework of the appropriate Committees.

IV.2. 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).

The Bank, being a leading financial institution and an important player in financial products, has a market risk management system that covers all activities relating to trading transactions or for hedging purposes. Its elements. Market risks arising from the banking book are monitored and supervised in the context of the management of structural interest rate and liquidity risks.

Risk strategy

In order to secure the development of market activities, the Group has developed a strategy for the control and monitoring of market risks as part of its Global Risk Management Strategy.

The guiding principles of the Group's Risk Management Strategy enable it to:

- control exposure risks
- 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 the best practices in risk management for all market activities.

These guiding principles are reflected in the Bank's tolerance of market risks. They are implemented through a prudent management policy and a structured system.

Policies and procedures

The market risk management policy defines the overall risk management framework for market activities. It integrates, within a coherent framework, all the risk management tools / processes as well as all the principles and guidelines adopted by the Bank to minimize its risk exposure on market activities. This Policy is based on an internal regulatory body comprising a set of circulars, procedures and standards for risk taking on 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 the management of market risks;
- the determination and review of market limits;
- the review of exposures and risks;
- the methodologies for measuring risk and validating valuation models;
- Monitoring and reporting tools.

This policy is broken down through circulars and systems monitoring market activities, and in particular:

- a mechanism for separating the portfolios of trading activities from those of a banking nature, reflecting the prerogatives of circulars 26/G/2007 and 8/G/2010 relating to the calculation of capital requirements for market risks.
- a system of delegation of powers governing the powers and duties delegated to market participants in order to:
 - securing operations and limiting risks;
 - comply with banking regulations relating to internal control and prudential management;
 - optimize decision-making circuits;
 - improve profitability.
- a derivative products management policy describing the process of launching, monitoring and managing a derivative product. It thus governs the powers delegated to the various functions involved in this process and the main limits to which this activity is subject.

Management and monitoring system of market risks:

• Players and entities involved in the management of market risks

Controlling market risks is ensured through ad-hoc governance bodies supported by the following players:

"Bank of Markets" : constitutes the first line of self-control. In terms of risk, its responsibilities include:

- the introduction of a risk limit for each Portfolio under management based on performance targets and risk tolerance. These risk limits are subject, after analysis and calibration by Risk Management, to the Global Group Risk Management for validation;
- The submission for approval, according to a delegation of powers system governed by an internal circular, of transactions that exceed their level of competence.

"The Middle Office": carries out first-level control and carries out daily monitoring activities in full independence from those operating in market activities. Its main responsibilities are:

- monitoring and control of market transactions (updating of data, monitoring of positions, compliance of operations, analysis and correction of discrepancies, etc.);
- an analysis of the results of the market activities: reconciliation and tracking of profits and losses (P&L);
- monitoring of risks: monitoring of limits, analysis and monitoring of coverage... ;
- optimization and development of processing facilities (participation and support during the development of information systems, new products, internal standards and management procedures...).

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

- design, develop and organize the market risk management system;
- define the methodologies for measuring risk and determining limits;
- monitoring the positions, limits and risks generated by market activities;
- ensure the development and optimization of risk measurement tools and systems;
- draw regulatory and internal reports for the regulator and the various committees and governance bodies of the Group.

"Counterparty Risks": addresses the methodological aspects of counterparty risks related to market activities by designing and implementing Group standards.

- **Market risk management and monitoring system:**

In order to monitor market risks, the Bank has a mechanism based around four main areas:

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

- **Applicable Limits**

The market risk limits system is based on the following main indicators:

- maximum limits of the trading portfolio by sub-fund, portfolio and sub-portfolio, and by risk classes;
- duration and sensitivity limits for the bond trading portfolio;
- the Stop Loss limit in percentage of the net foreign exchange position in each currency;
- short currency position limit;
- the position limits per currency and the overall foreign exchange position in percentage of the Funds;
- Time Buckets' interest rate risk sensitivity limits for forward exchange transactions, currency swaps and foreign currency swaps;
- limits by sensitivity indicators (Delta, Gamma and Vega) per underlying for the currency options portfolio;
- the limits per asset class and the concentration limits per share of the investment universe, defined as a percentage of the actual outstanding value of the Equity portfolio;
- Stock Picking limits for the Equity Portfolio.

This system is reinforced by VaR (Value at Risk) limits as global limits, broken down by portfolio and by risk factor class.

The Market Risk Limit Scheme is based on a delegation of powers table setting the limits per instrument, market and per trader. The process of proposing and validating boundaries is framed by an internal circular.

- **Risk indicators monitoring system**

Market risks are monitored on a daily basis by the Middle Office and Risk Management bodies. The Group's Global Risk Management Committee (CGGR) ensures, through quarterly reporting of exposure levels, returns, risks backed by market activities, compliance with regulatory requirements and compliance with limits. This reporting also includes portfolio sensitivity and simulation analysis for extreme scenarios that take into account both the structure of the portfolios and the correlations between the different risk factors.

The risk reporting system within the Bank takes two forms:

- an internal management reporting system relating to the risk monitoring process and internal control including risk monitoring indicators per compartment as well as impact studies with the supervisor and / or the profession;
- periodic regulatory reporting system to supervisor and supervisory authorities, in accordance with BAM's standardized framework.

- **Tools for monitoring and managing market risks**

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.

BCP has adopted a market risk management and monitoring structure which includes the use of VaR methodology and sensitivity analyzes for its entire trading portfolio.

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 that the Bank's market risks on trading activities are monitored on a day-to-day basis under normal market conditions.

The method used to calculate VaR is based on a historical model. A Parametric VaR calculation with normal distribution (with Variance-Covariance matrix) is also performed. A global VaR is calculated for all trading activities and by type of instrument.

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.

The main retained scenarios are:

- a change in the rate of +/- 1 bps, +/- 10 bps, +/- 25 bps, +/- 50bps and +/- 100bps (global and maturity indicators);
- extreme rate variation of 200 bps;
- a price change of +/- 1% and 5%, taking into account the correlation between the EUR and the USD in the composition of the MAD currency basket;
- extreme fluctuations calculated on the basis of a historical rate, the prices of different currencies and the MASI index.

Evolution of exposures and risk profile

By the end of December 2016, the total outstanding amount of the Trading portfolio reached at 59 billion dirhams, 64% of which were invested in direct bonds or via UCITS. The overall VaR (1-Day to 99%) excluding the correlation effect of the total portfolio is estimated at 143.7 million MAD, ie 0.37% of the market value of the portfolio, which amounts to 39 billion MAD for the year of 2016.

The estimated VaR is concentrated mainly on the bond portfolio and, incidentally, on forward exchange transactions, foreign currency treasury operations, foreign exchange derivatives and property titles. This is due to the size of these portfolios, the high volatility of the risk factors that make up the portfolio and their weight relative to other elements in the trading book.

IV.3. FINANCIAL 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 Groupe.

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.

Global interest rate risk management

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;

- twice a year, 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;
- occasionally significant changes in tariff structures to assess their impact.

This monitoring system relies on:

- 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.

Evolution of risk indicators

As of June 30, 2016, the current assets and liabilities portfolio was about the same as at the end of December 2015. The main changes affecting interest rate risk are as follows:

- The decrease of loans of treasury in Dirhams by around 1.6 billion MAD;
- The increase in subordinated debt by 1.5 billion MAD;
- The decrease of residual duration of long term deposits, from 6.5 months in December 2015 to 6.0 months in June 2016.

These transactions have only slightly changed the sensitivity of earnings to changes in market rates. Thus, in the event of a rate increase of 100 basis points, the profit varies by 139 million dirhams compared to 132 million dirhams in December 2015.

It should be noted that the sensitivity of profits to a change in rates remains well below the limits of the Group's risk objectives.

As of the end of December 2016, the risk profile became negative in the event of rate increases due to:

- the decrease in short-term assets, mainly due to the decrease in cash loans and pensions received from lending institutions (-4.5 billion MAD);
- the increase in short-term liabilities, mainly due to higher borrowings and loans to credit institutions (+7.6 billion MAD), combined with an increase in the securities portfolio;
- and, to a lesser extent, the increase in short-term financing commitments.

The following table presents the potential impact of an increase in rates by 100 basis points, over a period of 12 months, on the net income of interests and on the economic value of the Bank in 2015 and 2016. The impact of such change represents less than 2% of GDP and 1% of regulatory equity.

	December 2015	June 2016	December 2016
Impact on the revenue (in millions)	132	139	-39
Compared to the net banking income	1.20%	1.24%	0.35%
Impact of the economic value on the CT (in millions)	-153	-204	-251
Compared to regulatory equities	-0.54%	0.74%	0.92%

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.

Liquidity risk management system

Liquidity risk management is designed to ensure that the Group has access to the necessary funds to meet its financial commitments when they become due. 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 liquidity regulatory ratio, Liquidity Coverage Ratio (LCR) and internally defined liquidity ratios,
- 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 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 privileged relationships with institutional investors and corporate clients.

Customer demand deposits (current accounts and savings accounts) constitute a significant part of the Group's overall financing, a share that has been stable over the years. In addition, the branch opening program continued in 2016 and is expected to continue throughout the PMT period, helping to strengthen the pace of customer deposits.

In addition, the Group is an important player in the money and bond markets through its market activities. Its position allows it to resort, occasionally and in the short term to Banks and other financial institutions, to repurchase transactions.

Evolution of risk indicators

Total assets of CPM amounted to 291 billion MAD by the end of December 2016 compared to 280 in December 2015, i.e. a 3.9% increase.

In December 2016 and compared to December 2015, the jobs to be refinanced in cash represent more than 20 billion dirhams. This was mainly due to customer loans (+2.7 billion MAD), the investment securities portfolio (+11.5 billion MAD), and the increase in the BAM account (+5 billion MAD) as a result of the increase in the monetary reserve threshold from 2% to 4%.

These amounts, as well as the decrease in corporate deposits (-5 billion MAD) and the non-renewal of subordinated debt (-1.5 billion MAD) were refinanced by:

- an increase in personal deposits (+11.4 billion MAD)
- recourse to the money market in the form of cash loans and the increase in REPOs, while cash loans and reserve REPO are decreasing at the same time.

The resources of the CPM collected from customers increased by 3%, from 222 billion MAD in December 2015 to 229 billion MAD in late December 2016. This increase relates to the book accounts (+ 8.1%) and short-term deposits (+ 8.5%), While corporate deposits decreased (mainly on term deposits with -3 billion MAD). The share of unpaid resources has continued to rise, from 63.9% in 2015 to 64.9% in 2016.

The Group's transformation coefficient stood at 83.8% in December 2016 compared to 86% a year earlier due to the more significant development of customer deposits compared to credit activity.

IV.4. OPERATIONAL RISKS

Operational risk management device

GBP defines operational risk as the risk of potential harm due to inadequacy or failure attributable to procedures, persons, systems or external events. This definition of operational risk includes legal and reputation 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 operational risks, incident collection, system for monitoring outsourced activities and the Business Continuity Plan.

Risk mapping

The process relies on the process referential and adopts the division deployed by the organization. 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 projects initiated by the Bank and particularly the new strategic vision called “Elan 2020”.

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.

Continuous involvement of stakeholders in the incident collection process improves the quality of reporting and increases visibility of the Bank's risk profile.

By the end of December 2016, the Bank's risk profile remained concentrated on the four usual Baselian categories (execution error, damage to assets, external fraud and internal fraud). By integrating the subsidiaries, the risk profile undergoes some changes by maintaining the seventh Basel category on performance errors as the primary source of operational risk. This observation is valid, whether the analysis is in numbers or in amounts.

Monitoring of externalized activities

In order to assess the risk incurred by the bank, two evaluation grids are set up:

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

Given the regulatory requirements and the anticipated efforts to lock contracts, the 2016 assessment did not increase activity in the red zone.

As for the control system, it has generally improved thanks to the organization of the visits and the presentation of the document BCP (Business Continuity Plan) by service providers.

Business continuity plan

The general governance policy of the Group's Business Continuity Plan (BCP) is disseminated to all Group employees. It sets out the guiding principles, the framework and the organization to ensure the continuity of the critical operations of the Bank in the event of a crisis.

The Business Impact Analysis (BIA) et the Maximum Admissible Interruption Duration (DMIA) (*Durée Maximum d'Interruption Admissible*) allow for the identification of the processes to restore urgently in case of a crisis. For each critical process, there is a business rescue plan (PSM) (*plan de*

secours métiers) that specifies the role of each and everyone at the time of a disaster, the means available and the immediate actions to be taken when arriving at the backup site.

It should be noted that no major incidents occurred in 2016 forcing the bank to enable its business continuity plan.

IV.5 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/017/2017 on 14 June 2017.

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