CREDIT AGRICOLE DU MAROC (CAM)

SUMMARY OF THE PRELIMINARY PROSPECTUS

ISSUANCE OF GREEN BONDS
FOR AN AMOUNT OF 500.000.000 DHS

Financial Advisor and Global Coordinator	Financial Co-advisors
Credit Agricole	Atlas Capital Finance; Capital Trust Finance; Valoris Corporate Finance

Lead underwriting agent and centralizer of subscription orders	Co-lead underwriting agents	Underwriting agent	Body responsible for the recording of the operation & Domiciliation agent providing financial services
Valoris Securities	Capital Trust Securities; Atlas Capital Bourse	Credit Agricole	M.S.IN

APPROVAL OF THE AUTORITE MAROCAINE DU MARCHE DES CAPITAUX (MOROCCAN FINANCIAL MARKET AUTHORITY)

In accordance with the provisions of the circular of the AMMC, delivered in application of Section 14 of the Decree n° 1-93-212 of September 21st, 1993, as amended and extended, the original copy of the present preliminary prospectus has been approved by the AMMC on 15 November 2016 under the reference VI/EM/027/2016/P

WARNING

On 15/11/2016, the *Autorité Marocaine du Marché des Capitaux* (AMMC) approved a preleminary Prospectus for a green bond issue by Crédit Agricole du Maroc.

The preleminary Prospectus approved by the AMMC is available at any time at Credit Agricole du Maroc Headquarters or at its financial advisors headquarters:

ATLAS CAPITAL FINANCE
88 Rue El Marrakchi, Quartier Hippodrome – Casablanca
Tél : (212) 5 22 23 76 02

CAPITAL TRUST FINANCE
50 Bd Rachidi, Casablanca
Tél : (212) 5 22 46 63 50

VALORIS CORPORATE FINANCE
355, Route d'El Jadida – Casablanca
Tél : (212) 5 22 23 97 60

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

I- Presentation of Green Bonds[1]

Green bonds are a debt security issued to raise funds to finance projects having a direct environmental impact. Indeed, this category of issuance is intended for investors wishing to display an interest and a commitment towards projects of ecological character.

The range of products presented as being eligible for this type of issue is determined by the issuer. For example, the issuer may undertake to finance an activity having, for example, an impact on climate change (eg reduction of CO2 emissions).

The issuer may also target the financing of specific products such as solar/wind power projects or energy renovation and transportation projects.

Ultimately, the green bonds are comparable to conventional retail bonds, the funds raised are used exclusively to finance approved environmental projects. Therefore, the issuance of green bonds implies full transparency in order to give investors Assurance that the funds committed have been appropriately allocated.

Green bond issuers usually conform to this transparency requirement through structured control and verification by auditors and environmental specialists. This control may be exercised by the issuer of the bond or by a third party.

II- Description of CAM Green Bonds

As part of its "Green Bonds" bond issue, CAM has mandated Vigeo Eiris to issue an insurance on the green nature of these bonds.

II.1. Allocation of funds

CAM has a portfolio of projects to fund in excess of the amount of the issue of MAD 500 million.
This pipeline, evolving according to new upcoming projects will be subject to selection and evaluation by the steering committee of public service mission (MPS) and solidary agriculture in order to confirm eligibility.

Eligible projects are projects to finance or refinance, current or future, located in Morocco, managed by companies of all sizes (small, medium and large) and are as follows:

[1] Source AMF letter 2014

Eligible categories	Products	Definition	Main benefits of sustainable development
Improving energy efficiency and developing renewable energy	**ECO-TAQA:** loans for farmers with energy-intensive farms	loans to finance the energy audit of their farms, and the implementation of the resulting recommendations Particularly the settlement of solar pumping systems.	Mitigation of climate change: energy savings and reduction of greenhouse gas emissions
Soil protection and the fight against desertification and soil erosion	**TOUMOUR:** this financing offer aimed producers and promoters of projects for improving and upgrading the production of date palm, through 2 products: O Intaj Toumour: financing the creation and densification of date palm plantations (also includes maintenance costs; O Tatmine Toumour: adapted financing of investment needs in recovery units, refrigerated storage, packaging, packing and working capital requirements.	Loans to producers and project developers for the creation, expansion and intensification of date palm plantations: Financing of creative projects, densification, date palm plantations also including maintenance costs	Adaptation to the impacts of climate change, fight against desertification and soil erosion
Development of organic farming	**BIOFILAHA:** this package is intended for farmers who produce organic or carry out projects to create organic farming or conversion to organic farming, and this through 2 products: O Biofilaha Istitmar: intended to finance the needs of organic producers in terms of investment; O Biofilaha Tayssir: intended to finance the needs of organic producers in terms of operations.	Loans to farmers organic producer or promoters from creating organic farm or conversion to organic farming Financing needs of organic farmers in the investment plan - Financing needs of producers organic in terms of operation	Protection of natural resources: reduce pollution
Protection of water resources	**SAQUII:** The Saquii loan is a financing product for projects to develop agricultural properties in a localized and / or complementary irrigation system, using an appropriate formula and advantageous conditions. It is intended for agricultural holdings located in large irrigated areas, and for small and medium-scale irrigation schemes, which are concerned with localized irrigation conversion of the area currently irrigated by gravity, as well as the adoption of localized irrigation And / or additional equipment for new areas	loans to farmers for financing investment in development projects of farms with irrigation system to promote economic recovery and water, for example Irrigation System Equipment localized modern (or conversion of the gravity irrigation system with drip irrigation modern) - water resource mobilization works (pumping equipment, storage tanks ...) - filtration equipment, fertigation and water chemigation - Networks of feed and water distribution pipes - pipes carrying watering organs - control equipment and control of the irrigation system	Protection of natural resources: rational use of water for irrigation and water savings

II.2. Evaluation and selection of projects

The process of evaluating and selecting projects eligible for funding is formalized and documented. It will be deployed as a support to:
- The requirements for allocation of funds, based on the definition of eligible project categories.
- Conducting due diligences and additional project eligibility analyzes, in line with International Finance Corporation (IFC) performance standards and a good rules of managing custumers (Know Your Customer).

The project evaluation and selection process is conducted by the Sustainable Development Finance Department, which is responsible for the analysis and categorization of project risks. In addition, the Steering Committee Public Service Mission (MSP) and Solidary Agriculture will have the function of validating the projects selected upstream.

II.3. Fund Management

The fund management rules are formalized and allow documented and transparent allocation process. The Green Bond issued by the CAM and the net proceeds from the issue amount will be managed in a separate account and then allocated to client companies in the form of lending on the basis of the projects selected by the Management Funding for Sustainable Development and validated by the MSP Committee and Solidary Agriculture. The CAM undertakes that the procedure dedicated to the allocation of funds will be definitively validated before any issue.

In As, and over all the issue of maturity period, the funds raised will be used to finance future projects, the amount of outstanding loans awarded to eligible projects remaining at minimum equivalent to the amount of the issue on the basis of an annual audit to 12/31.
In case of suspension of credit, the issuer will use the proceeds from the issue to finance other eligible projects meeting current requirements for allocation of funds and the eligibility process.

In addition, the CAM undertakes to monitor the allocation of funds to each eligible project. This monitoring will be integrated into the annual financial reporting process.
Post-issue, an annual financial audit carried out by the auditor will cover the allocation and monitoring of funds audited until the maturity of the Green Bond.

The audit will cover the allocation and traceability of funds: amount allocated per project, verifying the existence of the financing on the books of the CAM and realisation of a certificate of conformity of the use of funds in accordance with the object of the program.

From another side, it should be noted that t he following items are not yet defined:
- Net product management arrangements pending the final allocation of funds to eligible projects;
- Allocation time funds from the issue date
They will be defined before the final approval of the prospectus on this issue.

CAM undertakes that the balance of the amounts loaned or invested in eligible projects is at all times at least equal to the amount of this issue of Green Bond.

II.4. Reporting

Monitoring arrangements are being defined and reporting indicators used by the issuer include:

• Allocation of funds: amount allocated and list of projects financed with a description of each project, in compliance with the rules of confidentiality
• Environmental benefits: on the basis of ex-ante estimation or ex-post measures of impact indicators, by project and aggregated for the entire bond issue
• Responsible project management, based on additional social indicators related to the impacts of the project, depending on the availability of information

CAM undertakes to report annually, in conjunction with the annual financial report, and on the duration of the issue on projects funded by issuing Green Bond. This reporting will be realized by the publication of an annual report sent to investors. The projects will be added to the report after the issuer has approved and evaluated a project as eligible.

criteria	reporting indicators
Use of proceeds	List of projects funded through the issue with a description of each project (product, region, main sector), the amount allocated, the total cost of the project, from the date of initial funding (respecting confidentiality rules of customer data)
	Total amount allotted and share of the allotted amount regarding the total issue amount (%)
	Refinancing Share (%)
Mitigation of climate change	Energy savings achieved (estimated when investing, kWh)
	Installed capacity in renewable energy (estimated MW)
	avoided CO2 emissions
Adaptation to impact of climate change	Improving the organic composition of the soil (carbon and nitrogen rate for bare and planted plots on a sample of farms)
protection of natural resources	Area converted or newly installed in organic farming (estimated in ha)
	Volume of water saved (estimated in m3)
	Fitted and equipped area in equipment to optimize the use of water (estimated ha)

Will also be published in the annual reporting:

• The certificate of conformity of the use of funds in concordance with the subject of the issue, issued by the auditors;
• And after the second anniversary of the effective date, the Second Opinion of Vigeo updated.

Also, we have to notice that the terms of collection, monitoring and consolidation of indicators to be published by the CAM are still being defined and that the CAM is committed to defining these terms before any issue.

II.5.Recommendations of VigeoEiris

The full second opinion report issued by Vigeo Eiris is available in appendices.
The following table shows all the recommendations issued by Vigeo and their implementation status:

Item	Vigeo Eiris recommandations	CAM answers
Use of proceeds	Define more precise objectives in terms of environmental impact	Being defined
	Define more visible targets on commercial media for the product Intaj Toumour	Impact to mention in the commercial media: Since the phoenicultural sector is an essential element of the oasis ecosystem, the intaj toumour product is aimed not only to the development of production and the valorization of dates, but also to combating desertification, soil protection and Farmers.
Project evaluation and selection process	The determination mechanism and the eligibility of the projects must be regularly updated, internally monitored and reviewed by an external third party	Process under validation
Fund management	Defining the terms of managing of the net product amount of the issue awaiting the allocation of funds.	Terms under validation
	Formalize the allocation process of funds	Proces under validation The CAM undertakes to finalize this process before the issue date.
	defining deadlines of allocation of funds from the issuance date	under validation
Monitoring and reporting	Formalize the reporting system (indicators and methods of collection, monitoring and consildation)	under validation The CAM undertakes to finalize this process before the issue date.
	Stregthening of indicators related to management of ESG risks associated to funded projects, to their impact and to their governance	under validation

III- Presentation of the operation

Objectives of the operation

With this Green Bond program, Crédit Agricole du Maroc aims, first, to improve the backing of the bank's balance sheet by increasing the duration of its resources. Second, it also promotes the financing and refinancing of projects related to Corporate social and environmental responsibility.

I. PRESENTATION OF CREDIT AGRICOLE DU MAROC

I.1. General Information

<table>
<tr><td>Corporate Name</td><td>Crédit Agricole du Maroc.</td></tr>
<tr><td>Head office</td><td>Place des Alaouites –BP 49 – 10 000 RABAT.</td></tr>
<tr><td>Telephone / fax</td><td>Phone : 0537 20 82 19 à 26
Fax : 0537 70 78 32</td></tr>
<tr><td>Internet website</td><td>www.creditagricole.ma</td></tr>
<tr><td>Legal form</td><td>Public Limited company with a Board of Directors and a Supervisory Board.</td></tr>
<tr><td>Date of incorporation</td><td>04/12/1961.</td></tr>
<tr><td>Date of transformation into LLC</td><td>18 December 2003, following the publication of dahir n°1-03-221 of 16 Ramadan 1424 on Law 15-99 reforming the Crédit Agricole</td></tr>
<tr><td>Lifetime of the company</td><td>99 years.</td></tr>
<tr><td>Commercial register</td><td>R.C. Rabat 58873.</td></tr>
<tr><td>Financial year</td><td>From January 1^{st} to December 31^{st}..</td></tr>
<tr><td>Company purpose</td><td>Crédit Agricole du Maroc main mission is the funding of the agriculture and the activities around economic and social development of the rural world with the objectives of:

Facilitate the access of the farmers to modern and profitable forms of exploitation;
Mobilize the national savings to the benefit of rural development;
Develop the access to banking systems of farmers and rural people through the offer of appropriate financial services;
Support the creation of farming structures by improving their accessibility to credit;
Promoting advice and expertise to farmers to increase their production ;
Valuing agricultural production through agro-industrial integration and marketing;
Supporting the social economy of production and services on the rural economy.

It can also be assigned by the public authorities of any mission of national or regional interest relating to agriculture and rural development.

2) Public service mission:
The Crédit Agricole du Maroc guarantees, on behalf of the State and in accordance with the government’s decisions, the public service duties through the implementation of conventions referred to in article 4 of law 15-99.
To this end, the company may sign conventions with the State for the execution of transactions initiated by it, in terms of rural economy funding, specific support or agricultural activities.
These conventions will define the sectors, the beneficiaries, the conditions, the modalities as well as the resources and may relate for example to the following operations:

The funding of subsidies of small and medium farmers; these subsidies may be extended to the large farmers in regulatory established cases
The required subsidies for debts rescheduling granted to farmers when justified by specific circumstances;
Any operation, aid, premium or subsidy of which the interest rates decided by theState.

3) Universal banking transactions :
The bank may carry out, in its usual course of activities, any operation likely to be carried out by banks in accordance with the dispositions of Dahir providing law n° 1-93-147 of 15 Moharrem 1414 (6 July 1993), relating to the credit institutions’ activities and their monitoring and these articles of association.</td></tr>
</table>

	4) Other operations : The bank may, in general, perform any banking, financial, commercial, industrial, securities and real estate operation that may be directly or indirectly related to its object and likely to facilitate the development thereof.
Applicable legislation to the company	Through its legal form, the CAM is a Limited Liability Company with a Board of Directors and a Supervisory of Board, regulated by dispositions of law 17/95 on Limited Liability Companies as amended and supplemented by Law 20/05 of 23 May 2008 and 78/12 Act of 30 December 2015 on Public Limited companies. Through its activities, the CAM is governed by: • Law 15-99 reforming the Crédit Agricole ; • Dahir n°1-14-193 of 24 December 2014, promulgating law 103-12 relating to loan institutions and similar institutions; By the object of this operation Circular, the CAM is governed by: • The Dahir No. 1-93-212 of September,21st 1993 as amended and supplemented by Act No. 23-01, 36-05 and 44-06; • The General Regulations of the AMMC. • The Dahir No. 1-96-246 of 9 January 1997, enacting Law No. 35-96 on the creation of a central depository and the institution of a general registration regime account of certain values (as amended by Act No. 43-02) • The general regulations of the central depository approved by Order of the Minister of Economy and Finance No. 932-98 of April, 16th 1998 and amended by the Decree of the Minister of Economy, Finance, Privatization and Tourism No. 1961-1901 of October,30th 2001; • The Dahir No. 1-93-211 of September,21st 1993 on the Casablanca Stock Exchange, as amended and supplemented by Laws 34-96, 29-00, 52-01 and 45-06 and by order No. 1268-08 of July,7th 2008; • The General Regulations of the Casablanca Stock Exchange approved by Order of the Minister of Economy, Finance, Privatization No 1268-1208 of July,7th 2008 amended and supplemented by the decree of the Minister of Economy and Finance No. 30-14 of January,6th 2014 and n°1955–16 of july 04, 2016 • Circular of AMMC. From its deposit certificates issuance program: • The 35-94 law on certain negotiable debt securities as amended and supplemented by Law 33-06; •The Order of the Minister of Finance and Foreign Investments No. 2560-95 of October,9th 1995 on certain marketable securities as amended by Decrees 692-00, 1311-01 and 2232-02;
Share capital as of 31/10/2016	4,227,677 KMAD comprising 42,276,765 shares at nominal value 100 MAD
Legal documents	The legal documents of the company, among which the articles of association, the minutes of the general meetings and the auditors reports may be consulted at the head office of the *Credit Agricole du Maroc*.
Tax Regime	*Credit Agricole du Maroc* is subject, as a credit institution, to the corporate tax (37%) and to the VAT (10%).
Competent Court in the event of dispute	Rabat Commercial Court

I.2. Information on the capital of CAM

On September 30, 2016, CAM's capital is divided as follow :

Shareholders	September 2016		
	Nb of shares held		Nb of shares held
Moroccan State	31,780,365	75%	**75%**
MAMDA	3,134,311	7%	**7%**
MCMA	3,134,311	7%	**7%**
CDG	4,227,678	10%	**10%**
Total	**42,276,765**	**100%**	**100%**

Source : CAM

I.3. Structure of CAM equity holdings

The portfolio of equity holdings held by CAM as of 30/06/2016, amounted a total of 33 companies for a net asset value of 406 million dirhams (corresponds to the book value on the balance sheet of CAM).

Company	Activity	Share capital as of 30/06/2016 (MAD 000)	% held by CAM
AGRICULTURE			
HALIOPOLIS	Agriculture	71 000	20,00%
SNDE	Agriculture	40965	0,24%
SOGETA	Agriculture	300	0,00%
SUNABEL	Agriculture	190 173	0,38%
COMAPRA	Agro-Industrie	66 800	0,01%
SOCIETE LAITIERE CENTRALE DU NORD	Agro-Industrie	50 000	0,39%
SONACOS	Agro-Industrie	160 000	0,98%
AGRO-CONCEPT	Service	1 000	9,89%
BANKS AND FINANCIAL INSTITUTION			
SMAEX	Insurance	37 450	0,48%
AFREXIMBANK	Bank	6 432 900	0,12%
DAR ADDAMANE	Bank	75 000	0,73%
ASSALAF AL AKHDAR	Consumer credit	50 000	100,00%
AGRAM INVEST	Investment found	40 060	22,18%
ALTERMED MAGRHEB	Investment found	272 139	11,88%
FOND D'INVESTISSEMENT DE L'ORIENTAL	Investment found	150 000	7,17%
IGRANE	Investment found	54 600	15,87%
TARGA	Investment found	7 500	99,99%
HOLDAGRO	Corporate & Investment Banking	36 376	99,66%
TAMWIL EL FELLAH	Agriculture	125 000	100,00%
CAM GESTION	Asset management	11 600	100,00%
SGFG	Asset management	1 000	5,88%
FINEA	Market pledging	120 000	0,28%
MSIN	Asset management	10 000	60,00%
MAROGEST	Asset management	1 000	60,00%
FIROGEST	Asset management	2 000	12,50%
REGIONAL GESTION	Asset management	1 000	18,00%
CASABLANCA STOCK EXCHANGE	Service	290 764	4,00%
INTERBRANCH			
INTERBANK	Service	11 500	18,00%
MAROCLEAR	Service	100 000	1,80%
CMI	Service	98 200	10,18%
OTHERS			
SONADAC	Landscaping	589 904	2,81%
CASA PATRIMOINE	Service	31 000	16,13%
GCAMDOC	Archiving	10 000	100,00%

I.4. Activity of CAM

I.4.1. Evolution of deposit

The structure of the customer deposits of CAM has evolved as follows: (corporate accounts basis)

In KDH	2013	2014	Δ%	2015	Δ%	june 2016	Δ%
Due to banks and similar institutions (1)	**9 015**	**7 477**	**-17,06%**	**8 053**	**7,71%**	**8 299**	**3,05%**
In % of the final balance	**11,53%**	**9,01%**		**9,24%**		**9,88%**	
Sight debts to banks and similar	218	133	-39,05%	382	>100%	1 061	>100%
Term debts to banks and similar	8 796	7 344	-16,51%	7 671	4,46%	7 238	-5,65%
Customer Deposits (2)	**54 431**	**61 194**	**12,42%**	**64 085**	**4,72%**	**61 877**	**-3,45%**
In % of the final balance	**69,62%**	**73,72%**		**73,55%**		**73,66%**	
Accounts payable	*26 195*	*25 716*	-1,83%	*29 347*	14,12%	*28 365*	-3,35%
Saving accounts	*8 049*	*9 096*	13,01%	*9 885*	8,67%	*10 180*	2,98%
Term deposits	*17 605*	*24 510*	39,22%	*23 467*	-4,25%	*22 086*	-5,89%
Other accounts payable	*2 582*	*1 871*	-27,53%	*1 386*	-25,93%	*1 247*	-10,03%
Total resources (1) + (2)	**63 445**	**68 671**	**8,24%**	**72 139**	**5,05%**	**70 177**	**-2,72%**

Source : CAM

I.4.2. Evolution of loans

The structure of the loans of CAM has evolved as follows: (corporate accounts basis)

In KDH	2013	2014	Δ%	2015	Δ%	June 16	Δ%
Debts due from financial institutions and similar (1)	**1 801**	**1 123**	**-37,63%**	**2 123**	**89,05%**	**520**	**-75,53%**
In % of the final balance	**2,30%**	**1,35%**		**2,44%**		**0,62%**	
Sight debts with financial institutions and similar	*403*	*116*	*-71,31%*	165	*42,57%*	503	*>100%*
Term deposits with financial institutions and similar	*1 398*	*1 008*	*-27,92%*	1 958	*94,21%*	17	*-99,14%*
Amounts due from customers (2)	**57 096**	**60 586**	**6,11%**	**62 533**	**3,21%**	**61 050**	**-2,37%**
In % of the final balance	**73,03%**	**72,99%**		**71,77%**		**72,68%**	
Cash and consumer loans	*21 579*	*22 614*	4,80%	22 896	*1,25%*	22 696	*-0,87%*
Investment loans	*15 807*	*16 878*	6,78%	17 337	*2,72%*	18 071	*4,24%*
Real estate loans	*15 033*	*16 081*	6,97%	15 810	*-1,69%*	16 876	*6,75%*
Other loans	*4 678*	*5 012*	7,15%	6 490	*29,49%*	3 406	*-47,52%*
Total loans (1) + (2)	**58 897**	**61 709**	**4,77%**	**64 656**	**4,78%**	**61 569**	**-4,77%**

Source : CAM

II. FINANCIAL STATEMENT ON ACORPORATE ACCOUNTS BASIS

II.1. Income statement

In thousand MAD	2013	2014	Δ%	2015	Δ%	June 15	June 16	Δ%
Interest and similar revenues on transactions with credit loans institutions	31 230	27 931	-10,57%	20 282	-27,38%	10 211	6 912	-32,31%
Interests and similar revenues on transactions with customers	3 931 437	4 024 898	2,38%	4 189 082	4,08%	2 065 389	1 760 035	-14,78%
Similar interest and revenues on issued loan securities	284 909	257 593	-9,59%	274 076	6,40%	127 833	134 723	5,39%
Revenues on assets lease and tenancy	18 701	17 274	-7,63%	9 873	-42,85%	9 873	21 642	>100%
Commissions on services provision	285 248	328 486	15,16%	350 306	6,64%	176 671	192 720	9,08%
Other banking revenues	178 616	350 151	96,04%	246 661	-29,56%	127 343	486 667	>100%
OPERATING BANKING INCOME	**4 730 140**	**5 006 333**	**5,84%**	**5 090 281**	**1,68%**	**2 517 320**	**2 602 700**	**3,39%**
Interest and similar costs on transactions with credit loans	374 367	302 388	-19,23%	259 772	-14,09%	136 826	115 075	-15,90%
Interests and costs on transactions with customers	1 143 376	1 236 975	8,19%	1 360 035	9,95%	632 025	584 366	-7,54%
Interest and similar costs on issued loan securities	233 874	228 791	-2,17%	215 933	-5,62%	119 260	86 590	-27,39%
Other banking costs	133 667	278 091	108,05%	188 369	-32,26%	114 322	109 058	-4,60%
BANK OPERATING COSTS	**1 885 285**	**2 046 245**	**8,54%**	**2 024 109**	**-1,08%**	**1 002 433**	**895 089**	**-10,71%**
NET BANKING INCOME	**2 844 856**	**2 960 088**	**4,05%**	**3 066 172**	**3,58%**	**1 514 887**	**1 707 611**	**12,72%**
Non-banking operating income	238 322	574	-99,76%	227 051	>100%	202 947	111	-99,95%
Non-banking operating costs	23 343	41 000	75,64%	52 253	27,45%	23 056	47 212	>100%
Staff costs	874 607	919 646	5,15%	975 631	6,09%	457 549	483 798	5,74%
Taxes and duties	28 702	30 683	6,90%	30 616	-0,22%	11 807	13 669	15,77%
External costs	347 646	362 973	4,41%	389 868	7,41%	200 910	217 098	8,06%
Other general operating costs	33 727	45 302	34,32%	51 138	12,88%	25 539	21 500	-15,82%
Allocations to depreciations and provisions of tangible and intangible assets	176 836	172 020	-2,72%	176 844	2,80%	88 457	94 574	6,92%
GENERAL OPERATING COSTS	**1 461 517**	**1 530 624**	**4,73%**	**1 624 096**	**6,11%**	**784 262**	**830 639**	**5,91%**
Allocations to provisions on debts and pending commitments by signature	670 916	984 764	46,78%	1 089 607	10,65%	204 468	763 310	>100%
Losses on bad debts	217 337	474 312	118,24%	275 846	-41,84%	111 093	413 745	>100%
Other allocations to bad debts	389 167	125 073	-67,86%	450 400	>100%	432 559	39 156	-90,95%
ALLOCATIONS TO PROVISIONS AND LOSSES ON BAD DEBTS	**1 277 420**	**1 584 149**	**24,01%**	**1 815 853**	**14,63%**	**748 120**	**1 216 212**	**62,57%**
Provisions write-off for debts and pending commitments by signature	350 021	807 846	130,80%	496 610	-38,53%	103 978	333 236	>100%
Reversals of depreciated loans	100 099	57 740	-42,32%	73 695	27,63%	32 189	16 418	-48,99%
Other provisions write-off	129 347	114 091	-11,80%	189 247	65,87%	21 721	358 268	>100%
PROVISIONS WRITE-OFF AND REVERSAL OF DEPRECIATED LOANS	**579 468**	**979 677**	**69,06%**	**759 551**	**-22,47%**	**157 888**	**707 922**	**>100%**
CURRENT PROFITS	**900 365**	**784 566**	**-12,86%**	**560 572**	**-28,55%**	**320 283**	**321 582**	**0,41%**
Non-current income	12 540	18 567	48,07%	19 923	7,30%	3 239	11 401	>100%
Non-current costs	471 381	183 283	-61,12%	163 928	-10,56%	56 772	53 299	-6,12%
PRE-TAX PROFIT	**441 523**	**619 850**	**40,39%**	**416 568**	**-32,80%**	**266 750**	**279 684**	**4,85%**
Profit tax	35 961	189 500	426,96%	80 380	-57,58%	40 440	97 742	>100%
NET PROFIT OF THE YEAR	**405 563**	**430 350**	**6,11%**	**336 188**	**-21,88%**	**226 310**	**181 941**	**-19,61%**

Source : CAM

II.2. Balance sheet

ASSETS (In thousand MAD)	2013	2014	Δ%	2015	Δ%	june 2016	Δ%
Central bank, Public Treasury, services of postal checks	**1 995 112**	**1 914 156**	**-4,06%**	**2 355 323**	**23,05%**	**2 737 023**	**16,21%**
Loans due on credit and similar institutions	**1 800 573**	**1 123 228**	**-37,62%**	**2 123 017**	**89,01%**	**519 581**	**-75,53%**
. Current	402 832	115 619	-71,30%	165 380	43,04%	502 799	>100%
. Long term	1 397 741	1 007 609	-27,91%	1 957 637	94,29%	16 782	-99,14%
Customer debts	**57 096 241**	**60 585 976**	**6,11%**	**62 532 632**	**3,21%**	**61 049 889**	**-2,37%**
. Cash and consumer loans	21 578 663	22 614 266	4,80%	22 895 889	1,25%	22 696 324	-0,87%
. Equipment loans	15 806 502	16 878 287	6,78%	17 336 598	2,72%	18 070 882	4,24%
. Mortgage loans	15 032 804	16 081 121	6,97%	15 810 017	-1,69%	16 876 440	6,75%
. Other loans	4 678 273	5 012 302	7,14%	6 490 127	29,48%	3 406 242	-47,52%
Transaction and investment securities	**5 077 337**	**7 636 735**	**50,41%**	**7 013 526**	**-8,16%**	**12 913 386**	**84,12%**
. Treasury bills and similar securities	1 349 170	196 904	-85,41%	1 170 013	>100%	4 041 172	>100%
. Other loan securities	73 096	101 385	38,70%	202 444	99,68%	198 450	-1,97%
. Equities	3 655 071	7 338 447	>100%	5 641 068	-23,13%	8 673 764	53,76%
Other assets	**3 135 070**	**2 353 919**	**-24,92%**	**3 944 192**	**67,56%**	**3 893 003**	**-1,30%**
Investment securities	**6 435 388**	**6 378 980**	**-0,88%**	**6 322 573**	**-0,88%**	**0**	**-100,00%**
. Treasury bills and similar securities	6 435 388	6 378 980	-0,88%	6 322 573	-0,88%		-100,00%
. Other loan securities				**0**		**0**	
Equity securities and similar uses	**297 544**	**357 943**	**20,30%**	**375 957**	**5,03%**	**406 092**	**8,02%**
Subordinated debts		**1 400**		**1 400**		**1 400**	**-**
Assets under lease and tenancy							
Intangible assets	**410 557**	**387 012**	**-5,74%**	**373 214**	**-3,57%**	**372 653**	**-0,15%**
Tangible assets	**1 931 113**	**2 270 715**	**17,59%**	**2 089 340**	**-7,99%**	**2 109 081**	**0,94%**
TOTAL ASSETS	**78 178 935**	**83 010 063**	**6,18%**	**87 131 174**	**4,96%**	**84 002 108**	**-3,59%**

LIABILITIES (In thousand MAD)	2013	2014	Δ%	2015	Δ%	june 2016	Δ%
Central banks, Public Treasury, services of postal checks							
Debts owed to credit and similar institutions	**9 014 520**	**7 477 039**	-17,06%	**8 053 452**	7,71%	**8 299 178**	3,05%
. Current	218 180	132 872	**-39,10%**	381 993	**>100%**	1 061 090	**>100%**
. Long term	8 796 341	7 344 166	**-16,51%**	7 671 459	**4,46%**	7 238 087	**-5,65%**
Customer's deposits	**54 430 954**	**61 193 799**	12,42%	**64 085 301**	4,73%	**61 877 342**	-3,45%
. Creditor's current accounts	26 195 266	25 716 189	**-1,83%**	29 347 113	**14,12%**	28 364 692	**-3,35%**
. Savings accounts	8 048 508	9 096 226	**13,02%**	9 885 022	**8,67%**	10 179 816	**2,98%**
. Time deposits	17 605 321	24 510 287	**39,22%**	23 467 271	**-4,26%**	22 085 994	**-5,89%**
. Other creditor's accounts	2 581 859	1 871 097	**-27,53%**	1 385 895	**-25,93%**	1 246 839	**-10,03%**
Issued loan securities	**6 372 961**	**6 041 511**	-5,20%	**5 349 675**	-11,45%	**4 600 016**	-14,01%
. Issued tradable loan securities	6 372 961	6 041 511	**-5,20%**	5 349 675	**-11,45%**	4 600 016	**-14,01%**
. Issued debenture loans							
. Other issued debt securities							
Other liabilities	**1 242 789**	**971 188**	-21,85%	**1 075 917**	10,78%	**777 601**	-27,72%
Reserves for risks and costs	**688 147**	**656 774**	-4,56%	**912 384**	38,92%	**577 341**	-36,72%
Regulated reserves							
Subsidies, restricted public funds and special funds of guarantee	**7 157**	**7 157**		**7 157**		**7 157**	0,00%
Subordinated debts	**1 226 238**	**924 079**	-24,64%	**1 526 221**	65,16%	**1 560 466**	2,24%
Revaluation differences	**409 428**	**409 428**					
Reserves and capital related premiums	**1 443 120**	**1 443 120**		**1 455 506**	0,86%	**1 455 506**	-
Capital	**3 818 248**	**3 818 248**		**4 227 677**	10,72%	**4 227 677**	-
Shareholders, unpaid capital (-)	**-292 000**	**-180 000**					
Opening balance (+/-)	**-588 192**	**-588 192**		**101 696**		**437 884**	330,58%
Net income pending allocation (+/-)		**405 562**					
Net income of the year(+/-)	**405 562**	**430 350**	6,11%	**336 188**	-21,88%	**181 941**	-45,88%
TOTAL LIABILITIES	**78 178 935**	**83 010 063**	6,18%	**87 131 174**	4,96%	**84 002 108**	-3,59%

Source : CAM

III. CONSOLIDATED FINANCIAL STATEMENTS

III.1. Consolitated income statement

(In thousand MAD)	2 013	2 014	Δ%	2 015	Δ%	june 15	june 16	Δ%
Interest and similar income	4 351 679	4 409 698	1,33%	4 626 008	4,91%	2 271 775	1 983 325	-12,70%
Interests and similar costs	1 777 846	1 777 551	-0,02%	1 865 835	4,97%	903 558	802 978	-11,13%
INTEREST MARGIN	**2 573 833**	**2 632 147**	**2,27%**	**2 760 173**	**4,86%**	**1 368 217**	**1 180 346**	**-13,73%**
Commissions receivables	293 058	337 068	15,02%	364 672	8,19%	181 325	203 959	12,48%
Commissions payments	645	85	-86,82%	910	>100%	763	1414	85,32%
COMMISSIONS MARGIN	**292 413**	**336 983**	**15,24%**	**363 762**	**7,95%**	**180 563**	**202 545**	**12,17%**
Net gains and losses on financial instruments at the fair value through profit or loss	111 129	34 369	-69,07%	47 447	38,05%	22 836	24 109	5,57%
Net gains or losses on financial assets held for sale	11 602	244 263	>100%	144 498	-40,84%	109 028	466 743	>100%
RESULT OF TRADING ACTIVITIES	**122 731**	**209 894**	**71,02%**	**191 946**	**-8,55%**	**86 192**	**490 852**	**>100%**
Income of other activities	1 075	39 830	>100%	39 302	-1,33%	2 278	1 188	-47,85%
Costs of other activities	64 630	167 761	>100%	123 782	-26,22%	60 296	63 517	5,34%
NET BANKING INCOME	**2 925 422**	**3 051 093**	**4,30%**	**3 231 401**	**5,91%**	**1 576 954**	**1 811 415**	**14,87%**
General operating costs	1 372 277	1 449 370	5,62%	1 551 423	7,04%	749 332	792 364	5,74%
Allocation to amortizations and depreciations of tangible and intangible	188 520	257 244	36,45%	257 803	0,22%	120 067	166 235	38,45%
GROSS OPERATING INCOME	**1 364 625**	**1 344 479**	**-1,48%**	**1 422 176**	**5,78%**	**707 555**	**852 816**	**20,53%**
Risk cost	441 616	553 081	25,24%	621 280	12,33%	232 602	406 545	74,78%
OPERATING INCOME	**923 009**	**791 399**	**-14,26%**	**800 896**	**1,20%**	**474 952**	**446 272**	**-6,04%**
Income share of equity-consolidated companies	197	265	34,52%	7 933	>100%			
Net gains or losses on other assets	388 630	86 255	-77,81%	2 277	-97,36%	15 204	31 058	104,28%
Change in goodwill of purchase value								
PRE-TAX INCOME	**534 182**	**705 408**	**32,05%**	**790 687**	**12,09%**	**490 157**	**477 329**	**-2,62%**
Income Taxes	**110 477**	**183 778**	**66,35%**	**244 118**	**32,83%**	**168 803**	**134 318**	**-20,43%**
NET INCOME	**423 704**	**521 630**	**23,11%**	**546 569**	**4,78%**	**321 354**	**343 012**	**6,74%**
External Income	13 500	8 614	-36,19%	6 010	-30,23%	3 657	16 262	>100%
NET GROUP INCOME SHARE	**410 204**	**513 016**	**25,06%**	**540 559**	**5,37%**	**317 697**	**326 749**	**2,85%**
Earnings per share (In MAD)	11	13	18,18%	13	-1,64%	8	8,11	1,37%
Diluted earnings per share (In MAD)								

Source : CAM

III.2. Consolidated balance sheet

ASSETS (In thousand MAD)	2 013	2 014	Δ%	2 015	Δ%	june 2016	Δ%
Central banks, Public Treasury, services of postal checks	2 005 924	1 914 829	-4,54%	2 356 670	23,07%	2 739 701	16,25%
Financial assets at fair value through profit or loss	31 073	19 441	-37,44%	25 163	29,43%	449 836	>100%
Hedging derivatives							
Financial assets held for sale	5 191 663	7 724 959	48,80%	7 138 551	-7,59%	12 784 940	79,10%
Loans and receivables to credit and similar institutions	1 658 914	1 131 828	-31,77%	2 137 242	88,83%	567 147	-73,46%
Customer loans and receivables	57 770 167	61 557 837	6,56%	63 920 009	3,84%	62 908 043	-1,58%
Fair value revaluation of interest hedged portfolios							
Investments held until their maturity date	6 463 182	6 433 002	-0,47%	6 359 088	-1,15%	29 872	-99,53%
Current tax assets	100 666	41 781	-58,50%	191 355	>100+%	43 859	-77,08%
Deferred tax assets	106 996	135 053	26,22%	182 133	34,86%	211 457	16,10%
Accruals and deferred income and other assets	1 919 525	1 111 194	-42,11%	1 362 032	22,57%	1 489 613	9,37%
Non-current assets held for transfer							
Investments in equity-consolidated companies	9 421	13 207	40,19%				
Property investments	984 422	1 098 249	11,56%	2 297 969	>100%	2 595 408	12,94%
Tangible assets	2 588 138	2 903 398	12,18%	2 971 062	2,33%	2 976 501	0,18%
Intangible assets	110 270	91 380	-17,13%	81 191	-11,15%	81 366	0,22%
Change in goodwill of purchase value	302 522	302 522	-	305 135	0,86%	305 135	0,00%
TOTAL ASSETS IFRS	79 242 885	84 478 680	6,61%	89 327 599	5,74%	87 182 878	-2,40%

LIABILITIES (In thousand MAD)	2 013	2 014	Δ%	2 015	Δ%	june 2016	Δ%
Central banks, Public Treasury, services of postal checks							
Financial liabilities at fair value through profit or loss	6 177	130 006	>100%	25 548	-80,35%	11 756	-53,98%
Hedging derivatives							
Loans and receivables to credit and similar institutions	9 739 195	8 429 219	-13,45%	9 366 275	11,12%	9 743 258	4,02%
Customer loans and receivables	54 425 980	61 179 716	12,41%	64 084 707	4,75%	61 827 572	-3,52%
Debt securities	6 372 961	6 041 511	-5,20%	5 349 675	-11,45%		
Issued loan securities	6 372 961	6 041 511	-5,20%	5 349 675	-11,45%	4 600 016	-14,01%
The fair value revaluation of interest hedged liability portfolios							
Current tax liabilities	36 051	198 546	>100%	354	-99,82%	98278	>100%
Deferred tax liabilities	487 199	504 624	3,58%	696 840	38,09%	819 288	17,57%
Accruals and deferred income and other liabilities	1 387 181	597 694	-56,91%	1 195 642	>100%	1002590	-16,15%
Liabilities association to non-current assets held for sale							
Technical provisions of insurance agreements							
Provisions for risks and costs	265 743	312 705	17,67%	359 778	15,05%	308 145	-14,35%
Subsidies, restricted public funds and special funds of guarantee	19 382	15 488	-20,09%	47 593	>100%	46 372	-2,57%
Subordinated debts	1 226 238	995 703	-18,80%	1 628 989	63,60%	1 663 179	2,10%
Capital and associated reserves	5 367 816	5 479 816	2,09%	5 675 853	3,58%	5 665 428	-0,18%
Consolidated reserves	525 842	51 101	NS	335 913	>100%	921 005	>100%
- Group share	585 486	22 049	NS	253 751	NS	829 715	>100%
- Minority share	59 643	73 151	22,65%	82 162	12,32%	91 290	11,11%
Latent or deferred gains or losses, on group share	11 099	20 920	88,49%	13 865	-33,73%	132 980	>100%
Net Income	423 704	521 630	23,11%	546 569	4,78%	343 011	-37,24%
- Group share	410 204	513 016	25,06%	540 559	5,37%	326 749	-39,55%
- Minority share	*13 500*	*8 614*	*-36,19%*	*6 010*	*-30,23%*	*16 262*	*>100%*
TOTAL LIABILITIES IFRS	79 242 885	84 478 680	6,61%	89 327 599	5,74%	87 182 878	-2,40%

Source : CAM

IV. RISK FACTORS

V.1. Credit Risk

Credit risk is the risk of loss inherent in default of a borrower with respect to the repayment of its debts.

General policy of credit risk

The general policy of credit risk, set up at group level after approval by the administrative, defines the set of rules of conduct governing the making process, management, monitoring and credit risk control. It allows to create a secure framework for intervention by the controlled development of the bank's activities in compliance with several principles:

• Compliance with strategic guidelines of sector positioning and public service mission:

- Maintain the role of leader in the field of agriculture;
- Granting an important role in financing small-scale agriculture;
- Balanced Funding of the various components of the agricultural value chain (upstream agricultural, pure agriculture, agricultural downstream);
- Establishment of balanced territorial strategies through the funding of agriculture in all regions of Morocco;

• Respect the basic principles of management and monitoring of credit risk:

- Upstream Securing credit activities through careful selection of clients and projects to finance;
- Risk diversification;
- Scoring counterparties;
- Collegiality of the decision resulting in the establishment of committees at all levels of the industry;
- Separation of the functions of production and appreciation and that of risk control;
- Periodic monitoring of the commitment portfolio;
- Early detection of risks of deterioration in the quality of counterparties;
- Reactivity in monitoring customers in difficulty and in the collection of overdue receivables;
- Division of responsibilities for control, measurement and supervision of credit risk from operating entities, the risk sector credit, internal control and governance bodies.

The implementation of the credit risk policy is based on:

• An organizational system, governance and structured control;
• A risk management strategy tailored to the specificities of the bank;
• A strategy for monitoring, assessment and measurement mastered;
• Clearly defined internal rules and procedures;

credit risk strategy

The strategy of the credit risk-related group allows him today the transition from a corrective approach to a preventive approach to risk through a proactive and dynamic management system based on:

• A sectoral diversification strategy, customer and geographic, allowing it to diversify risk and systematically inducing mitigating concentration risk;
• A system of internal limits and delegations of determining the margin of initiative may have the bodies

and business units within the overall goals of the credit policy;
• A licensing process based on good selection of borrowers;
• Appropriate pricing and taking into account guarantees for any commitment to strengthening the security of the operation for the bank;
• Ongoing monitoring process and close commitments with monitoring indicators and warning, so that the adverse developments can be detected quickly to allow the adoption of appropriate measures;
• A recovery process reducing the impact of the cost of risk and improving profitability;

The risk strategy of the bank is also based on a control system and comprehensive monitoring of credit risk which is the essential complement to good management to better understand the performance of the loan portfolio and the risk management policy credit.

Device for decision

All credit granting Applications are submitted for decision to the competent body in a delegation system based on the following principles:

• Segregation of duties between commercial entities and those responsible for risk assessment in order to ensure the quality of risk assessment and objectivity in decision making.
• Collegiality decisions through accountability committees of different levels of skills management is done through a delegation scheme
• Preventing the risk through analysis by several actors of credit application files;
• First analysis of records by business entities initiating requests then a second analysis the risk by risk entities at the GGR depending on the risk involved.

This delegation system designating levels of authority is expressed according to several parameters (total outstanding individual client / group nature of the request, nature of credit, type of customer, type of outlet, the industry, etc. .) and ensures that the most important or the most risky undertakings are treated at the highest level, ensuring appropriate management involvement in credit risk.

Measuring device, assessment and risk monitoring

CAM has implemented systems analysis and risk measurement appropriate to the nature and volume of operations to apprehend the risks of various kinds which such transactions expose.

The monitoring of risk control system is based on:
• Monitoring of portfolio commitments: commitments assess the quality of the bank and its evolution (by class of customer or group of customers, credit nature, industry, and by risk class, etc.);
• Monitoring the credit quality of the production: measuring the quality of the provision of the bank and its evolution retaining several axes (by type of awarding committee, Network, loan type, geographical area, economic sector , risk class, etc.
• Monitoring the risk of portfolio concentration: single (client or interest group), sector or geographical, etc.
• Monitoring the portfolio quality (rate or number of outstanding, sensitive accounts, outstanding debts, etc.)

The consolidated and transverse commitment monitoring is managed by the Credit Risk Management Unit. It analyzes and provides actionable bodies of the bank criteria for assessing and monitoring the commitment portfolio.

Simulation of crisis situations (stress test)

Stress testing, essential practice of risk management, are intended to quantify the potential impact of shocks on credit portfolio and assess the bank's resilience.
Taking into account the political risk, two types of stress tests are carried out by the bank:
• A stress testing to assess the credit portfolio vulnerability to rollover conditions or deterioration in the quality of the counterparties.
• A stress testing for main forms of credit risk concentration with an analysis of their impact on results and equity.

The results of these stress tests are analyzed to identify the risk of possible changes in market conditions and the conditions that could have a negative impact on equity, results and appreciate the ability to deal with such situations. Several types of actions can be taken by the bank following the analysis of the results include:
• Revision of internal limits;
• Reduction of sector exposures or certain counterparties;
• Allocation of additional own internal funds.

A recovery

The recovery is crucial in remedial management of credit risk to the extent that it allows the Bank to recover its claim on the defaulting counterparties and reduce the impact on the cost of risk.
The collection system is based on the following principles:

• Prioritize solutions amicable settlement to legal proceedings;
• Promote cost recovery;
• Involve business in preventive risk management and debt recovery from the first signs of difficulty of the counterparty;
• Responsibility of the first point of sale on its commitment portfolio over the entire credit chain.
• Focus on important receivables and industrialize the collection process for retail banking, including claims requiring mass treatment.

The recovery process is standardized by notes of services and procedures for the modalities, and monitoring and control structures.

- **V.2. Market risk**

Market risk is the risk that changes in market risk factors, such as exchange rates, interest rates, stock prices, mutual funds and commodities, may weigh on revenue or GCAM decrease the value of its portfolios.

The management of market risks in the GCAM aims to manage and control exposures to market risk in order to optimize the risk / return ratio, while maintaining a consistent market profile with the Bank's status as leading financial institution in the financing of agriculture and the rural world.

The backing is the basic concept used in the processing of transactions at the trading room to immunize themselves against risk and to ensure consolidation of the balance sheet.

- Strategy of market risk:
  The strategy of managing market risk is part of the general risk policy GCAM, the latter entering turn in prudential supervision and rigorous management.
  The general policy of market risks is approved by the Management Board and the Supervisory Board.

- The management of market risks is based on the following principles:
  ♣ The development security market activities;
  ♣ The compliance BAM in prudential risk management and device procedures, circulars and internal memoranda;
  ♣ Increased surveillance of the trading strategy;
  ♣ The setting limits (clients, banking, securities portfolio, intraday trading on own account ....);
  ♣ The definition of roles and responsibilities with regard to identification, measurement, monitoring and control market risks;
  ♣ The adoption of best practices in terms of risk management market for all compartments.

  These guidelines have been translated by the establishment of a market risk policy and are presented by a well-organized system.

  Policies and procedures:

  Market activities are controlled by a comprehensive system for governance, security, risk management and management limitations. This is based on a standardized document collection, an efficient information system and regular reporting.
  This policy is implemented through circulars and mechanisms governing market activities include:
  ♣ procedures for all activities of market operations;
  ♣ An operational limit device;
  ♣ The monitoring and reporting tools;
  ♣ Information relating to risk measurement methodologies and validation of valuation models.

  It is in this sense that the governing bodies are realized by the relevant committees, namely:
  ♣ Committee on Capital Market and International responsible for the validation of the funding and investment strategy, international relations, management lines and counterparty limits as well as capital market activities and international control ;
  ♣ the Committee Limits Change Clients empowered to rule on the client access to the Market Hall, the limits granted to each customer and the type of operation to treat (spot, term, domiciled operations not domiciled operations);
  ♣ the Treasury and ALM Committee, which meets the need for optimal management of short-term cash, and more generally financial risk management of the Bank.

  Device management and monitoring of market risk:
  In order to manage risks on the various market activities and monitor them, CAM Group has a system organized around the following:
  ♣ a system of delegation of powers defining the application process, validation of limits and authorization of overruns;
  ♣ the principle of functional and organizational separation of duties and entities Front, Middle and Back Office;
  ♣ a set of management tools and control market risks;
  ♣ strengthening the internal control system through continuous monitoring tools;
  ♣ strengthening the allocator and control clearances.

Main limitations:

Beyond the regulatory limits for all market activities, including limits by position, other internal limits are introduced for the trading book and investment and exchange activities. These include the following limitations:

- ♣ the maximum size limit of foreign exchange position and trading and investment;
- ♣ the limits of duration and sensitivity for the trading and bond investment portfolio;
- ♣ the short limit exchange position.

Limit management is fully under control. Indeed, the limits are:

- ♣ analyzed and granted by the relevant committees;
- ♣ parameterized on the information system that ensures the audit trail;
- ♣ controlled via the same system that blocks unauthorized overrun;
- ♣ reviewed based on customer need and market context.

tracking system indicators:

The monitoring of market risk is carried out daily by the Central Risk Market. The Committee ensures via a biannual reporting of exposure levels, performance, risk leveraged to market activities, compliance with regulatory requirements and compliance with limit devices.

The GCAM performs stress test simulations under the market risk of all segments of market activities according to the methodology of requirements listed on the BAM reporting framework and also simulated the extreme cases in the trading book into account the portfolio structure and market conditions and risks relating there to.

- ♣ periodic regulatory reporting system to the supervisor and the supervisory authorities;
- ♣ an internal management reporting system, the risk monitoring process.

monitoring tools and management of market risks:

The GCAM adopted a management and monitoring of market risk structure that includes the use of the methodology VAR (Value At Risk) and analysis of sensitivities to its entire portfolio of trading and investment.

⎫ Value At Risk (VAR)

VaR is the maximum loss (valuation changes) to an N-day horizon, and with probability "p" to be wrong; either a 1-percent confidence interval.

The method used by the bank for the calculation of VaR is that of a model based on historical yields. This method involves measuring the possible evolution of the portfolio value by simulating changes in market conditions similar to what they were in the past. The bank holds a 99% confidence level and a time horizon of one day and a historical depth of 2 years. This allows monitoring, daily, market risks taken by the bank.

Although VaR is a management support tool for market risk and a risk indicator widely used in financial markets, it has limitations.

Aware of the limitations of the VAR model GCAM uses other means of managing market risks, including simulations of transformation of the yield curve and exchange rates.

The selected scenarios principles are:

♣ a rate of change of +/- 5bps +/- 10bps, 25bps and +/- +/- 50bps (global indicators and by maturity);
♣ a +/- price change 1% and 0.5% taking into account composition of the basket MAD and the correlation between EUR and USD.

V.3. ALM risks

The evaluation of the position of the bank facing the occurrence of interest rate risk and liquidity through the calculation of a set of indicators based on data and information used by ALM managers.

The monitoring of ALM risks is firstly, to analyze perspectives on developments liquidity and the interest rate position by taking our short-establishment, medium and long term, and secondly, to study the reaction of the main indicators in exceptional circumstances (liquidity crisis, rates of change ...) and through the stress testing program developed internally.
Referring to the assessment of specific CAM, ALM managers must find adequate resources to enable the bank to maintain its level of profitability and to meet its current and future financial obligations both in normal circumstances and in situations crisis.

Management of interest rate risk

The interest rate risk is defined as the negative impact that could have an adverse changes in interest rates on the financial position of the institution, the fact of all on- and off-balance sheet excluding transactions that are hedged.

Interest rate risk monitoring is done through:

• Analysis of the evolution of the balance sheet structure through the distinction between fixed and variable rates;
• The measure impasses / rate gaps: Based on the schedules of balance sheet contractual elements and static flow assumptions previously validated by the ALM committee for non-due balance sheet of the ALM managers measure the importance of GAP's for each maturity in order to identify the risk profile of the Bank.

• The implementation of stress test: The ALM Manager measure the impact of a parallel movement of the rate of 100 PBS 200 PBS (regulatory) and 300 PBS, GNP and the Fund Bank's economic Clean. These impacts are then compared to internal limits in place. The analysis was deepened by a breakdown of this impact by types of activities (commercial / financial)

At December 31, 2015, the impact of an unfavorable change in interest rates of 200 PBS on net banking income and regulatory capital are respectively -3.35% and - 1.19%, or at a lower level internal limits.

Liquidity Risk Management

Liquidity risk is the risk that the bank will suffer a loss if it did not have the appropriate timing of cash to meet its financial obligations.
This risk can arise from the balance sheet structure due to mismatches in effective maturities of the elements of assets and liabilities, future funding requirements, behavior of customers, potential disruptions in markets or economic conditions.

Within the Crédit Agricole of Morocco, liquidity risk is subject to regular monitoring by the ALM structure directly with stakeholders (Hall Market; Market Risk Management, Commercial Bank, etc.)

The system implemented allows the bank to provide refinancing in the best conditions and in line with its strategic plan while complying with regulatory and internal limits governing this function. Indeed, the development of the financing plan requires the estimation on a dynamic basis of future cash balances and this in light of the main entrances and forecast output generated by the commercial and financial activities of the bank. This exercise is performed by applying three different scenarios depending on their severity. The assumptions include primarily business objectives and the bank's ability to raise funds on the money market.

In addition to the regulatory framework, Morocco Crédit Agricole has developed a set of tools (liquidity gaps, specific stress tests, concentration ratios ...) covering the short and medium term and which are analyzed depth to define if necessary adequate cash coverage measures to be adopted by the ALM Committee.

Following the implementation of short-term liquidity ratio (LCR), the bank introduced new measures which focus on strengthening its cash and realizable assets and improving its backing Balance sheet while preserving its level profitability. Thus, during the year 2015, the LCR CAM was established at a level above the required regulatory minimum.

V.4. operational risks

risk strategy

Operational risk has the characteristic of being a diffuse risk, the perimeter of risk is extremely broad, it covers almost all .It bank's process for this reason that the operational risk management is a major challenge impact and must mobilize all stakeholders of the bank.

The fiscal 2015 within the GCAM was marked by consolidation of the achievements made at the device Operational Risk Management and since its establishment in 2012, having helped to anchor its important role as a pillar of the system internal control of the group. It allows to monitor and reliable knowledge of actual operational risk and implementation of remedial mitigation and mastery of these risks through the implementation of risk mapping and progressive implementation risk monitoring indicators.

This device is based on the implementation of Healthy Risk Management Practices operational. by healthy practices, it is meant:
• A clear charter of operational risk management distributed to all the actors involved in the process;
• Strong operational risk culture within the company;
• An effective internal reporting and the existence of a rescue plan and business continuity.

To help control operational risks, the GCAM has implemented a management policy that is part of the

continuous improvement system:
• Collect data on (potential) and / or incidents (proven);
• Analyze risks (potential) and / or incidents (proven) and assess the financial impact;
• Alert the key officials involved in the said incident;
• Have tools and to control indicators to all stakeholders to communicate the data on (potential) and / or incident 'proven) and enjoy exposure to operational risks;
• To undertake preventive and corrective actions needed to reduce impacts, the probability of occurrence of the incident while ensuring regular monitoring.

GCAM of policy Operational Risk

Policy and procedure management and monitoring of operational risks are formalized in the light of the entities involved in the monitoring process of evaluating and controlling risks.
Given the nature of operational risk, internal regulations involve a large number of actors involved in:
• The identification and risk assessment;
• The collection and monitoring of incidents;
• Awareness and animation in the chain of operational risks;
• The use of risk mapping as part of the control and audit activities.

Thus, the main internal circulars governing operational risks are:
• The operational risk management group charter: it sets the policy for operational risk management within the group GCAM in terms of:
- Model representation and risk assessment (definition of concepts, description of reference, description of standards)
- Model of representation of risk monitoring indicators and hedging mechanisms
- Incident collection Model
- Description of the organization of the sector "Operational Risk" (actors, roles and responsibilities, ...)
- Description of procedures for Operational Risk Management

Organization of the sector operational risk

The organization of operational risk function at Group level is based on:
• The central function at headquarters, responsible for the design and piloting of the methodological and technological tools, it ensures the establishment of an effective risk management system, comprehensive and consistent for GCAM;
• Relays designated operational risks at the network level, subsidiaries and at the core businesses in the event collection process, incidents and losses. These relays have the mission to identify events, incidents and operational losses and inventory in the risk management tool They participate in the updating of operational risk mapping and ensure the implementation of plans actions to strengthen the risk mastering device
• Operational Risk Correspondents (internal control or other entities) at headquarters and the network responsible for identifying incidents and business risks, procedures and system of controlled entities.

In terms of general approach to operational risk management industry organization relies on two levels of management:

• Level 1: measurement and control of operational risk are the responsibility of the entity operational risk. This is particularly responsible to make available business information on their level of operational risk, to inform their decisions about such risks cover stock.
• 2nd level: the implementation of hedging activities, detection and collection of incidents are the responsibility of businesses, and entities of Control

Major operational risk management tools

The main methodological tools are: the operational risk mapping, the incident collection, and plan business continuity (BCP).

Operational risk mapping

The operational risk management system in place within the GCAM since 2012, uses a systematic approach that identifies and prioritize risks, and then implements strategies to mitigate them. This approach includes both the prevention of potential problems (events) and detection at the earliest of the current problems (incidents).

Two approaches were used by the RO office for identification and risk assessment:
• Approach of meeting with the business to speak on the risks carried on their business by comparing them with controls in place (surveys, in situ mission teams, remote control ...)
• Approach based on a rise in events and incidents via different sources (Permanent Control Network and Headquarters, Operational Risk Relay, Control General ...).

During fiscal 2015, it was conducted the biannual update of the risk map, and whose achievements were mainly the following:
• The update of the list of key processes and macro processes by operating the link with the identified risks;
• Review and validation of qualitative evaluation, prioritization and risk scoring made by the bank in terms of probability of occurrence and loss incurred;
• Review and update the action plans;
• The amendment of the existing mapping operational risks in new risks;
• The update of the operational risk framework;
• A risk classification according to the control device in place.

Event collection process, incidents and losses

This process is based on two levels of data collection:
- Incidents are seized over the water, following detection by the operational risk Relay using the dedicated form. A check of reported incidents is done, over the water, by the Operational Risk Managers in these verify the completeness, consistency and relevance. They find the corresponding risk situation in the risk map (if any) and may, if appropriate, enrich them.
- Detection of incidents via the internal control systems through daily remote controls and or through on-site missions to detect incidents and loss events, which date back via validation workflow for powering databases and 'monitor the regularization of detected anomalies.

The event reporting process, incidents and losses related to operational risk was formalized in 2014 as part of a validated and disseminated to the network procedure and to describe the different steps of collecting an incident and the roles of stakeholders involved throughout this process. This was broken down into five steps:

• Step 1: Identification of events, incidents and losses
• Step 2: Data entry level
• Step 3: Check the data collected
• Step 4: Intelligence and closing of the event or incident record

• Step 5: Consolidation and Event Tracking reporting, incidents and losses

Business Continuity Plan

Morocco's Crédit Agricole Group has a Business Continuity Plan to ensure, according to various crisis scenarios, including extreme shocks, maintaining, where appropriate temporarily in degraded mode, benefits service or other essential operational tasks and the planned resumption of activities.

BCP plans, so all backup solutions (organizational, logistical, technical, human and communication) to respond effectively to an uncontrollable crisis and resuming on time vital activities, in case of unavailability of people, facilities, information providers or essential systems.
In 2015, work on updating the PCA body of literature (methodological guide, job descriptions, communication, ...) has been finalized and several procedures are in progress.
It is important to note that no major incident has occurred during 2015 obliging the bank to activate its BCP.

V.5. Risk of change

Like all banks, Morocco Crédit Agricole incurs foreign exchange risk related to its various activities (foreign currency loans, foreign currency loans, currency futures ...).
The bank can see an evolution of future exchange rate against him and record accordingly reduced its margin.

V.6. Management of counterparty risk

In a context of profound changes in Morocco that represent economic liberalization, the opening of borders, customs and dismantling the entry into force of several free trade agreements, counterparty risk, the level of the whole sector banking, could deteriorate, and therefore induce a rise in the overall litigation ratio. This trend could be further accentuated by an unfavorable economic environment.

To manage counterparty risk, the entity "Credit Risk" in the GGR (entity created in 2009) main mission is to analyze and investigate risk taking requests from different sales forces group. She further powers for assessing the consistency and validity of the guarantees, the appreciation of the business volume of the relationship and the economic merits of the requested funding.

In addition, CAM has developed a rating system to evaluate all of its counterparties. This rating system is in line with the requirements of "Basel II". Thus, the implementation of the internal rating approach is based on minimum requirements that enable each credit institution to choose the most appropriate systems and practices to its business.

CAM has a rating system covering all customer segments. It has, moreover, a specific rating system Moroccan PMEA for the risk in the agricultural sector, Morocco Crédit Agricole has a credit rating that assesses the risk inherent in credit on the basis of the debtor's financial situation, its development potential and the industry. The agricultural sector is characterized by its diversity and its high exposure to climate risks. With its expertise in this sector, CAM supports farmers in their development through specific financing products and insurance products covering risks.

Moreover, CAM began in 2009 carve-out process of public service mission through the creation of the Ardi Foundation and society Tamwil el Fellah allowing to identify the risk associated with this sector and provide these entities means tailored coverage.

V.7. Credit risk

The credit risk is the risk that a bank will not be able to honor its commitments to its lenders.

V.8. Competition risk

Credit Agricole of Morocco through its dedicated network and expertise in the sector asserts itself as the agribusiness financing the leader, despite the arrival of new competitors and the growing interest of some actors his favorite environment. The financing of this sector strategy is available through its commitment to the Green Morocco Plan with an initial allocation of 20 billion MAD due 2013 and a second envelope of 25 billion MAD as of March 2014.
On this forecast basis, Crédit Agricole has built a strengthening of its Own Fund plan to meet its commitment in this area and confirm its leading position in this sector.

V.9. sector concentration risk related to public service mission

The public service mission which the CAM Group is invested confers the responsability to revitalize the rural world in all its diversity. Therefore, the risk of sectoral concentration is confined to the fact that the group finance several industries in rural areas.

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

Historically, CAM interest margin represents the largest share in the composition of its GNP. That said, the bank seeks to diversify its sources of profitability (from the interest margin in the GNP thus rose from 88% in 2013 to 86% in December 2015).
Indeed, CAM has implemented several measures to enhance the share of fee income in net banking income and revenue from the electronic payment operations related to the management of the means of payment. Therefore, we note that the share of fee income in the GNP structure is increasing since fiscal 2013, and from 10% to 11.4% at the end of 2015.