

Crédit du Maroc S.A



SUMMARY PROSPECTUS

ISSUE OF SUBORDINATED BONDS
 OVERALL AMOUNT OF THE ISSUE: MAD 500,000,000
 MATURITY: 10 YEARS

	Tranche A (fixed, listed)	Tranche B (revisable, listed)	Tranche C (fixed, non-listed)	Tranche D (revisable, non-listed)
Ceiling	MAD 500,000,000	MAD 500,000,000	MAD 500,000,000	MAD 500,000,000
Maximum amount	5,000 subordinated bonds	5,000 subordinated bonds	5,000 subordinated bonds	5,000 subordinated bonds
Par value	MAD 100,000	MAD 100,000	MAD 100,000	MAD 100,000
Rate	<u>Fixed</u> , in reference to the 10-year rate calculated on the basis of secondary yield curve of treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 3.03%, increased by a risk premium.	<u>Revisable annually</u> , in reference to the 52 weeks Treasury bonds as calculated on the basis of secondary yield curve of treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 2.28%, increased by a risk premium, i.e. between 3.13% and 3.33% for the first years.	<u>Fixed</u> , in reference to the 10-year rate calculated on the basis of secondary yield curve of treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 3.03%, increased by a risk premium.	<u>Revisable annually</u> , in reference to the 52 weeks Treasury bonds as calculated on the basis of secondary yield curve of treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 2.28%, increased by a risk premium, i.e. between 3.13% and 3.33% for the first year
Risk premium	Between 90 and 110 basis points	Between 85 and 105 basis points	Between 90 and 110 basis points	Between 85 and 105 basis points
Allocation procedure	French-style auction			
Repayment of principal	In fine			
Repayment guarantee	None			
Maturity	10 years			
Negotiability of securities	Negotiable on the Casablanca Stock Exchange	Negotiable on the Casablanca Stock Exchange	Negotiable over-the-counter (off-market)	Negotiable over-the-counter (off-market)

Subscription period: From 07 December 2016 to 09 December 2016
Issue only for qualified investors under Moroccan law as detailed in the prospectus

Financial Advisor and Global Coordinator



Body responsible for recording of the operation



Agent in charge of placement and centralization



APPROVAL OF THE AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

In accordance with the circular of the Moroccan Capital Markets Authority (*Autorité Marocaine du Marché des Capitaux*, AMMC) circular, in application of Article 14 of the Dahir providing Law n° 1-93-212 of 21 September 1993 as amended and supplemented, the original of this prospectus was approved by the AMMC on 30 November 2016 under reference n° VI/EM/032/2016

Disclaimer

The Moroccan Capital Markets Authority (*Autorité Marocaine du Marché des Capitaux* (AMMC)) on 30 November 2016 approved a Prospectus pertaining to the issue of subordinated bonds by Crédit du Maroc.

The prospectus approved by the AMMC is available at any time at the registered office of Crédit du Maroc or at its financial advisor. It is also available within no more than 48 hours from order-collecting establishments.

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

I- Transaction overview

1. Characteristics of the transaction:

Crédit du Maroc intends to issue 5,000 subordinated bonds of a par value of 100,000 dirhams (MAD). The total amount of the transaction is MAD 500,000,000 (five hundred million dirhams) broken down as follows:

- An “A” tranche with a rate fixed in reference to the 10-year Moroccan treasury bond (BDT) rate, listed on the Casablanca Stock Exchange, with a ceiling of 500,000,000 and a nominal value of MAD 100,000;
- A “B” tranche, with a rate revisable annually in reference to the 52-week Moroccan treasury bond (BDT) rate, listed on the Casablanca Stock Exchange, with a ceiling of MAD 500,000,000 and a nominal value of MAD 100,000;
- A “C” tranche with a rate fixed in reference to the 10-year Moroccan treasury bond (BDT) rate, not listed on the Casablanca Stock Exchange, with a ceiling of MAD 500,000,000 and a nominal value of MAD 100,000;
- A “D” tranche with a rate revisable annually in reference to the 52-week Moroccan treasury bond (BDT) rate, not listed on the Casablanca Stock Exchange, with a ceiling of MAD 500,000,000 and a nominal value of MAD 100,000.

The total amount auctioned in the four tranches must under no conditions exceed the sum of five hundred million dirhams.

This issue is only for the following qualified investors under Moroccan law: “*organismes de placement collectif en valeurs mobilières (OPCVM)*”, financial firms¹, credit establishments, insurance and reinsurance companies, the “Caisse de Dépôt et de Gestion and pension funds”.

The purpose of limiting subscriptions to qualified investors is to facilitate management of subscriptions on the primary market. It is understood that any investor willing to acquire bonds may do so on the secondary market.

2. Purpose of the transaction

The main purpose of this issue of subordinated bonds is to strengthen Crédit du Maroc’s equity base in order to support its business development, particularly by increasing its lending capacity whilst complying with the solvency ratio set out Basel III guidelines.

Funds raised from this issue of subordinated bonds shall be classifiable as second-level additional equity as defined by Article 26 of Banque Al-Maghrib Circular 14/G/2013.

3. Information pertaining to the issuer’s subordinated bonds

Disclaimer: Subordinated bonds differ from conventional bonds in the rank of debt established contractually in the subordination clause. The subordination clause has the effect of setting conditions, on the repayment of the bonds to all senior or unsecured creditors in the event of liquidation of the issuer.

¹ Article 14, Law 34-03 of 14 February 2006 pertaining to credit establishments and similar entities. The provisions of Articles 47, 49, 50, 51 53, 55 and 57, as well as those of Chapter II, Section IV of this law are applicable to financial firms under conditions set in the circular of the governor of the Bank Al-Maghrib, upon the advice of the Committee on Credit Establishments (Comité des établissements de crédit).

Under this law financial establishments are deemed to be companies whose main business in Morocco is to acquire and manage financial stakes and that, either directly or through companies having the same purpose, control several establishments engaging in financial transactions of which at least one is a credit establishment.

Characteristics of tranche A (fixed interest rate bonds, listed on the Casablanca Stock Exchange)

Type of securities	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in accounts among authorized accounts holders and necessarily admitted by the central depository (Maroclear)
Legal form	Bearer
Tranche ceiling	MAD 500,000,000
Maximum number of bonds to be issued	5,000 subordinated bonds
Par value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Bond maturity	10 years
Subscription period	From 7 December 2016 to 9 December 2016 inclusive
Vesting date	21 December 2016
Maturity date	21 December 2026
Allocation procedure	French-style auction
Nominal interest rate	<p>Fixed interest rate.</p> <p>The nominal interest rate shall be determined in reference to the 10-year Moroccan treasury bond (BDT) rate observed or calculated on the basis of secondary yield curve of treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 3.03% increased by a risk premium between 90 and 110 basis points, i.e. between 3.93% and 4.13%.</p>
Method of calculation	The reference rate is determined using the linear interpolation method while using the two points encompassing the full 10-year maturity (actuarial basis).
Risk premium	Between 90 and 110 basis points.
Interest	<p>Interest shall be paid annually on the anniversary dates of the vesting date of the bond issue, i.e. 21 December of each year. It shall be paid out on the same day or the first market trading day after 21 December if 21 December is not a trading day.</p> <p>Interest on the subordinated bonds shall no longer be incurred on the date on which the principal is repaid by Crédit du Maroc. No interest may be carried over within the confines of this transaction.</p> <p>Interest shall be calculated using the following formula: [Nominal x nominal rate].</p>

Amortization / Normal repayment	<p>The principal of the subordinated bond that is the subject of this prospectus shall be repaid upon maturity.</p> <p>In the event of merger, demerger or partial asset contribution of Crédit du Maroc during the period of the bond issue and resulting in the universal transfer of assets to a separate legal entity, the rights and obligations of the subordinated bonds shall be automatically transferred to the legal entity that assumes the rights and obligations of Crédit du Maroc.</p> <p>In the event of liquidation of Crédit du Maroc, the repayment of the principal is subordinated to all other debts.</p>
Early repayment	<p>Crédit du Maroc shall refrain, throughout the duration of the bond issue, from early repayment of the subordinated bonds that are the subject of this issue.</p> <p>However, the bank have the right, with the prior consent of Banque Al-Magrib, to buy back the subordinated bonds on the secondary market, if this is allowed under legal and regulatory provisions, with these buybacks having no effect on subscribers wishing to keep their bonds until normal maturity and no effect on the normal repayment schedule.</p> <p>The subordinated bonds thus bought back may be cancelled only with the consent of Banque Al-Maghib.</p> <p>In the event of cancellation, the issuer must inform the Casablanca Stock Exchange accordingly.</p>
Assimilation clauses	<p>Subordinated bonds that are the subject of this prospectus shall not be assimilated to previously issued bonds.</p> <p>In the event that Crédit du Maroc at some time in the future issues new bonds enjoying identical rights in all regards to those of this issue, it may, without bondholders' consent and as long as the issuance contracts allow, assimilate all bonds of subsequent issues, thus unifying all management and trading transactions pertaining to them.</p>
Issue rank	<p>Principal and interest are subject to a subordination clause.</p> <p>This clause in no way takes precedence over legally binding rules pertaining to the accounting principles on allocating losses, shareholder obligations and the subscriber's rights to obtain payment of the principal and interest of his securities based on the conditions stipulated in the contract.</p> <p>In the event that Crédit du Maroc is liquidated, the repayment of principal and interest on the subordinated bonds of this issue shall be made only after repayment of all senior or unsecured creditors. For purposes of repayment, these subordinated bonds shall have the same rank as all other subordinated bonds that could be issued at a later date by Crédit du Maroc in Morocco and elsewhere, proportionally to their amount, where applicable.</p>
Maintaining the bonds' rank	<p>Crédit du Maroc undertakes, until the actual repayment of all bonds in this issue, to refrain from granting to other subordinated bonds that it may issue at a later date, any priority in rank of repayment in the event of liquidation, without granting the same rights to the subordinated bonds of this issue.</p>
Listing of the bonds	<p>Tranche A bonds shall be listed in Casablanca Stock Exchange and will be covered in a filing for admission to the bonds</p>

	<p>compartment of the Casablanca Stock Exchange. Their initial listing date is scheduled for 16 December 2016 on the bonds compartment, under Code n° 990204 and Ticker OCDMC.</p> <p>To be listed on the Casablanca Stock Exchange, the cumulative amounts allocated to tranches A and B must be equal to, or greater than, MAD 20,000,000.</p> <p>If, upon the closing of the subscription period, the cumulative amounts allocated to tranches A and B are less than 20,000,000 MAD, subscriptions pertaining to these tranches shall be cancelled.</p>
Initial listing procedure	<p>Tranche A shall be in the form of a direct listing in accordance with Articles 1.2.6 and 1.2.22 of the General Regulations of the Casablanca Stock Exchange (<i>Règlement Général de la Bourse des Valeurs</i>).</p>
Negotiability of securities	<p>The subordinated bonds of tranche A shall be freely negotiable on the Casablanca Stock Exchange.</p> <p>No restriction is imposed by the issue's conditions on the free negotiability of the subordinated bonds.</p>
Registration of the transaction on the Casablanca Stock Exchange	<p>The entity in charge of registering the transaction on the Casablanca Stock Exchange is the Crédit du Maroc Capital brokerage.</p>
Repayment guarantee	<p>No special guarantee of any type is offered on this issue.</p>
Rating	<p>No rating has been requested for this issue.</p>
Representation of the body of bondholders (<i>masse des obligataires</i>)	<p>By virtue of powers granted at the Annual General Meeting of 28 July and pending the General Meeting of Bondholders, at its 21 November 2016 meeting the Executive Board of Crédit du Maroc decided to appoint Mr Mohamed HDID as temporary agent of A to D tranche bondholders. This decision shall take effect from the opening of the subscription period.</p> <p>The Executive Board undertakes to call a General Bondholders Meeting to appoint the definitive representative of the body of bondholders (<i>masse des obligataires</i>) within one year from the opening of the subscription period. The identity of said person shall be announced publicly in a press release.</p>
Applicable law	<p>Moroccan law.</p>
Jurisdiction	<p>Casablanca Commercial Court (<i>Tribunal de commerce de Casablanca</i>).</p>

Characteristics of tranche B (Bonds with an interest rate revisable annually, listed on the Casablanca Stock Exchange)

Type of securities	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in accounts among authorized accounts holders and necessarily admitted by the central depository (Maroclear)
Legal form	Bearer
Tranche ceiling	MAD 500,000,000
Maximum number of bonds to be issued	5,000 subordinated bonds
Par value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Bond maturity	10 years
Subscription period	From 7 December to 9 December 2016 inclusive
Vesting date	21 December 2016
Maturity date	21 December 2026
Allocation procedure	French-style auction
Nominal interest rate	<p>Interest rate revisable annually</p> <p>For the first year, the nominal interest rate is the full 52-week Moroccan Treasury bond (BDT) rate (money market rate) determined in reference to secondary yield curve of Treasury bonds as published by Banque Al-Maghrib on 17 November 2016 i.e. 2,28%. This rate is raised by a risk premium between 85 and 105 basis points, i.e. 3.13% and 3.33%.</p> <p>On each anniversary date, the reference rate is the full 52-week Moroccan treasury bond (BDT) rate (money-market rate) determined in reference secondary yield curve of treasury bonds as published by Banque Al-Maghrib, five trading days prior to the coupon anniversary date.</p> <p>The reference rate thus obtained shall be raised by the risk premium set after the subscription period (risk premium between 85 and 105 basis points) and shall be reported to bondholders and the securities market five trading days prior to the anniversary date and shall be announced in the official journal of the Casablanca Stock Exchange, <i>bulletin de la cote</i>.</p>
Risk premium	Between 85 and 105 basis points

Method of calculation

On each anniversary date, the reference rate shall be determined based on the following procedures:

- The reference rate of the subordinated bonds shall be calculated on the bases of the rate on 52 weeks Treasury bonds (money market rate) observed or calculated via linear interpolation on the secondary yield curve of treasury bonds as published by Banque Al-Maghrib, five trading days prior to each anniversary date.

This linear interpolation shall be done after converting the rate immediately higher than the 52-week maturity (actuarial basis) in money-market rate equivalent.

The calculation formula is:

$$(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360/k;$$

where k: maturity of the actuarial rate that is to be transformed

*Exact number of days: 365 or 366 days.

- The rate thus obtained will be raised by a risk premium between 85 and 105 basis points.

Date for determining the interest rate

The coupon shall be revised annually on the anniversary dates of the vesting date of the bond issue, i.e. 21 December of each year.

The new rate will be reported to the Casablanca Stock Exchange five trading days prior to the anniversary date of the bond issue.

The revised rate will be announced in the official journal of the Casablanca Stock Exchange.

Interest

Interest shall be paid annually on the anniversary dates of the vesting date of the bond issue, i.e. 21 December of each year.

It shall be paid out on the same day or the first trading day after 21 December if 21 December is not a trading day.

Interest on the subordinated bonds shall no longer be incurred on the date on which the principal is repaid by Crédit du Maroc. No interest may be carried over within the confines of this transaction.

Interest shall be calculated using the following formula:

$$[\text{Nominal} \times \text{Nominal Rate} \times (\text{Exact number of days} / 360 \text{ days})].$$

Amortization / Normal repayment

The principal of the subordinated bond that is the subject of this prospectus shall be repaid upon maturity.

In the event of merger, demerger or partial asset contribution of Crédit du Maroc during the period of the bond issue and resulting in the universal transfer of assets to a separate legal entity, the rights and obligations of the subordinated bonds shall be automatically transferred to the legal entity that assumes the rights and obligations of CDM.

In the event of liquidation of Crédit du Maroc, the repayment of the principal is subordinated to all other debts.

Early repayment

Crédit du Maroc shall refrain, throughout the duration of the bond issue, from early repayment of the subordinated bonds that are the subject of this issue.

However, the bank have the right, with the prior consent of Banque Al-Magrib, to buy back the subordinated bonds on the secondary market, if this is allowed under legal and regulatory provisions, with these buybacks having no effect on subscribers wishing to keep their bonds until normal maturity and no effect on the normal repayment schedule.

The subordinated bonds thus bought back may be cancelled only with the consent of Banque Al-Maghib.

In the event of cancellation, the issuer must inform the Casablanca Stock Exchange accordingly.

Assimilation clauses

Subordinated bonds that are the subject of this prospectus shall not be assimilated to previously issued bonds.

In the event that Crédit du Maroc at some time in the future issues new bonds enjoying identical rights in all regards to those of this issue, it may, without the consent of bondholders and as long as allowed by issuance contracts, assimilate all bonds of subsequent issues, thus unifying all management and trading transactions pertaining to them.

Issue rank

Principal and interest are subject to a subordination clause.

This clause in no way takes precedence over legally binding rules pertaining to the accounting principles on allocating losses, shareholder obligations and the subscriber's rights to obtain payment of the principal and interest of his securities based on the conditions stipulated in the contract.

In the event that Crédit du Maroc is liquidated, the repayment of principal and interest on the subordinated bonds of this issue shall be made only after repayment of all senior or unsecured creditors. For purposes of repayment, these subordinated bonds shall have the same rank as all other subordinated bonds that could be issued at a later date by Crédit du Maroc in Morocco and elsewhere, proportionally to their amount, where applicable.

Maintaining the bonds' rank

Crédit du Maroc undertakes, until the actual repayment of all bonds in this issue, to refrain from granting to other subordinated bonds that it may issue at a later date, any priority in rank of repayment in the event of liquidation, without granting the same rights to the subordinated bonds of this issue.

Listing of the bonds

B tranche bonds shall be listed in Casablanca Stock Exchange and will be covered in a filing for admission to the bonds compartment of the Casablanca Stock Exchange. Their initial listing date is scheduled for 16 December 2016 on the bond compartment, under Code n°990205 and Ticker OCDMD.

To be listed on the Casablanca Stock Exchange, the cumulative amounts allocated to tranches A and B must be equal to, or greater than, MAD 20,000,000.

If, upon the closing of the subscription period, the cumulative amounts allocated to tranches A and B are less than 20,000,000 MAD, subscriptions pertaining to these tranches shall be cancelled.

Initial listing procedure	The B tranche shall be in the form of a direct listing in accordance with Articles 1.2.6 and 1.2.22 of the General Regulations of the Casablanca Stock Exchange (<i>Règlement Général de la Bourse des Valeurs</i>).
Negotiability of securities	The subordinated bonds of tranche B shall be freely negotiable on the Casablanca Stock Exchange. No restriction is imposed by the issue's conditions on the free negotiability of the subordinated bonds.
Registration of the transaction on the Casablanca Stock Exchange	The entity in charge of registering the transaction on the Casablanca Stock Exchange is the Crédit du Maroc Capital brokerage.
Repayment guarantee	No special guarantee of any type is offered on this issue.
Rating	No rating has been requested for this issue.
Representation of the body of bondholders (<i>masse des obligataires</i>)	By virtue of powers granted at the Annual General Meeting of 28 July and pending the General Meeting of Bondholders, at its 21 November 2016 meeting the Executive Board of Crédit du Maroc decided to appoint Mr Mohamed HDID as temporary agent of A to D tranche bondholders. This decision shall take effect from the opening of the subscription period. The Executive Board undertakes to call a General Bondholders Meeting to appoint the definitive representative of the body of bondholders (<i>masse des obligataires</i>) within one year from the opening of the subscription period. The identity of said person shall be announced publicly in a press release.
Applicable law	Moroccan law.
Jurisdiction	Casablanca Commercial Court (<i>Tribunal de commerce de Casablanca</i>).

Characteristics of tranche C (fixed interest rate bonds, not listed in Casablanca Stock Exchange)

Type of securities	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in accounts among authorized accounts holders and necessarily admitted by the central depository (Maroclear)
Legal form	Bearer
Tranche ceiling	MAD 500,000,000
Maximum number of bonds to be issued	5,000 subordinated bonds
Par value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Bond maturity	10 years
Subscription period	From 7 December to 9 December 2016
Vesting date	21 December 2016
Maturity date	21 December 2026
Allocation procedure	French-style auction
Nominal interest rate	<p>Fixed interest rate.</p> <p>The nominal interest rate shall be determined in reference to the 10-year Moroccan treasury bond (BDT) rate observed or calculated on the basis of secondary curve of Treasury bonds as published by Banque Al-Maghrib on 17 November 2016, i.e. 3.03%, increased by a risk premium of between 90 and 110 basis points, i.e. between 3.93% and 4.13%.</p>
Method of calculation	The reference rate shall be determined by linear interpolation method while using the two points encompassing the full 10-year maturity (actuarial basis).
Risk premium	Between 90 and 110 basis points.
Interest	<p>Interest shall be paid annually on the anniversary dates of the vesting date of the bond issue, i.e., 21 December 2016 of each year. It shall be paid out on the same day or the first market trading day after 21 December if 21 December is not a trading day.</p> <p>Interest on the subordinated bonds shall no longer be incurred on the date on which the principal is repaid by Crédit du Maroc. No interest may be carried over within the confines of this transaction.</p> <p>Interest shall be calculated using the following formula: [Nominal x nominal rate].</p>

Amortization / Normal repayment	<p>The principal of the subordinated bond that is the subject of this prospectus shall be repaid upon maturity.</p> <p>In the event of merger, demerger or partial asset contribution of Crédit du Maroc during the period of the bond issue and resulting in the universal transfer of assets to a separate legal entity, the rights and obligations of the subordinated bonds shall be automatically transferred to the legal entity that assumes the rights and obligations of Crédit du Maroc.</p> <p>In the event of liquidation of Crédit du Maroc, the repayment of the principal is subordinated to all other debts.</p>
Early repayment	<p>Crédit du Maroc shall refrain, throughout the duration of the bond issue, from early repayment of the subordinated bonds that are the subject of this issue.</p> <p>However, the bank reserves the right, with the prior consent of Banque Al-Magrib, to buy back the subordinated bonds on the secondary market, if this is allowed under legal and regulatory provisions, with these buybacks having no effect on subscribers wishing to keep their bonds until normal maturity and no effect on the normal repayment schedule.</p> <p>The subordinated bonds thus bought back may be cancelled only with the consent of Banque Al-Maghib.</p> <p>In the event of cancellation, the issuer must inform the Casablanca Stock Exchange accordingly.</p>
Assimilation clauses	<p>Subordinated bonds that are the subject of this prospectus shall not be assimilated to previously issued bonds.</p> <p>In the event that Crédit du Maroc at some time in the future issues new bonds enjoying identical rights in all regards to those of this issue, it may, without bondholders' consent and as long as the issuance contracts allow, assimilate all bonds of subsequent issues, thus unifying all management and trading transactions pertaining to them.</p>
Issue rank	<p>Principal and interest are subject to a subordination clause.</p> <p>This clause in no way takes precedence over legally binding rules pertaining to the accounting principles on allocating losses, shareholder obligations and the subscriber's rights to obtain payment of the principal and interest of his securities based on the conditions stipulated in the contract.</p> <p>In the event that Crédit du Maroc is liquidated, the repayment of principal and interest on the subordinated bonds of this issue shall be made only after repayment of all senior or unsecured creditors. For purposes of repayment, these subordinated bonds shall have the same rank as all other subordinated bonds that could be issued at a later date by Crédit du Maroc in Morocco and elsewhere, proportionally to their amount, where applicable.</p>
Maintaining the bonds' rank	<p>Crédit du Maroc undertakes, until the actual repayment of all bonds in this issue, to refrain from granting to other subordinated bonds that it may issue at a later date, any priority in rank of repayment in the event of liquidation, without granting the same rights to the subordinated bonds of this issue.</p>
Negotiability of securities	<p>Over-the-counter. No restriction is imposed by the issue's conditions on the free</p>

	negotiability of the subordinated bonds
Repayment guarantee	No special guarantee of any type is offered on this issue.
Rating	No rating has been requested for this issue.
Representation of the body of bondholders (<i>masse des obligataires</i>)	<p>By virtue of powers granted at the Annual General Meeting of 28 July and pending the General Meeting of Bondholders, at its 21 November 2016 meeting the Executive Board of Crédit du Maroc decided to appoint Mr Mohamed HDID as temporary agent of A to D tranche bondholders. This decision shall take effect from the opening of the subscription period.</p> <p>The Executive Board undertakes to call a General Bondholders Meeting to appoint the definitive representative of the body of bondholders (<i>masse des obligataires</i>) within one year from the opening of the subscription period. The identity of said person shall be announced publicly in a press release.</p>
Applicable law	Moroccan law.
Jurisdiction	Casablanca Commercial Court (<i>Tribunal de commerce de Casablanca</i>).

Characteristics of tranche D (Bonds with an interest rate revisable annually, not listed in Casablanca Stock Exchange)

Type of securities	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in accounts among authorized accounts holders and necessarily admitted by the central depository (Maroclear)
Legal form	Bearer
Tranche ceiling	MAD 500,000,000
Maximum number of bonds to be issued	5,000 subordinated bonds
Par value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Bond maturity	10 years
Subscription period	From 7 December to 9 December 2016
Vesting date	21 December 2016
Maturity date	21 December 2026
Allocation procedure	French-style auction
Nominal interest rate	<p>Interest rate revisable annually</p> <p>For the first year, the nominal interest rate is the full 52-week Moroccan treasury bond (BDT) rate (money-market rate) determined in reference to secondary yield curve of Treasury bonds as published by Banque Al-Maghrib on 17 November 2016 i.e. 2,28%. This rate is raised by a risk premium of 85 and 105 basis points, i.e. 3.13% and 3.33%.</p> <p>The nominal and reference rate will be published in a paper of legal announcements 4 days before anniversary date of each year or the first following working day.</p> <p>On each anniversary date, the reference rate is the full 52-week Moroccan treasury bond (BDT) rate (money-market rate) determined in reference to the 52 weeks Treasury bond as published by Banque Al-Maghrib, five trading days prior to each coupon anniversary date.</p> <p>The reference rate thus obtained shall be raised by the risk premium set after the subscription period (risk premium of between 85 and 105 basis points) and shall be reported to bondholders and the securities market four trading days prior to the anniversary date.</p>
Risk premium	Between 85 and 105 basis points

Method of calculation

On each anniversary date, the reference rate, which shall be determined based on the following procedures:

- The reference rate of the subordinated bonds shall be calculated on the basis of the rate on 52-week treasury bonds (money-market rate) observed or calculated via linear interpolation on the secondary yield curve of treasury bonds as published by Banque Al-Maghrib, five trading days prior to each anniversary date.

This linear interpolation shall be done after converting the rate immediately higher than the 52-week maturity (actuarial basis) in money-market rate equivalent.

The calculation formula is:

$$(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360/k;$$

where k: maturity of the actuarial rate that is to be transformed

*Exact number of days: 365 or 366 days.

- The rate thus obtained will be raised by a risk premium of between 85 and 105 basis points.

Date for determining the interest rate

The coupon shall be revised annually on the anniversary dates of the bonds' vesting date, i.e., the 21 December of each year.

The new rate shall be reported by the issuer to bondholders in an official journal five trading days prior to the bond issue's anniversary date.

Interest

Interest shall be paid annually on the anniversary dates of the bonds' vesting date, i.e., the 21 December of each year.

It shall be paid out on the same day or the first trading day after 21 December 2016 if 21 December is not a business day.

Interest on the subordinated bonds shall no longer be incurred on the date on which the principal is repaid by Crédit du Maroc. No interest may be carried over within the confines of this transaction.

Interest shall be calculated using the following formula:

$$[\text{Nominal} \times \text{Nominal Rate} \times (\text{Exact number of days} / 360 \text{ days})].$$

Amortization / Normal repayment

The principal of the subordinated bond that is the subject of this prospectus shall be repaid upon maturity.

In the event of merger, demerger or partial asset contribution of Crédit du Maroc during the period of the bond issue and resulting in the universal transfer of assets to a separate legal entity, the rights and obligations of the subordinated bonds shall be automatically transferred to the legal entity that assumes the rights and obligations of Crédit du Maroc.

In the event of liquidation of Crédit du Maroc, the repayment of the principal is subordinated to all other debts.

Early repayment	<p>Crédit du Maroc shall refrain, throughout the duration of the bond issue, from early repayment of the subordinated bonds that are the subject of this issue.</p> <p>However, the bank reserves the right, with the prior consent of Banque Al-Magrib, to buy back the subordinated bonds on the secondary market, if this is allowed under legal and regulatory provisions, with these buybacks having no effect on subscribers wishing to keep their bonds until normal maturity and no effect on the normal repayment schedule.</p> <p>The subordinated bonds thus bought back may be cancelled only with the consent of Banque Al-Maghib.</p> <p>In the event of cancellation, the issuer must inform the Casablanca Stock Exchange accordingly.</p>
Assimilation clauses	<p>Subordinated bonds that are the subject of this prospectus shall not be assimilated to previously issued bonds.</p> <p>In the event that Crédit du Maroc at some time in the future issues new bonds enjoying identical rights in all regards to those of this issue, it may, without the consent of bondholders but as long as allowed by issuance contracts, assimilate all bonds of subsequent issues, thus unifying all management and trading transactions pertaining to them.</p>
Issue rank	<p>Principal and interest are subject to a subordination clause. This clause in no way takes precedence over legally binding rules pertaining to the accounting principles on allocating losses, shareholder obligations and the subscriber's rights to obtain payment of the principal and interest of his securities based on the conditions stipulated in the contract.</p> <p>In the event that Crédit du Maroc is liquidated, the repayment of principal and interest on the subordinated bonds of this issue shall be made only after repayment of all senior or unsecured creditors. For purposes of repayment, these subordinated bonds shall have the same rank as all other subordinated bonds that could be issued at a later date by Crédit du Maroc in Morocco and elsewhere, proportionally to their amount, where applicable.</p>
Maintaining the bonds' rank	<p>Crédit du Maroc undertakes, until the actual repayment of all bonds in this issue, to refrain from granting to other subordinated bonds that it may issue at a later date, any priority in rank of repayment in the event of liquidation, without granting the same rights to the subordinated bonds of this issue.</p>
Negotiability of securities	<p>Over-the-counter</p> <p>No restriction is imposed by the issue's conditions on the free negotiability of the subordinated bonds.</p>
Repayment guarantee	<p>No special guarantee is offered on this issue.</p>
Rating	<p>No rating has been requested for this issue.</p>
Representation of the body of bondholders (<i>masse des obligataires</i>)	<p>By virtue of powers granted at the Annual General Meeting of 28 July and pending the General Meeting of Bondholders, at its 21 November 2016 meeting the Executive Board of Crédit du Maroc decided to appoint Mr Mohamed HDID as temporary agent of A to D tranche bondholders. This decision shall take effect from the opening of the subscription period.</p>

The Executive Board undertakes to call a General Bondholders Meeting to appoint the definitive representative of the body of bondholders (*masse des obligataires*) within one year from the opening of the subscription period. The identity of said person shall be announced publicly in a press release.

Applicable law

Moroccan law.

Jurisdiction

Casablanca Commercial Court (*Tribunal de commerce de Casablanca*).

4. Timetable for the transaction

Order	Steps	Deadlines
1	Full transaction filing received by the Casablanca Stock Exchange	22 Nov. 2016
2	Notice of approval by the Casablanca Stock Exchange	30 Nov. 2016
3	AMMC approved prospectus received by the Casablanca Stock Exchange	30 Nov. 2016
4	Publication of the introduction of A and B tranche bonds in the Casablanca Stock Exchange official bulletin (<i>Bulletin de la Cote</i>).	01 Dec. 2016
5	Publication of the extract prospectus in a legal announcement paper	02 Dec. 2016
6	Opening of the subscription period	07 Dec. 2016
7	Closing of the subscription period	09 Dec. 2016
8	Receipt by the Casablanca Stock Exchange of the results of the transaction and the chosen nominal rate before 10:00 a.m.	14 Dec. 2016
9	Publication of the chosen nominal rate in an a legal announcement paper	16 Dec. 2016
10	Listing of bonds Announcement of results of the transaction in the official bulletin of <i>Casablanca stock exchange (Bulletin de la cote)</i> Registration of the transaction on legal announcement paper	16 Dec. 2016
11	Settlement and delivery	21 Dec. 2016
12	Publication of results of the transaction on legal announcement paper	21 Dec. 2016

II- Information on the issuer

Legal name:	Crédit du Maroc
Registered office:	48-58, Boulevard Mohamed V. Casablanca
Telephone and fax number:	Telephone: (212) 05 22 47 70 00 Fax: (212) 05 22 27 71 27
Website:	www.cdm.co.ma
Legal form:	Crédit du Maroc is a public limited company with an Executive Board and Supervisory Board (<i>Société Anonyme à Directoire et Conseil de Surveillance</i>).
Tax regime	Crédit du Maroc is a credit establishment liable to corporate income tax at a rate of 37% and to VAT at a rate of 10%.
Date of incorporation	10 April 1963.
Lifespan:	99 years.
Trade registry number:	The company is entered into the Casablanca registry of trade and companies under number RC 28 717.
Financial year:	From 1 January to 31 December.
Court having jurisdiction in the event of dispute	Casablanca Commercial Court (<i>Tribunal de commerce de Casablanca</i>)
Legal documents on display:	The articles of association, minutes of shareholders' meetings and Statutory Auditors' reports are available for inspection at the company's head office.
Corporate purpose: (Article 3 of the articles of association)	In accordance with law no. 1-93-147 of 15 <i>Moharrem</i> 1414 (6 July 1993) on the conduct of business by credit institutions and their control, and law No. 15-95 constituting the Commercial Code and all existing or future laws directly or indirectly affecting its business operations, Crédit du Maroc's corporate purpose is to engage in all banking transactions and primarily taking deposits from the public, granting credit in all forms and providing customers with and managing all forms of payment instruments. It may also engage in: <ul style="list-style-type: none"> ▶ All foreign exchange, foreign trade and wealth management transactions; ▶ Financial and securities advisory and management activities; ▶ Acquisition of equity interest in existing or future companies in Morocco and elsewhere. For purposes of its business operations, it may: <ul style="list-style-type: none"> ▶ Purchase, lease, outfit and operate all premises, buildings and business franchises in Morocco and elsewhere; ▶ Purchase or lease all equipment, materials and vehicles; ▶ Establish branches or subsidiaries in Morocco and elsewhere; ▶ And, more generally, acting within the scope defined by the laws and regulations applicable to banks, directly or indirectly engage in all financial, securities, real estate, commercial or other transactions likely to promote its development.
Share capital at 31 October 2016	Crédit du Maroc's share capital is MAD 1,088,121,000.
Regulatory and legislative texts applicable to the issuer:	<p>Texts governing the legal form of Crédit du Maroc:</p> <ul style="list-style-type: none"> ▶ Law n°17-95 promulgated by <i>Dahir</i> n° 1-96-124 of 30 August 1996 pertaining to public limited companies as amended and supplemented by Law 20-05-78-12; <p>Texts governing Crédit du Maroc's activities:</p> <ul style="list-style-type: none"> ▶ <i>Dahir</i> N° 1-14-193 of 1 <i>Rabii</i> I 1436 promulgating Law N° 103-12 pertaining to credit establishments and similar entities (banking law);

- ▶ Texts governing Crédit du Maroc’s use of public savings and the listing of its shares:
- ▶ Provisions of the *Dahir* providing Law n° 1-93-212 of 21 September 1993 as amended and supplemented by Law n° 23-01, 36605 and 44-06;
- ▶ The General Regulations approved in a ministerial order of the Ministry of the Economy and Finances n°822-08 of 14 April 2008;
- ▶ The AMMC circular;
- ▶ Provisions of the *Dahir* providing Law n°1-93-211 of 21 September 1993 pertaining to the Casablanca securities market (as amended and supplemented by Laws n°34-96, 29-00 and 52-01 and 45-06);
- ▶ Provisions of the *Dahir* providing Law n°1-96-246 of 9 January 1997 promulgating Law n°35-96 pertaining to the creation of a central depository and a general system of book registration of certain securities, amended and supplemented by Law n°43-02;
- ▶ *Dahir* n° 1-04-21 of 21 April 2004 promulgating Law n°26-03 pertaining to public securities market offerings as amended and supplemented by Law 46-06;
- ▶ *Dahir* n° 1-95-03 of 26 January 1995 promulgating Law n°35-94 pertaining to certain negotiable bonds and the ministerial order of the Ministry of Finance and Foreign Investments n°2560-95 of 09 October pertaining to negotiable debts;
- ▶ *Général rules of Casablanca stock exchange de la Bourse des Valeurs* approved by ministerial order n°499-98 of 27 July 1998 of the Ministry of the Economy and Finances and amended by ministerial order n°1960-01 of 30 October 2001 of the Ministry of the Economy, Finances, Privatisation and Tourism. This was amended in the draft amendment of June 2004, which entered into force in November 2004, and by ministerial order n° 1268-08 of 7 July 2008;
- ▶ *General rules of central depository* approved by ministerial order n°932-98 of the Ministry of the Economy and Finances of 16 April 1998 and amended by ministerial order n°1961-01 of 30 October 2001 of the Ministry of the Economy, Finances, Privatisation and Tourism.
- ▶ Banque Al-Maghrib Circular n°2/G/96 of 30 January 1996 pertaining to certificates of deposit.
- ▶ The modification of Circular n°2/G/96 of 30 January 1996 pertaining to certificates of deposit.

Crédit du Maroc is a subsidiary of Crédit Agricole S.A. (France). It operates in both retail and corporate banking.

Positioned as a commercial bank, Crédit du Maroc also has both a nationwide footprint through a network of 346 branches in 2016, organised into groups and regions, and an international presence in Europe through three representative offices.

Groupe Crédit du Maroc owns subsidiaries that run businesses that complement the bank’s offering of services:

- market intermediation (Crédit du Maroc Capital);
- collective fund management in the form of OPCVM (Crédit du Maroc Patrimoine);
- leasing and factoring (Crédit du Maroc Leasing & Factoring);
- insurance brokerage (Crédit du Maroc Assurance), etc.

III - Activity

Trends in loans (social statement) at 30 June 2016

Crédit du Maroc's total loan portfolio over the period in question:

<i>Amounts in MAD m</i>	2013	2014	Chg.	2015	Chg.	June-16	Chg. 16/15
Cash and consumer loans	12,857	11,885	-7.56%	12,049	1.38%	12,585	4.45%
Equipment loans	7,877	7,219	-8.35%	6,968	-3.47%	7,295	4.69%
Mortgage loans	12,275	12,886	4.97%	13,687	6.22%	14,307	4.53%
Other loans	2,361	1,715	-27.37%	2,858	66.65%	2,213	-22.57%
Due from customers	35,370	33,705	-4.71%	35,562	5.51%	36,401	2.36%
Due from credit institutions – demand	886	619	-30.11%	1,725	178.56%	2,293	32.93%
Due from credit institutions – term	4,104	6,781	65.25%	3,980	-41.31%	3,731	-6.26%
Due from credit and similar institutions	4,990	7,401	48.32%	5,705	-22.91%	6,024	5.59%
Total loans	40,360	41,106	1.85%	41,267	0.39%	42,425	2.80%

Source: Crédit du Maroc

Trends in deposits (social statement) at 30 June 2016

Crédit du Maroc's deposits over the period in question:

<i>Amounts in MAD m</i>	2013	2014	Chg.	2015	Chg.	June-16	Chg.
Demand accounts	21,436	21,738	1.41%	22,655	4.22%	24,606	8.61%
Savings accounts	8,110	8,532	5.20%	8,843	3.65%	8,994	1.70%
Term deposits	6,386	5,812	-8.98%	5,889	1.32%	4,757	-19.22%
Other deposits	835	916	9.64%	967	5.57%	973	0.63%
Customer deposits	36,767	36,998	0.63%	38,354	3.67%	39,330	2.55%
Demand	80	317	>100%	930	>100%	175	-81.21%
Term	994	986	-0.80%	1,442	46.25%	1,540	6.77%
Debts owed to credit and similar establishments	1,074	1,303	21.32%	2,372	82.04%	1,714	-27.72%
Total liabilities	37,842	38,301	1.21%	40,726	6.33%	41,045	0.78%

Source: Crédit du Maroc

IV- Shareholders

Shareholders*	2012		2013		2014		2015/ 30 June 2016	
	No.** of shares	% of equity and voting rights	No.** of shares	% of equity and voting rights	No.** of shares	% of equity and voting rights	No.** of shares	% of equity and voting rights
Groupe Crédit Agricole S.A.	7,141,352	77.42%	8,137,289	78.56%	8,404,076	78.70%	8,563,464	78.70%
Wafa Assurance	942,379	10.22%	1,073,803	10.37%	1,120,743	10.49%	1,163,254	10.69%
Various shareholders	1,140,185	12.36%	1,147,390	11.08%	1,154,175	10.81%	1,154,496	10.61%
Total	9,223,916	100.00%	10,358,482	100.00%	10,678,994	100.00%	10,881,214	100.00%

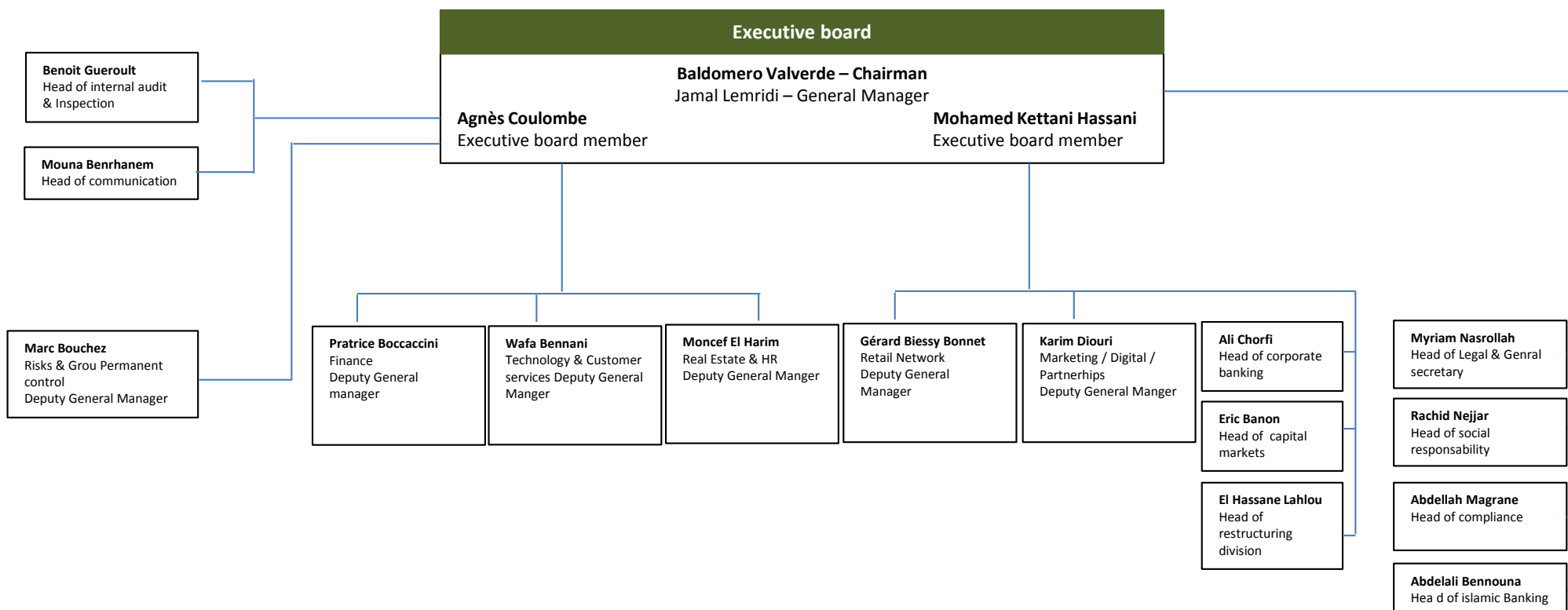
* Each share held gives its owner a simple voting right.

** Number of shares.

Source: Crédit du Maroc

V- Simplified functional structure

As of October 2015, the simplified functional structure of Crédit du Maroc is as follows:



VI – Financial data:

1- Balance sheet

Consolidated IFRS balance sheet from 31 December 2013 to 30 June 2016

Consolidated assets

(In thousands of MAD)

ASSETS	31/12/2013	31/12/2014	31/12/2015	30/06/2016
Cash and amounts due from central banks, Treasury and postal cheque services	1 245 986	1 564 454	1 412 936	1 287 945
Financial assets at fair value through profit or loss	2 637 911	1 134 052	2 186 475	1 290 575
Hedging derivatives	-	-	-	-
Available-for-sale financial assets	3 723 535	3 224 694	4 224 369	4 286 905
Loans and receivables due from credit institutions	3 843 871	6 337 175	4 659 118	4 969 213
Loans and receivables due from customers	36 842 477	35 042 236	36 990 019	37 564 194
Fair value adjustments to portfolio hedges of interest rate risk	-	-	-	-
Held-to-maturity investments	-	-	-	-
Current tax assets	114 871	82 687	142 477	38 878
Deferred tax assets	95 720	65 498	107 506	184 113
Accruals, prepayments and other assets	246 775	130 317	157 931	283 193
Non-current assets held for sale	-	-	-	-
Investments in associates	-	-	-	-
Investment property	-	-	-	-
Property, plant and equipment	1 366 173	1 344 604	1 364 635	1 363 139
Intangible assets	130 286	136 206	138 135	136 900
Goodwill	-	-	-	-
TOTAL	50 247 605	49 061 923	51 383 602	51 405 056

Consolidated liabilities

(In thousands of MAD)

CONSOLIDATED LIABILITIES AND EQUITY	31/12/2013	31/12/2014	31/12/2015	30/06/2016
Due to central banks, Treasury and postal cheque services	7	7	7	7
Financial liabilities at fair value through profit or loss	3 068	8 243	6 308	4 283
Hedging derivatives	-	-	-	-
Due to credit institutions	1 130 918	1 318 398	2 485 651	1 777 725
Due to customers	36 790 875	36 976 324	38 425 901	39 379 514
Debt securities issued	5 611 726	3 921 426	3 519 495	3 019 640
Fair value adjustments to portfolio hedges of interest rate risk	-	-	-	-
Current tax liabilities	745	5 313	2 528	18 542
Deferred tax liabilities	165 835	167 483	198 415	219 881
Accruals, prepayments and other liabilities	457 136	444 876	485 068	615 494
Liabilities associated with non-current assets held for sale	-	-	-	-
Technical reserves of insurance companies	-	-	-	-
Provisions	321 878	290 112	398 959	384 636
Subsidies, allocated public funds and special guarantee funds	-	-	-	-
Subordinated debt and special guarantee funds	1 529 453	1 528 178	1 526 189	1 539 656
Equity	4 235 966	4 401 562	4 335 081	4 445 678
Equity attributable to owners of the parent	4 176 528	4 343 337	4 283 748	4 394 317
Share capital and reserves	3 424 908	3 603 292	3 705 364	3 707 386
Retained earnings	471 114	459 653	460 967	453 858
Unrealised or deferred gains and losses	1 355	42 609	35 561	72 145
Net income for the year	279 151	237 783	81 857	160 928
Non-controlling interests	59 438	58 225	51 332	51 362
TOTAL	50 247 605	49 061 923	51 383 602	51 405 056

Social company balance sheet from 31 December 2013 to 30 June 2016

Assets

(In thousands of

MAD)

ASSETS	31/12/2013	31/12/2014	31/12/2015	30/06/2016
Cash and amounts due from central banks, Treasury and postal	1 245 974	1 564 440	1 412 931	1 284 723
Due from credit and similar institutions	4 989 813	7 400 645	5 705 494	6 023 952
. Demand	885 979	619 246	1 724 998	2 293 300
. Term	4 103 834	6 781 399	3 980 495	3 730 652
Due from customers	35 370 392	33 705 057	35 562 334	36 400 584
. Cash and consumer loans	12 857 144	11 885 054	12 048 680	12 584 981
. Equipment loans	7 876 563	7 218 917	6 968 391	7 295 238
. Mortgage loans	12 275 363	12 886 468	13 687 296	14 307 301
. Other loans	2 361 323	1 714 619	2 857 967	2 213 064
Factoring receivables	-	-	-	-
Trading and short-term investment securities	6 392 413	4 319 825	6 372 543	5 485 144
. Government securities	5 129 985	2 495 875	5 478 123	5 008 670
. Other debt securities	1 256 454	1 817 975	887 455	406 488
. Equity securities	5 975	5 975	6 965	69 986
Other assets	260 023	169 426	248 621	173 182
Held-to-maturity securities	-	-	-	-
. Government securities	-	-	-	-
. Other debt securities	-	-	-	-
Equity interests and similar	311 123	304 191	312 496	322 738
Subordinated notes	-	-	-	-
Finance and operating lease assets	-	-	-	-
Intangible assets	124 743	129 513	131 499	130 803
Property, plant and equipment	1 031 041	983 835	957 441	940 078
Total assets	49 725 523	48 576 932	50 703 359	50 761 204

Liabilities

In thousands of MAD)

LIABILITIES AND EQUITY	31/12/2013	31/12/2014	31/12/2015	30/06/2016
Cash and amounts due from central banks, Treasury and postal cheq	7	7	7	7
Due to credit and similar institutions	1 074 283	1 303 240	2 371 814	1 714 429
. Demand	80 233	317 073	929 610	174 766
. Term	994 050	986 167	1 442 203	1 539 663
Customer deposits	36 767 639	36 997 849	38 353 629	39 330 959
. Demand accounts	21 436 427	21 737 748	22 654 577	24 606 318
. Savings accounts	8 110 429	8 532 005	8 843 468	8 993 958
. Term deposits	6 385 487	5 812 340	5 888 792	4 757 562
. Other deposits	835 296	915 756	966 792	973 121
Debt securities issued	5 611 726	3 921 426	3 519 495	3 019 640
. Negotiable debt securities	5 611 726	3 921 426	3 519 495	3 019 640
. Bonds	-	-	-	-
. Other	-	-	-	-
Other liabilities	326 631	329 697	353 783	388 676
Provisions for contingencies and charges	446 802	400 861	531 184	704 990
Regulated provisions	-	-	-	-
Subsidies, allocated public funds and special guarantee funds	-	-	-	-
Subordinated debt	1 529 453	1 528 178	1 526 189	1 539 656
Revaluation reserves	-	-	-	-
Capital-related reserves and share premiums	2 393 696	2 541 259	2 623 937	2 625 959
Share capital	1 035 848	1 067 899	1 088 121	1 088 121
Shareholders. Unpaid capital (-)	-	-	-	-
Retained earnings (+/-)	243 055	248 414	248 372	246 130
Net income (loss) in course of appropriation (+/-)	-	-	-	-
Net income for the year (+/-)	296 384	238 101	86 830	102 639
Total liabilities and equity	49 725 516	48 576 925	50 703 359	50 761 204

2- CPC**Consolidated IFRS income statements from 31 December 2013 to 30 June 2016**

(In thousands of MAD)

INCOME STATEMENT	31/12/2013	31/12/2014	31/12/2015	30/06/2015	30/06/2016
Interest and similar income	2 553 002	2 538 329	2 419 646	1 219 745	1 165 046
Interest and similar expense	917 522	856 682	688 339	355 065	301 464
Net interest income	1 635 480	1 681 647	1 731 307	864 680	863 582
Fee and commission income	330 234	343 853	348 470	183 547	195 853
Fee and commission expense	31 781	29 771	31 013	15 001	15 801
Net fee and commission income	298 453	314 082	317 457	168 547	180 051
Net gains (losses) on financial instruments at fair value through profit or loss	188 047	149 128	111 000	51 494	67 562
Net gains (losses) on available-for-sale financial assets	17 230	20 312	11 354	6 340	33 614
Income from other activities	11 112	5 414	14 139	9 989	2 952
Expense on other activities	76 280	80 924	89 238	41 449	43 668
NET BANKING INCOME	2 074 041	2 089 660	2 096 019	1 059 601	1 104 092
General operating expenses	1 013 343	991 401	1 086 836	506 846	517 145
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	111 453	111 637	107 864	51 242	55 244
Gross operating income	949 244	986 622	901 319	501 512	531 703
Cost of risk	- 496 755	- 598 424	- 766 414	- 371 285	- 281 364
Operating income	452 489	388 198	134 905	130 228	250 339
Share of earnings of associates	-	-	-	-	-
Net gains (losses) on other assets	135	1 648	13	1	36
Change in value of goodwill	-	-	-	-	-
Income before taxes	452 354	386 550	134 917	130 227	250 374
Income tax and deferred taxes	168 477	146 469	58 510	47 006	89 417
Net income (loss) from discontinued operations and operations in the course of sale	-	-	-	-	-
Net income	283 877	240 081	76 408	83 221	160 958
Attributable to non-controlling interests	4 727	2 298	- 5 449	720	30
Attributable to owners of the parent	279 151	237 783	81 857	82 501	160 928
Basic earnings per share	26,95	22,27	7,52	7,73	14,79
Diluted earnings per share	26,95	22,27	7,52	7,73	14,79

Social company income statements from 31 December 2013 to 30 June 2016

LIBELLE	31/12/2013	31/12/2014	31/12/2015	30/06/2015	30/06/2016
BANKING INCOME	2 983 679	2 953 554	2 746 314	1 399 370	1 395 839
Interest and similar income on interbank transactions	162 265	220 011	167 075	90 608	83 362
Interest and similar income on customer transactions	2 099 705	2 069 139	1 963 602	980 968	958 246
Interest and similar income on debt securities	194 959	134 146	164 882	83 987	67 922
Income from equity instrument	60 076	55 778	40 409	40 409	42 182
Income from finance and operating leases	-	-	-	-	-
Fees and commission on services provided	267 830	287 573	289 140	146 889	156 229
Other banking revenue	198 845	186 906	121 207 140	56 509	87 898
CHARGES D'EXPLOITATION BANCAIRE	1 031 552	980 853	811 918	417 999	375 559
Interest and similar expense on interbank transactions	18 640	18 884	20 935	9 553	11 944
Interest and similar expense on customer transactions	556 128	551 994	445 965	229 359	195 470
Interest and similar expense on debt instruments issued	341 099	286 025	220 306	112 801	94 501
Expense from finance and operating leases	-	-	-	-	-
Other banking expense	115 685	123 949	124 711	66 285	73 643
NET BANKING INCOME	1 952 127	1 972 701	1 934 396	981 371	1 020 280
Non-banking income	9 252	2 993	2 912	735	506
Non-banking expense	-	207	-	-	-
GENERAL OPERATING EXPENSES	1 069 788	1 100 855	1 104 293	547 054	559 453
Employee benefits expense	596 375	602 353	613 081	311 149	320 774
Taxes other than on income	18 658	18 493	18 480	8 920	9 731
External charges	326 843	346 945	338 704	162 784	169 898
Other general operating expenses	- 5 014	1 086	6 150	3 560	- 6 008
Depreciation, amortization and impairment of intangible assets and properly, plant and equipment	132 925	131 978	127 877	60 640	65 058
PROVISION AND LOSSES ON UNRECOVERABLE LOANS	1 064 107	1 020 506	1 065 134	538 737	738 413
Provisions for non-performing loans and off-balance sheet commitments	887 007	830 062	843 941	515 002	458 626
Losses of loans written off	96 065	157 012	156 878	4 494	85 236
Other provisions	81 036	33 432	64 315	19 241	194 550
PROVISION REVERSALS AND RECOVERIES OF LOANS WRITTEN OFF	550 570	524 709	455 583	167 465	533 421
Reversals of provisions for non-performing loans and off-balance sheet commitments	318 605	452 164	414 966	153 041	521 091
Recoveries of loans written off	29 330	14 368	12 121	9 471	4 951
Other provisions reversals	202 635	58 177	28 496	4 954	7 378
OPERATING INCOME	378 054	378 835	223 464	63 781	256 341
Non-recurring income	11 038	4 732	14 633	2 340	946
Non-recurring expense	15 292	31 709	103 848	10 596	5 413
INCOME BEFORE TAX	373 800	351 857	134 249	55 525	251 874
Income tax	77 416	113 757	47 420	10 159	149 234
NET INCOME FOR THE YEAR	296 384	238 101	86 830	45 365	102 639

IV- Risks

Management of Crédit du Maroc's risks has been entrusted to the Loan and Risk Management department, which is charge of monitoring, controlling and measuring the risks incurred by the group.

Interest rate risk

The banking system is experiencing a secular downtrend in interest rates. Returns on loans coupled with the rising cost of funds have adversely affected intermediation margins. CDM, like all local banks, is exposed to a risk that future trends in interest rates will reduce its banking revenues.

When hedging instruments are not used, interest rate risk is mitigated by optimising management of the bank's assets and liabilities through its strategy in deposits and lending. This involves matching its assets and liabilities in terms of maturity and interest rate type.

CDM's ALM policy is, as far as possible, to match the interest rate structure of its liabilities (fixed and variable) with that of its assets.

The ALM department monitors interest rate risk on an ongoing basis and is responsible for hedging any interest rate gaps within the limits set by the ALM Committee.

Currency risk

Like all banking institutions, CDM is exposed to currency risk associated with its various business operations (branches in other countries, loans denominated in foreign currencies, forward forex, etc.). It could in the future be exposed to adverse trends in foreign exchange rates, which would result in a reduction in its margin.

However, this risk is limited inasmuch as CDM only acts as an intermediary in most foreign currency transactions and the risk is therefore borne by the customer. This is particularly the case for foreign currency loans, transfers from Moroccans resident abroad, and other transactions.

CDM's foreign currency exposures at 31/12/2015

Currency	Foreign currency exposure in thousands	Equivalent value in MAD	% of equity
EUR	12,392	-133,621	-2.588
USD	9,629	-95,336	-1.847
GBP	48	704	0.014
CAD	41	291	0.006
CHF	146	1,445	0.028
JPY	661	55	0.001
DKK	268	387	0.007
NOK	131	148	0.003
SEK	214	252	0.005
DZD	18	2	0.000
TND	12	61	0.001
SAR	547	1,444	0.028
AED	150	405	0.008
KWD	35	1,157	0.022
BHD	1	405	0.008
QAR	6	16	0.000

Source: *Crédit du Maroc*

Liquidity risk

The different maturities of assets and liabilities on CDM's balance sheet result in differences between volumes of assets and liabilities that are a source of liquidity risk. The bank could therefore find itself in the position where it is unable to obtain sufficient volumes of cash at normal interest rate conditions.

The social liquidity cover ratio² at end on September 2016 was 190%.

To comply with the minimum regulatory rate of 100% required by BAM, CDM applies a strict medium- and long-term cash management policy and monitors its short-term liquidity on a monthly basis. It also favours longer-term resources of funding and accounts book for reasons of cost, but may use other forms of funding, such as certificates of deposit.

Counterparty risk

In a climate of economic liberalisation in Morocco, with the opening of borders, dismantling of tariff barriers and institution of free-trade areas with the European Union and the United States, there is a risk of deterioration in counterparty risk for the banking sector as a whole. This could cause a systemic increase in overall non-performing loan ratios, a trend that could be exacerbated by unfavourable economic conditions.

CDM has made and continues to make efforts to clean up its customer loan portfolio as part of its risk management policy, in accordance with the prudential rules imposed by Bank al-Maghrib.

To manage credit risk, CDM has defined three levels of control:

- Ex-ante control of credit applications: lending proposals from the group's various sales units are submitted to the Credit and Risk Management Department (DCGR), which is responsible for analysing loan applications, assessing the customer's business volume and the economic soundness of the requested financing, as well as evaluating the substance and validity of any guarantees.
- Loan applications accepted by the DCGR are then submitted to the Investment Committee for approval.

<i>Parent-company accounts</i>	2013	2014	Chg. 14/13	2015	Chg. 15/14	June 2016	Chg. 16/15
Tier One Coefficient	9.25%	10.45%	1.20 pts	10.22%	-0.23 pts	9.92%	-0.30 pts
Solvency coefficient	12.76%	13.89%	1.13 pts	13.13%	-0.76 pts	13.09%	-0.04 pts

- Ex-post control of loans: the Risk Management function monitors the bank's commitments.
- Compliance with Bank al-Maghrib rules, particularly as regards risk analysis for individual customers and for all customers belonging to the same group. CDM also shares risks on major investment deals with other banks.

Solvency risk

CDM has robust fundamentals enabling it to meet all its commitments, as witnessed by its solvency ratio (social company financial statements):

² Ratio between (i) available assets realisable in the short term plus off-balance sheet commitments received and (ii) demand and short-term amounts due plus off-balance sheet commitments given.

Competition risk

CDM is a universal bank operating in all customer segments (personal and small business customers, small and medium-size companies, and large corporations) and all banking segments.

Its main competitors are Attijariwafa Bank, BCP, BMCE Bank, Société Générale, BMCI and, more recently, CIH and CAM, which are developing commercial banking operations.

CDM's competitive positioning strategy is based on:

- Quality of service and meeting commitments to customers (e.g.: "Your mortgage loan within 48 hours" campaign, consumer finance);
- A corporate culture focusing on innovation for the customer's benefit (paying bills through ATMs, prepaid rechargeable Daba Daba card, e-banking, etc.);
- Making the Group dimension a factor of differentiation for all customer segments (mobility offer for personal banking customers with the RIBAT range in partnership with Crédit Lyonnais, Intermed and e-Ris with the Crédit Agricole Regional Banks in France for small and medium-sized companies and a close relationship with the Group's Corporate and Investment Banking arm for corporate customers.)

Operational risk

CDM has adopted the definition of operational risk recommended by Basel II. Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal risk.

➤ CDM's operational risk management system

CDM's operational risk management system aims to identify all sources of major risks with a view to preventing or mitigating them. These sources of risk include internal fraud, external fraud, employment and workplace safety practices, customer products and commercial practices, damage to property assets, business and systems disruption, settlement-delivery and process management.

1. Main issues

- Control over the cost of operational risk,
- Prevention of major risks,
- Optimisation of risk prevention and mitigation,
- Integration of the threefold regulatory impact, i.e. equity-based management, regulatory supervision and financial reporting.

2. Components of the system

CDM's operational risk management system has four components:

➤ Organisational component

Oversight of operational risk is the responsibility of an entity reporting to permanent risk control, the body that oversees the bank's overall internal control system.

The internal audit function periodically ensures that the operational risk management system is implemented effectively throughout the bank.

The Executive Board monitors risk exposure on an ongoing basis through the Operational Risk Committee chaired by the Chairman of the Executive Board.

The Supervisory Board is informed of material risks via the Audit Committee and ensures that they are taken into account.

Summary Prospectus – Subordinate bond issue

➤ Qualitative component

This component serves to assess and prevent risks through operational risk mapping.

➤ Quantitative component

This component measures and monitors the cost of risk and incidents through loss monitoring and a warning system.

➤ Capital allocation component

As a precautionary measure, CDM has adopted a capital allocation system using the basic indicator approach and aims to adopt the standardised approach in the near future.

3. Information systems security

Information systems security is assured through a security policy and a permanent control system. Intrusion detection tests and vulnerability scans, as well as information systems security assessments, are carried out on a regular basis.

4. Business Continuity Plan

To ensure the continuity of banking operations in the event of a major incident, CDM has implemented a Business Continuity Plan comprising:

- a disaster recovery plan to protect critical information systems services;
- a user recovery site activation plan with relocation to a backup site in case of incident;
- a crisis management system;
- a special business continuity plan in case of influenza pandemic.

The business continuity plan is tested and improved regularly. Each year, the user recovery site activation plan is tested several times and the disaster recovery plan at least once.

Credit risk

Crédit du Maroc's credit policies come under general principles and comply with standards established by the regulator and its parent company, Crédit Agricole S.A.

It covers aspects of professional ethics, independence, responsibility, and collegiality of decisions, risk control and monitoring, remuneration of transactions, etc.

They are reviewed each year under the risk strategy that reviews all the bank's activities and the risks that those activities incur and sets the operating limits in terms of client segment, sectors of activities, concentration, etc.

This strategy is submitted by the Executive Board to the Supervisory Board for its approval.

1- Decision and risk management mechanism

➤ Study and decision

The decision-making process is based on powers held by the Chairman of the Executive Board and the sub-delegations that it has distributed on a strictly personal basis as regards particular markets. In addition to sub-delegated limits, decisions are made by the Credit Committee on a collegial basis.

The decision-making process is managed by a centralised and integrated IT application that determines the level of delegation required, based on the chosen standards and criteria. Decisions pertaining to professional and corporate clients require a two-track commercial and risk review.

Subsidiaries call on the opinions of specialised entities of Crédit du Maroc in deciding whether to grant loans. Commercial banking credit applications are formalised and documented in accordance with regulatory rules and the bank's standards.

➤ Implementation - Guarantees

Loans are implemented after a check of compliance with conditions on granting them.

Management of guarantees is centralised.

➤ Surveillance of risks and downgrades

It is in charge of a dedicated and independent set-up that is backed by correspondents in various markets and regions.

This set-up has access to all the bank's IT systems and is meant to monitor the quality of exposures, to take a preventive approach to a worsening in risks (overdue payments, freezing of accounts, etc.) and to monitor them.

Based on internal indicators, it organises close monitoring of sensitive loans by a dedicated committee.

It identifies loans that are subject to classification as “distressed” based on regulator criteria and are provisioned accordingly. These decisions are approved by a dedicated committee with a view to ensuring perfect coverage of risks and compliance with standards.

➤ Collection

For retail and SOHO banking, collection is handled by the branch network until the first missed payment. From the second missed payment it is systematically handled by the collection platform set up for this purpose, which continues the collection effort on a non-contentious basis.

For SMEs and Large Corporate Clients, it is handled by the account manager with – depending on the case and upon the decision of the dedicated committee or upon the request of the commercial bankers – the support of a central structure dedicated to Loan Collection and Restructuring.

If the loan is classified as “Doubtful” it is taken over by the Legal Department, which pursues collection while, in parallel, taking the matter up in court.

The entire decision-making and risk-monitoring process is traceable and auditable.

2- Internal rating

Crédit du Maroc possesses a rating system that covers all corporate receivables (SMEs, Large Corporate Clients, and real-estate developers), except banks and financial establishments, which have special ratings with regard to their parent groups and which are rated by the parent group, Crédit Agricole SA.

Crédit du Maroc's rating system is in compliance with Basel 2 requirements. It is uniform over the entire perimeter of the Crédit Agricole group.

The system is based on quantitative and qualitative assessments. It involves various persons, including the account manager, the risk department, and the final decision-makers.

In retail banking all consumer loans are subject to scoring either by Crédit du Maroc itself or by its partner Wafasalaf, based on well-defined criteria.

➤ Corporate rating grid:

This has 13 echelons, from A to E, with intermediate echelons for healthy counterparties and two echelons, F and Z, for counterparties in default, of which the last one is in legal receivership.

These echelons are compatible with the rating scales of the main international ratings agencies, i.e., Standard & Poor and Moody's.

➤ Delegation:

The rating is a key item in the decision-making process, as it is used to determine the level of delegation.

➤ Sensitive risks:

Counterparties rated at the E and F echelons are included in the close-up monitoring of sensitive risks and under the authority of the dedicated committee.

Default risk

Default events constitute a major portion of market risks assumed by financial establishments, including defaults by one or more counterparties, risk of non-transfer, etc.

Market transactions may generate:

- pure credit risks,
- settlement/delivery risks,
- volatility risks.

A transaction may include one of these risks or a combination of two or three. A currency futures transaction generates volatility and delivery risk.

To wit: if one counterparty defaults while the other has already met its own obligations, i.e., delivery the funds, where the loss is in the full amount (nominal) of the transaction (upon delivery), this is delivery risk or the lack of parallel exchanges in flows.

This risk involves foreign exchange (cash and futures), currency swaps (treasury or forex swaps). This risk does not exist in options or futures, as the transactions are made via a DVP (Delivery Versus Payment) system.

However, if the default occurs between trade and delivery, the potential loss is equal to the difference in the exchange rate between the price negotiated and the price prevailing on the market at the time when a new, replacement counterparty must be found. This is the cost of replacement and the risk of volatility. Incidentally, this can also result in a potential gain!

This risk involves currency futures, currency swaps (treasury or forex swaps) and repo transactions. The total risk is the sum of current and potential risks. Volatility risk is measured through the current replacement value (marked to market) plus an add-on to reflect future shifts (with a potential drift).

These risks are controlled by individual volume limits on counterparties, including trading floor correspondents and granted by the bank as part of its annual risk review.

Portfolios and profit centres have been organised (with a separation of activities by desk) in phase with the risk tree, with a separation of the banking book (ALM) and trading, for the purpose of better managing these activities.

To do so, internal deals have been entered into between DMC's various portfolios and implemented in Arpson with the setting of transfer price rules on forex and interest-rate instruments. These deals involve both financing/refinancing transactions between trading floor desks and the transfer of positions between ALM and the trading floor.

CDM's VaR (Value at Risk) consumption is calculated using the Group's consolidation tool (Global View Risk), into which market risk data is inputted (including sensitivity vectors, forex positions, and Moroccan dirham yield curves) by CDM tools.

In addition, overall stress on these activities based on Group methodologies is calculated weekly using the Group's tool.

And lastly, daily trading activity results (on bonds and forex) are inputted into the Group tool (CADRE) and VaR is back-tested.

The on-going work to implement Basel's recommendations

Since 1974, the Basel Committee on Banking Supervision, created at the initiative of the G10 banks, has instituted a body of prudential rules to ensure the soundness and stability of the international banking system.

Over the years, this system has shown its limits and its weaknesses in framing the banking activity due to its perpetual evolution. The need for a more comprehensive scheme has emerged to prevent new risks.

Thus was born the "Basel 2" agreement under the presidency of the American Mc Donough, which rests on 3 pillars:

Pillar 1: Calculation of minimum capital requirements. It covers three types of risks: Credit Risk, Operational Risk and Market Risk. Several methods are proposed for banks according to the risks, including "standard" and "internal rating", for credit risk, a "base indicator", "standard" and "advanced standard" for operational risk.

Pillar 2: A policy on risk monitoring processes and internal capital adequacy.

Pillar 3: A policy on Market ruling Requiring Increased Transparency in Information regarding Financial Publications and Risks.

Upon publication of the texts by the Regulator, Crédit du Maroc has embarked on a project to comply with the regulations.

For Pillar 1, Crédit du Maroc has opted for the "standard" method for credit risk, the "Basic method" for operational risk.

The bank has embarked on a large project to enable it to produce, within the timeframe set by the Regulator, the solvency ratio compliant with new standards. For this, it has acquired a "Fermat" calculator which has been produced since the end of 2007.

At the same time, the bank has started working on pillar 2, for the application of the regulations of the Central Bank.

Crédit du Maroc, in close collaboration with the CA.SA Group, intends to implement the most advanced provisions of "Basel", which will result in profound changes in the conduct of business.

These changes include:

- Adapting the policy of capital allocations to activities,
- Better taking into account changes in the granting process (consumption of capital, profitability, cost of risk, etc.),
- Upgrading operational risk management,
- Ensuring the reliability of information on risks, etc...

Impacted processes have been identified and the steps required for their adaptation will be implemented according to a schedule drawn up by a project group and validated by a dedicated steering committee chaired by the Chairman of the Executive Board.

Disclaimer

The information provided above is only a part of the information given in the prospectus approved by the Moroccan Capital Markets Authority (*Autorité Marocaine du Marché des Capitaux, AMMC*) under reference N° VI/EM/032/2016 on 30 November 2016.

AMMC recommends to read the full prospectus made available to the public in French.