GROUPE BCP

ANNUAL RESULTS
TO 31 DECEMBER 2019

POST-BOARD OF DIRECTORS PRESS RELEASE FOR 2019

On February 28th, 2020, the Executive Committee of Crédit Populaire du Maroc and the Board of Directors of Banque Centrale Populaire, meeting under the Chairmanship of Mr. Mohamed Karim MOUNIR, examined the development of the activity and approved the accounts as of December 31st, 2019.

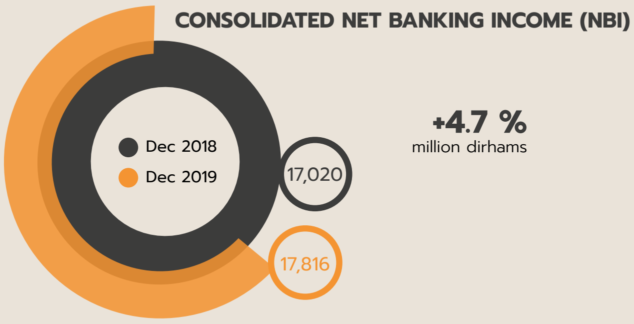
During 2019, BCP Group confirmed its leadership in Morocco and accelerated its international development, as evidenced by the evolution of its main indicators of activity and profitability.

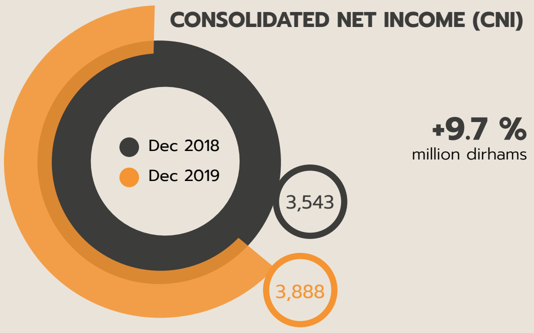
Consolidated Net Banking Income (NBI) increased by 4.7% to 17.8 billion dirhams, driven by all business lines. Thanks to efforts to improve the quality of the portfolio, the cost of risk is reduced by 19% to 2.6 billion dirhams. The Consolidated Net Income (CNI) improved by 9.7% to 3.9 billion dirhams. Likewise, the Net Income Group Share (NIGS) increased by 1.9% to reach MAD 3 billion.

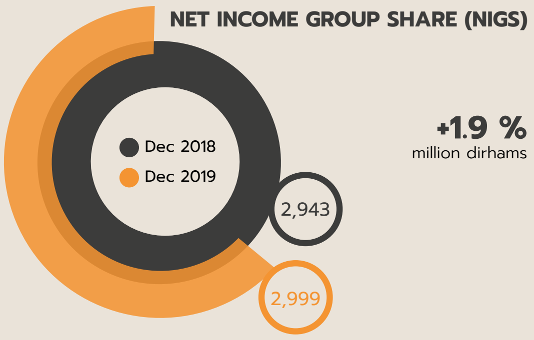
On the BCP's individual accounts, net profit improved by 5.1% to 2.6 billion dirhams.

In addition, and in order to strengthen its financial base, the Group carried out a capital increase dedicated to employees for an amount of 2.2 billion dirhams as well as an issue of subordinated debt of 2 billion dirhams. The Consolidated equity stands at 47 billion dirhams, up 13.5% compared to 2018.

The favorable orientation of all of the Group's indicators reflects its strong positioning in Morocco and the dynamics of its international strategy.







Constant evolution of banking activity in Morocco

Thanks to its roots in the regions and its large customer base, the Bank in Morocco continues to improve its commercial performance.

Thus, the bank in Morocco collected in 2019, a net of 4.7 billion dirhams, consolidating its leading position with a deposit market share of 26.1%. In the Moroccans Living Abroad (MLA) segment, BCP and its regional banks concentrated more than 80% of sector's additional deposits, improving market share in this category by 32 basis points to 52.7%. The same is true for the local individuals segment, where the Group has improved its positioning by 30 basis points. Thanks to these developments, the structure of resources is improving with a non interest bearing deposits share standing now at 68.3%.

At the same time, the Group capitalizes on its proximity to economic players and continues to support companies in their financing needs. This segment contributed 64% to the additional credits in favor of group's customers in Morocco. In terms of mortgage loans, BCP Group continues to be the leader in this segment by capturing more than a quarter of the additional loans in the sector. Outstanding loans to the economy at the end of 2019 increased by 3.2%, setting the market share at almost 24%.

Thanks to these efforts, the bank's customer net interest margin in Morocco strengthened by 1.6% to 7.6 billion dirhams, despite a context marked by a contraction in the yield of loans.

Capitalizing on a large customer base (+4.6% in 2019 to 6.4 million clients), the fees margin continues to show good momentum with a growth of 6.7% in 2019 at 1.6 billion dirhams. This performance is linked to an expansion of banking products and services.

BCP Group, an historical player in supporting SME's and financial inclusion

In line with the High guidance of His Majesty the King, may God assist him, Banque Populaire participated, with the other players in the banking sector, in the establishment of a fund endowed with 8 billion dirhams, funded by the State, the Hassan II Fund and the banks, with the aim of providing more support and funding for project holders and very small businesses.

Banque Populaire also launched an important system for accelerating the VSE segment, including setting up a network of 181 specialized branches with reception areas reserved for VSEs and enhanced skills, as well as a digital platform (Almoukawilchaabi.ma). These measures should make it possible to strengthen the momentum already set in motion by the Group in this segment. In fact, the Bank financed 95,000 very small businesses during 2019, the majority of which have a turnover lower than 1 million dirhams. For its part, ATTAWFIQ Microfinance confirms its commitment to small project holders by financing nearly 190,000 projects for a total amount of 2.5 billion dirhams, by raising the ceiling for loans to very small companies to 150,000 dirhams, and by setting up self-employed status.

Regarding SMEs, Banque Populaire devoted the year 2019 to support it for the revival of investment. A National Forum and a large regional tour were organized. Following these actions, significant achievements were recorded over a rolling year with an increase of almost 10% in the production of investment loans to 1.2 billion dirhams, supporting mainly job creating strategic sectors.

Subsidiaries in Morocco: a growth engine for the Group

In line with the Group's strategy, the specialized subsidiaries in Morocco confirm their growth momentum in 2019. VIVALIS (Consumer finance specialist) thus outperformed with a NBI increasing by 12.9%, thanks to the good orientation of the personal and Car Leasing segments. In addition, MEDIAFINANCE, the Group's custodian bank, also stood out in 2019 with a remarkable +40.5% increase in its NBI. The same goes for UPLINE Group, which continues to gain market shares in its various business lines and posts consolidated turnover with a 49.2% improvement.

Expansion of Group's international Footprint with 3 new acquisitions

In line with Group's international ambitions, 2019 was marked by the completion of the acquisition of 3 new banks in Africa from BPCE Group (BICEC, BMOI and BCI).

In 2019, the international retail bank (IRB) displays strong progress in balance sheet indicators with customer deposits improving by 57.4% and loans which appreciate by 31.8%. Although the integration of the new subsidiaries was only carried out in Q4-2019, the IRB's net banking income still posted double-digit growth : +16.8%.

On a like-for-like basis, the performance of the IRB remains well oriented with increases of 15.1% in deposits and 6.9% in loans.

With these new acquisitions, BCP Group intends to strengthen its footprint in the continent through the penetration of new areas in sub-Saharan Africa.

In addition, AMIFA, the Group's subsidiary in charge of the development of Microfinance in Africa, continues to extend its coverage of the continent in 2019 with the start of its activities in three new countries: Senegal, Burkina Faso and Rwanda.

Strong improvement in risk, despite maintaining a prudent provisioning policy

For the 2019 fiscal year, the Group's cost of risk was reduced by 19% to 2.6 billion dirhams. The provision coverage ratio has also improved for all customer credit compartments.

The group also increased the provision for general risks by almost 480 million dirhams in 2019, bringing its outstanding to nearly 4.7 billion dirhams. The support fund was also endowed with more than 150 million dirhams to reach 3.4 billion dirhams.

KEY GROUP'S INDICATORS

431 BILLION DH	TOTAL CONSOLIDATED ASSETS (+8.8%)
47 BILLION DH	CONSOLIDATED EQUITY BASE (+13.5%)
17.8 BILLION DH	NET BANKING PROFIT (+4.7%)
3.9 BILLION DH	CONSOLIDATED NET EARNINGS (+9.7%)
3 BILLION DH	NET EARNINGS GROUP SHARE (+1.9%)
	NUMBER OF BANKING CLIENTS 8 MILLION
	NETWORK'S SIZE 4,867 POINTS DE DISTRIBUTION
	GROUP'S RATINGS BB / STABLE / B (S&P) BA1 / STABLE (MOODY'S)

The BCP Board of Directors reiterated its congratulations to all of the Group's employees for the commercial and financial performance displayed, as well as to all of its shareholders and partners for their sustained contribution to the growth of the Group, both nationally and internationally.

BCP's Board of Directors will propose to the General Assembly the payment of a dividend of 8 dirhams per share, up 6.7% compared to 2018.

ACCOUNTING STANDARDS AND PRINCIPLES APPLIED BY THE GROUP

1. GENERAL FRAMEWORK

1.1. BANQUE CENTRALE POPULAIRE

Banque Centrale Populaire (BCP) is a credit establishment in the form of a Société Anonyme à Conseil d'Administration (Limited Company with a Board of Directors). It has had a stock-exchange listing since 8 July 2004.

BCP fills a central role within the Group. It has two main missions:

- It is a credit establishment authorised to carry out all banking transactions;
- It is the central banking body for the Banques Populaires Régionales.

BCP co-ordinates the Group's financial policy, provides refinancing for the Banques Populaires Régionales, and manages their cash surpluses as well as services of common interest on behalf of its bodies.

1.2. BANQUES POPULAIRES REGIONALES

There are eight Banques Populaires Régionales (BPRs). They are credit establishments authorised to carry out all banking transactions in their respective territories. They are organised as variable-capital co-operatives with an Executive Board and a Supervisory Board.

1.3. CREDIT POPULAIRE DU MAROC

Crédit Populaire du Maroc (CPM) is a banking group made up of Banque Centrale Populaire and the Banques Populaires Régionales. It comes under the oversight of a committee called the Crédit Populaire du Maroc Management Committee.

1.4. MANAGEMENT COMMITTEE

The Management Committee is the supreme body exercising sole oversight over CPM's various bodies. Its main tasks are:

- Defining the Group's strategic guidelines
- Exercising administrative, technical, and financial control over the organisation and management of CPM bodies
- Defining and checking the rules of operation that are common to the Group
- Taking all measures needed for the proper functioning of CPM bodies and for safeguarding their financial equilibrium.

1.5. GUARANTEE MECHANISM

Crédit Populaire du Maroc has a support fund to maintain the solvency of its bodies. BCP and the BPRs provision the support fund by paying a contribution set by the Management Committee.

2. SUMMARY OF THE ACCOUNTING PRINCIPLES APPLIED BY GROUPE BANQUE CENTRALE POPULAIRE

International accounting standards (International Financial Reporting Standards - IFRS) have been applied to the consolidated accounts of Groupe Banque Centrale Populaire Group since 1 January 2008, with an opening balance sheet from 1 January 2007, in accordance with the specifications set out in standard IFRS 1, "First-Time Adoption of International Financial Reporting Standards", and by other IFRS standards, taking account of the version and interpretation of the standards as adopted by the International Accounting Standards Board (IASB).

The prime objective of regulatory authorities is to provide credit establishments with a framework for accounting and for financial information that is in accordance with international standards in terms of financial transparency and of the quality of information provided.

2.1 ACCOUNTING STANDARDS APPLICABLE ON 1 JANUARY 2019

IFRIC 23, "Uncertainty over income-tax treatments"

This interpretation clarifies accountancy and valuation methods relating to tax on profits when there is uncertainty over the tax treatment to be applied. It is important to determine if it is probable that the treatment selected may be accepted by the competent authorities, starting from the principle that they will check the treatment in question and will have all relevant information. That uncertainty must be reflected in the amount of tax assets and liabilities, based on a method that gives the best forecast of the outcome of uncertainty.

The method selected by Groupe Banque Centrale Populaire for transition to standard IFRIC 23 is the modified retrospective method

IFRS 16 "Leases"

Standard IFRS 16, "Leases", published in January 2016, replaces standard IAS 17, "Leases", and the interpretations relating to accounting, valuation, presentation, and information to be provided in relation to leases.

The main impact of IFRS 16 on the Group's accounts concerns the introduction of a single accounting model for the lessee, aiming at recognising a right to use for the asset leased, amortised linearly for the enforceable duration of the lease, and entering under liabilities a lease debt relating to future rent payments during the duration of the lease.

TRANSITION METHOD:

For initial application, the IASB sets out two transition methods:

- The full retrospective method, which consists of applying the new standard to all the accounts of the comparative periods, as though the standard had always been applied pursuant to standard IAS 8.
- The modified retrospective method, which sets out two options:
  - The simplified retrospective method, which consists of reconstituting the right of use as though standard IFRS 16 had always been applied, and of valuing the lease debt at the discounted amount of pending rent payments.
  - The cumulative retrospective method, which consists of valuing the right of use and the lease debt at the discounted amount of pending rent payments with effect from 1 January 2019.

The method selected by Groupe Banque Centrale Populaire for transition to standard IFRS 16 is the cumulated retrospective method. by recognising the initial application on the transition date, i.e. 1 January 2019. The right of use and the lease debt are calculated with effect from 1 January 2019, and the method selected does not have any impact on equity.

EXEMPTIONS:

Standard IFRS 16 sets out exemptions for recognising the right of use and the lease debt. A lease is not eligible for standard IFRS 16 if the following two conditions are met:

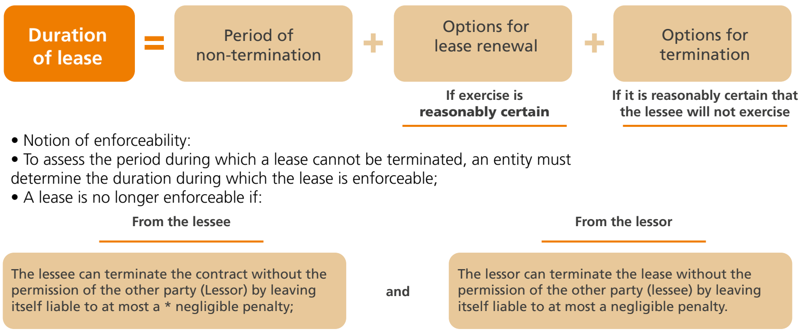
- Leases have a duration of 12 months or less.
- Low-value leases: the standard itself does not set a strict threshold for leases covering a low-value asset. However, the bases for conclusion indicate that, during discussion in 2015, for the IASB, it was a matter of assets with an individual value of the order of USD 5 000 when new.

Groupe Banque Centrale Populaire has chosen to apply exemptions for cognising leases in accordance with standard IFRS 16.

DURATION:

According to standard IFRS 16, the duration of the lease is the enforceable duration of the lease (the period during which the lease cannot be terminated), taken together with renewal options with a reasonably certain renewal character.

Groupe Banque Centrale Populaire has selected the enforceable duration as well as the renewal option: the period during which the lease is enforceable according to the following model:



The composition of Groupe Banque Centrale Populaire's leases by asset category is as follows:

- Commercial leases and leases for residential use
- Regime of temporary occupation of public property
- Vehicles on long-term lease
- IT equipment
- Office furniture

DISCOUNT RATE:

On the starting date, the lessee must value the lease obligation at the discounted value of rent payments that have not yet been made. The discounted value of rent payments must be calculated using the lease's implicit interest rate, if that rate can be easily determined. Otherwise, the lessee must use its marginal borrowing rate.

The discount rate chosen for valuing the lease debt of operating leases is the incremental borrowing rate corresponding to the refinancing rate on financial markets on 1 January 2019, and with the following characteristics:

- A duration similar to that of the lease
- A guarantee similar to that of the lease
- A similar economic environment

2.2. ACCOUNTING STANDARDS APPLIED

2.2.1. SCOPE OF CONSOLIDATION

Groupe Banque Centrale Populaire's consolidated accounts bring together all the businesses that are under sole control, joint control, or significant influence, except those of which the consolidation is negligible when drawing up Groupe BCP's consolidated accounts.

A subsidiary is consolidated from the date on which Groupe BCP takes effective control of it. Entities under temporary control are also recognised in consolidated accounts up to the date of their transfer. It should be noted that since 2010, the BPRs have been brought within Groupe BCP's scope of consolidation.

Controlled businesses: Subsidiaries

Businesses controlled by Groupe BCP are consolidated by overall incorporation. BCP controls a subsidiary when it can direct financial and operational policies in order to benefit from its activities. Control is deemed to exist when Groupe BCP directly or indirectly holds over half the subsidiary's voting rights.

Control is attested when Groupe BCP has the power to direct the entity's financial and operational policies by virtue of an agreement, or to appoint, dismiss, or gather together the majority of the Board of Directors or equivalent governing body.

Determining percentage control takes account of potential voting rights that give access to additional voting rights, provided that they can be immediately exercised or converted.

2.2.1.1. Businesses under joint control: Co-businesses

Businesses under joint control are consolidated by proportional incorporation or by using the equity method. Groupe BCP has joint control when, by virtue of a contractual agreement, financial and operational decisions require the unanimous agreement of the parties that share control.

2.2.1.2. Businesses under significant influence: Associated businesses

Businesses under significant influence are dealt with using the equity method. Significant influence is the power to take part in an entity's decisions on financial and operational policy, but without controlling that entity.

Significant influence is deemed to exist if Groupe BCP directly or indirectly holds 20% or more of the voting rights in an entity. Holdings below that threshold are excluded from the scope of consolidation, except if they represent a strategic investment and if Groupe BCP exercises significant effective influence over them.

Variations in the equity of companies that are dealt with using the equity method are recognised on the asset side of the balance sheet under the heading "Holdings in businesses dealt with using the equity method", and on the liability side of the balance sheet under the appropriate equity heading.

The goodwill in a company that is consolidated using the equity method also appears under the heading "Holdings in businesses dealt with using the equity method".

If Groupe BCP's share in the losses of a business deal with using the equity method is equal to or greater than its holding in that business, Groupe BCP stops taking account of its share in future losses. The holding is then presented for a nil value. The additional losses of the associated business are only provisioned when Groupe BCP has a legal or implicit obligation to do so, or when Groupe BCP has made payments on behalf of the business.

2.2.1.3. Minority interests

Minority interests are presented separately in consolidated income, as well as in the consolidated balance sheet within equity.

2.2.2. OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

2.2.2.1. Defining the scope

In order to define the companies to be included in the scope of consolidation, the following criteria must be respected:

- Groupe BCP must directly or indirectly hold at least 20% of its existing and potential voting rights.
- One of the following limits is reached:
  - The subsidiary's balance-sheet total is greater than 0.5% of the consolidated balance-sheet total.
  - The subsidiary's net position is greater than 0.5% of the consolidated net position.
  - The subsidiary's turnover or banking income is greater than 0.5% of consolidated banking income.

Equity securities over which Groupe BCP has no control are not incorporated into the scope, even if their contribution meets the criteria set out above.

Note: Groupe BCP has chosen consolidation based on the parent company's perspective.

2.2.2.2. Exception

An entity that has a non-significant contribution must be incorporated into the scope of consolidation if it holds shares or corporate units in subsidiaries that meet one of the criteria described above.

2.2.2.3. Ad hoc consolidation of entities

The Fondation Banque Populaire pour le Micro Crédit has been incorporated into the scope of consolidation. The Fondation's Board of Governors is chaired by the Chairperson and Managing Director of Banque Centrale Populaire, following amendments to its articles of association.

Exclusions from the scope of consolidation:

An entity that is controlled or that is under significant influence is excluded from the scope of consolidation when, upon its acquisition, securities in that entity are held solely for the purpose of subsequent transfer within a brief period. Those securities are recognised in the category of assets held for sale, and are valued at fair value through profit and loss. Stakes (except for majority stakes) that are held by venture-capital entities are also excluded from the scope of consolidation to the extent that they are classed as financial interests at fair value by profit and loss on option.

2.2.2.4. Consolidation methods

Consolidation methods are set by standards IAS 27, 28, and 31, respectively. They arise from the nature of the control exercised by Groupe Banque Populaire over consolidable entities, regardless of the activity and whether or not they have legal personality.

Acquisitions of minority interests are entered into accounts by the "parent equity extension method", whereby the difference between the price paid and the accounting value of the share of net assets acquired is recognised as goodwill.

2.3. ASSETS

Assets entered in the Group's balance sheet include tangible and intangible operating assets, non-operating assets, and investment property.

Operating assets are used to produce services or for administrative purposes. They include assets, other than property, given on an operating lease.

Investment properties are fixed assets that are held to generate rent and increase the capital invested.

2.3.1. INITIAL RECOGNITION

Assets are recognised at the buying price plus directly-attributable costs, as well as borrowing costs incurred when putting assets into service is preceded by a long period of construction or adaptation.

When software developed in-house meets asset criteria, it is entered as an asset at its direct development cost, which includes external expenses and staff costs that can be directly allocated to the project.

2.3.2. SUBSEQUENT VALUATION AND RECOGNITION

After initial recognition, assets are valued at their cost less cumulative amortisations and any depreciation. It is also possible to opt for revaluation following initial recognition.

2.3.3. AMORTISATION

The amortisable amount of an asset is determined after deducting its residual value. Only goods given on an operating lease are deemed to have a residual value, with the useful life of operating assets being generally equal to the expected economic life of the asset.

Assets are amortised using the linear method based on the expected useful life of the asset for the business. Allocations for amortisations are recognised under the heading "Allocations to amortisations and provision for depreciation of tangible and intangible fixed assets" in the profit and loss account.

When an asset it made up of several components that can be replaced at regular intervals, that have different uses, or that offer financial advantages at varying frequencies, each component is recognised separately and amortised in line with its own amortisation plan.

2.3.4. DEPRECIATION

Amortisable assets are subject to a depreciation when any signs of a loss in value are identified on the closing date. Non-amortisable assets as well as goodwill are subjected to a depreciation test at least once a year. If signs of depreciation exist, the recoverable value of the asset is compared with the net accounting value of the asset.

If there is loss of value, depreciation is noted in the profit and loss account. Depreciation is reversed if there is an improvement in the recoverable value, or if signs of depreciation cease to exist.

Depreciation is recognised under "Allocations to amortisations and provisions for depreciation of tangible and intangible assets" in the profit and loss account.

2.3.5. TRANSFER CAPITAL GAINS AND LOSSES

Transfer capital gains or losses relating to operating fixed assets are entered into the profit and loss account under "Net gains on other assets" ==.

Transfer capital gains or losses based on investment property are entered in the profit and loss account under "Income from other activities" or "Expenditure on other activities".

2.3.6. OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

Component-based approach

In corporate accounts, construction is amortised linearly over 25 years, whereas it is made up of several components that, in principle, do not have the same useful life.

The definition of standard components in the various categories of construction was arrived at based on a professional expert report and a study carried out with some BPRs. Component-based allocations is applied differently depending on the nature of the construction.

Thus, four construction families have been defined, and an average component-based allocation has been established for each one. Each component has been amortised on the basis of the useful life that is documented internally.

Valuation

The Group has chosen the cost model. The revaluation option set out in IAS 16 was not chosen.

After a tangible asset has been recognised as an asset, it must be recognised at its cost less cumulative amortisations and cumulative loss of value.

However, according to IFRS 1, an entity may decide on the date of transition to IFRS 1 to value a tangible asset at its fair value, and use that fair value as the presumed cost on that date. That option was chosen for land that has been revalued by external experts.

2.4. LEASES

The Group's various companies can be lessees or lessors in leases.

2.4.1. THE GROUP AS LESSOR

Leases granted by a Group company are treated as finance leases (lease agreement, lease with option to buy, and others) or as operating leases.

2.4.1.1. Finance lease

In a finance lease, the lessor transfers to the lessee almost all the risks and benefits of the asset. A finance lease is treated as finance granted to the lessee to buy an asset.

The current value of payments under the lease, plus the residual value where appropriate, is entered as a debt.

For the lessor or the lessee, the net income from the transaction is the amount of interest on the loan. It is entered in the profit and loss account under "Interest and similar income". The rent received is spread over the life of the finance lease by allocating it as an amortisation of capital and as interest, so that the net income represents a constant rate of return on residual assets. The interest rate used is the contract's implicit interest rate.

Depreciation noted on those loans and debts, whether individual or collective depreciation, follows the same rules as the ones described for loans and debts.

2.4.1.2. Operating leases

An operating lease is one in which almost all the risks and benefits of the asset leased are not transferred to the lessee.

The asset is recognised as part of the lessor's fixed assets, and it is amortised linearly over the lease period after deducting, where appropriate, the estimate of its residual value from its buying price.

Rents are recognised in the profit and loss account as a whole by the linear method for the life of the lease.

Those rents and allocations to amortisation are entered into the profit and loss account under "Income from other activities" and "Expenses on other activities".

2.4.2. THE GROUP AS LESSEE

Leases entered into by the Group, except for leases with a duration of 12 months or less and low-value leases, as recognised under balance-sheet assets as rights of use. The right of use is amortised linearly, and the financial debt is amortised actuarially for the duration of the lease.

The main cases used in value rights of use and lease debts are as follows:

- Lease durations correspond to the enforceable duration as well as the renewal option
- The discount rates used to calculate the right of use and the lease debt are determined for each asset as the implicit rate of the contract, if it is available, otherwise the lessee must use its incremental borrowing rate.

2.5. FINANCIAL ASSETS

2.5.1. CLASSIFICATION AND VALUATION

With effect from 1 January 2018, Groupe BCP has applied IFRS 9, and it classifies its financial assets into the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value by "fair value by profit or loss";
- Financial assets at "fair value by equity".

Classifying financial assets requires a distinction to be made between debt instruments and equity instruments.

2.5.1.1. Debt instruments

A debt instrument is defined as a financial liability from the point view of the issuer. That is the case, for example, of loans to credit establishments, loans to customers, Treasury bills, bonds issued by a private business, trade receivables purchased as part of non-recourse factoring contracts, and trade receivables from industrial and commercial companies.

The classification of debt instruments (loans, receivables, or securities) and their subsequent valuation depend on the following two criteria:

- the business model of those assets or portfolios of financial assets,
- the characteristics of the contractual flows of each financial asset (SPPI: Solely Payments of Principal & Interest). The SPPI test brings together a set of criteria that are examined cumulatively and that enable a determination of whether contractual cashflows comply with the characteristics of simple financing (repayment of the nominal amount and payment of interest owed on the outstanding nominal amount). The test is satisfied when the financing only confers entitlement to repayment of the principal amount and when the payment of interest charged reflects the time value of the money, the credit risk associated with the instrument, the other costs and risks of a standard loan agreement, and a reasonable margin, regardless of whether the interest rate is fixed or variable.

On the basis of those two criteria, Groupe BCP classifies debt instruments held into one of 3 categories: "amortised cost", "fair value by equity", or "fair value as counterparty to profit or loss":

- Amortised cost: the category in which are recognised debt instruments with a business model that consists of holding the instrument in order to collect its contractual cashflows, and of which the contractual cashflows are only made up of payments relating to principal and interest on principal (the so-called "basic loan" criterion).
- Fair value by equity: the category in which are recognised debt instruments:
- with a business model involves holding the instrument in order to collect its contractual cashflows as well as selling assets to withdraw their capital gains, the "mixed business model", and
  - with cashflows that are only made up of payments of principal and interest on principal ("basic loan" criterion). When instruments classified in this category are sold, latent gains or losses previously recognised in equity are noted in the profit and loss account under "Net gains or losses on financial assets at fair value by equity".
  - Fair value by profit or loss: the category in which are recognised all debt instruments that are not eligible for classification at amortised cost or in the category of fair value by equity. In particular, this category includes debt instruments with a business model that mainly aims at withdrawing their sale income, debt instruments those that do not meet the "basic loan" criterion (e.g. bonds with share-subscription options), and financial assets that include an incorporated derivative. In the latter case, the incorporated derivative is not recognised separately from the host contract, and the host contract is recognised in full in fair value by profit or loss.

Debt instruments can only be designated at fair value by profit or loss if that classification enables a reduction in income inconsistency ("accounting mismatch").

Debt instruments recognised in the "Amortised cost" and "Fair value by equity" categories lead to depreciation in accordance with the terms and conditions set out below, in note 2.9. The resulting depreciation is recognised under "Cost of risk" in the profit and loss account.

Debt instruments that are not recognised at fair value by profit or loss are initially recognised at their fair value, including accrued interest, plus transaction costs that are directly attributable to the purchase.

Variations in fair value of debt instruments recognised at fair value by profit or loss are entered under "Net gains or losses on financial instruments at fair value by profit or loss".

Variations in fair value of debt instruments that are recognised at fair value by equity are recorded, excluding accrued income, on a specific equity line entitled "Gains and losses recognised directly in equity".

The accrued income of fixed-income instruments is calculated using the effective interest rate method, incorporating premiums, discounts, and purchase costs, if they are significant. They are recorded in the profit and loss account under "Interest and similar income", regardless of their accounting classification under assets.

The Group modifies the classification of portfolio debt instruments from one category to another if and only if the business model of those instruments is modified. Reclassification takes effect from the start of the accounting period following the one in which the business model is modified. Such changes should only be very rare in practice, and no change in business model was made during the financial year.

2.5.1.2. Equity instruments

A financial instrument is an equity instrument if and only if the issuer has no contractual obligation to provide cash or another financial asset under conditions that may be potentially unfavourable to the issuer. That is especially the case with shares.

Standard IFRS 9 requires all equity instruments held in a portfolio at fair value by profit or loss to be recorded, except for the option to recognise, at fair value by equity, those equity instruments that are not held for transaction purposes. That option is irrevocable. In that case, the variation in latent gains and losses is recognised in other items of overall profit or loss, "Gains and losses recognised directly in equity", with profit or loss never being affected, including in cases of sale. There is no depreciation test of portfolio equity instruments held in a portfolio, regardless of their accounting classification.

Dividends received as well as losses or gains that are latent or that are made on instruments classified at fair value by profit or loss are recognised in "Net gains or losses on financial instruments at fair value by profit or loss".

Dividends received for equity instruments classified at fair value by non-transferable equity are also recognised in profit or loss under "Net gains or losses on financial instruments at fair value by equity".

Losses and gains that are latent or that are made on instruments classified at fair value by equity are recognised in equity under "Net gains and losses recognised directly in equity".

Groupe BCP's policy is to recognise the entire equity-instrument portfolio in the category of "fair value by profit or loss", except for some lines of shares recognised under irrevocable option in the category of financial assets at fair value by non-transferable equity.

UCITS units are also recognised in the category of financial assets at fair value by profit or loss.

2.5.2 OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

The options for classifying the various security portfolios are as follows:

Financial assets at fair value by profit or loss

- Transaction securities
- Derivative products
- UCITS and shares
- UCITS securities held (securitisation)

Assets at fair value by equity

- Treasury bills classified as marketable securities
- Moroccan bonds
- Treasury bills reclassified from marketable securities

Securities at amortised cost

- Marketable securities (except for Treasury bills reclassified at fair value by OCI (Other Comprehensive Income))
- Treasury bills for low-cost housing reclassified as marketable securities.

2.6. FINANCE AND GUARANTEE COMMITMENTS

2.6.1. FINANCE COMMITMENTS

Finance commitments are recognised at their fair value, which is generally the amount of commitment commission charged. Finance commitments are recognised in accordance with the rules set out above.

Provision for expected credit losses is constituted in accordance with the principles of standard IFRS 9.

2.6.2. GUARANTEE COMMITMENTS

Guarantee commitments are recognised at their fair value, which is generally the amount of guarantee commission charged. That commission is then recognised in profit or loss pro rata temporis to the guarantee period.

Provision for expected credit losses is constituted in accordance with the principles of standard IFRS 9.

2.7. DETERMINING FAIR VALUE

2.7.1. GENERAL PRINCIPLES

All financial instruments are valued at fair value, either on the balance sheet (financial assets and liabilities at fair value by profit or loss, including derivatives, and financial assets at fair value by equity), or in notes to financial statements for other financial assets and liabilities.

Fair value is the amount for which an asset can be exchanged, or a liability extinguished, between two consenting, informed parties acting in the context of a competitive market.

Fair value is the price quoted on an active market when such a market exists, or, failing that, the value determined internally by using a valuation method that incorporates the maximum amount of observable market data, consistent with the methods used by players in the market.

2.7.2. PRICES QUOTED ON AN ACTIVE MARKET

When prices quoted on an active market are available, they are used to determine the fair market value. That is the method for valuing listed securities and derivatives on organised markets like futures and options.

2.7.3. PRICES NOT QUOTED ON AN ACTIVE MARKET

When the price of a financial instrument is not quoted on an active market, the valuation is done using models that are generally used by market players (the discounted future cashflow method, or the Black-Scholes method for options).

The valuation model incorporates the maximum amount of observable market data: quoted market prices for instruments or similar underlying prices, interest-rate curve, currency rates, implicit volatility, and the price of goods.

The valuation from models is made on a basis of prudence. It is adjusted to take account of liquidity risk and credit risk, in order to reflect the quality of credit of financial instruments.

2.7.4. MARGIN OBTAINED WHEN NEGOTIATING FINANCIAL INSTRUMENTS

The margin obtained when negotiating financial instruments (Day One Profit):

- Is immediately noted in the profit and loss account if the prices are quoted on an active market, or if the valuation model only includes observable market data;
- Is deferred and spread out in the profit and loss account for the duration of the lease when not all the data are observable on the market; when parameters not observable at the outset become observable, the margin share not yet recognised is then entered in the profit and loss account.

2.7.5. UNLISTED SHARES

The fair value of unlisted shares is determined by comparison with a recent transaction involving the capital of the company concerned, carried out with an independent third party and under normal market conditions. In the absence of such a reference, valuation is carried out either by commonly-used techniques (discounted future cashflows) or on the basis of the share of net assets due to the Group, calculated on the basis of the most recent available information.

Shares with an accounting value of less than MAD 1 million are not subject to revaluation.

2.8. CURRENCY TRANSACTIONS

2.8.1. MONETARY ASSETS AND LIABILITIES EXPRESSED IN CURRENCY

Monetary assets and liabilities correspond to assets and liabilities that are due to be received or paid, for a determined or determinable amount in cash. Monetary assets and liabilities expressed in currency are converted at the closing rate into the operating currency of the Group entity concerned.

Exchange-rate differences are recognised in the profit and loss account, except for exchange-rate differences that relate to financial instruments designated as hedging instruments against future profit or loss or against net currency investment, which, in that case, are recognised in equity.

Currency futures transactions are valued at the rate for the remaining term. Exchange-rate differences are noted in the profit and loss account, except when the transaction is described as a hedge against cashflows. Exchange-rate differences are then noted in equity for the efficient part of the hedge, and recognised in the profit and loss account in the same way and with the same frequency as the profit or loss from the transaction covered.

2.8.2. NON-MONETARY ASSETS EXPRESSED IN CURRENCY

Exchange-rate differences relating to non-monetary assets expressed in currencies and valued at fair value (variable-income securities) are recognised as follows:

They are noted in the profit and loss account when the asset is classified under "Financial assets at fair value by profit or loss".

They are noted in equity when the asset is classified under "Financial assets available for sale", unless the financial asset is designated as a hedging component for the exchange-rate risk in a value hedge at fair value; in that case, exchange-rate differences are noted in the profit and loss account.

Non-monetary assets not valued at fair value remain at their historic exchange rate.

2.9. DEPRECIATION OF FINANCIAL INSTRUMENTS

2.9.1. CALCULATING EXPECTED LOSSES

The Group values expected credit losses for the following financial instruments:

- loans and receivables to credit establishments at amortised cost,
- loans and receivables to customers at amortised cost,
- securities at amortised cost (Treasury bills and other fixed-income debt securities managed using the "collecting contractual cashflows" model),
- securities classified as "financial assets at fair value by transferable equity" (Treasury bills and other managed fixed-income debt securities),
- finance commitments not recognised as derivatives, and financial guarantees given within the scope of application of standard IFRS 9,
- trade receivables and rent receivables (classified under "Regularisation account and other assets").

Measuring expected credit losses reflects:

- an objective amount based on probabilistic weightings and that is determined by valuing a range of possible profits or losses;
- the time value of the money; and

- reasonable and justifiable information on past events, the current situation, and forecasts for the future economic situation that can be obtained on the closing date without having to incur excessive costs or make excessive efforts.

In accordance with standard IFRS 9, the financial assets concerned are divided into three categories based on credit-risk variations observed since their initial recognition, and provision for expected credit loss is recorded for each of those categories as follows:

Phase 1 (stage 1) – So-called "healthy" financial assets:

All financial assets that are not in default from their purchase date are initially recorded in this category, and their credit risk is continuously monitored by the Group.

Phase 2 (stage 2) – Financial assets with credit risk that has not deteriorated significantly:

Financial assets that have undergone significant credit-risk deterioration since being entered on the balance sheet but that are not yet in default are transferred to this category. The criteria for assessing significant credit-risk deterioration are described in the first-application note of standard IFRS 9 "Financial Instruments".

Phase 3 (stage 3) – Financial assets in default

Financial assets that have been identified as being in default are downgraded in this category. Applying standard IFRS 9 does not modify the definition of default (or of depreciated assets) selected to date by Groupe BCP for loans to credit establishments and to customers under IAS 39.

For "healthy" financial assets, the expected credit loss recognised is equal to the share of expected credit loss at maturity that would arise from default events that may occur during the next 12 months (expected loss at one year). For financial assets in categories 2 and 3, the expected credit loss is calculated on the basis of expected losses at maturity ("Expected loss at maturity"). The first-application note of standard IFRS 9 "Financial Instruments" sets out the cases as well as the terms and conditions for estimating expected losses.

For measuring expected credit losses modelled on a collective basis, exposures are grouped by homogenous risk class. To form those groupings, the criteria selected are product function, customers, guarantees, etc.

One of the fundamental principles of standard IFRS 9 in matters of measuring expected losses is the need to take account of prospective or forward-looking information.

Significant credit-risk degradation

The Group considers that a financial instrument has undergone significant credit-risk deterioration when one or more of the quantitative, qualitative, or backstop criteria below are satisfied:

Quantitative criteria

For certain portfolios, credit-risk deterioration is assessed by comparing internal scores on the date of initial recognition with scores on the closing date. When indicators of significant credit-risk deterioration, when they are expressed as variations in scores, are also defined taking account of variations in probability of default that are attached thereto.

Qualitative criteria

A financial asset is also considered to have suffered significant credit-risk deterioration when one or more of the following criteria are satisfied:

- Financial asset being monitored ("Watchlist")
- Restructuring due to payment difficulties without being in default,
- The existence of overdue payment,
- Significant unfavourable changes in the economic, commercial, or financial, conditions under which the borrower operates,
- Identified risks of financial difficulties, etc.

Significant credit-risk deterioration is assessed on a quarterly basis.

Credit-risk deterioration is also assesses taking into account prospective information.

Credit-risk deterioration criteria are periodically reviewed and adjusted, where appropriate, on the basis of observations made.

Presumption of significant credit-risk degradation

When a financial asset has a payment that is overdue by more than 30 days, the Group notes a significant credit-risk deterioration and the asset is classified under Phase 2 / Stage 2, regardless of the quantitative or qualitative criteria above.

Exception for low credit risk

Standard IFRS 9 allows simplified processing of exposure to securities considered to be low-risk (Low Credit Risk or LCR). It authorises the use of operational simplification on financial instruments which are judged to be low-risk on the closing date. If that operational simplification is used, the instruments are classified in Phase 1 / Stage 1 and are provisioned for credit loss at 12 months, without there being a need to assess if the credit risk has deteriorated significantly since the date of initial recognition.

Restructured receivables

The accounting principles of restructuring for financial difficulties remain analogous to those that prevail under IAS 39.

Calculating expected credit losses

The expected credit loss (ECL) is calculated on the basis of 12 months or at maturity in case of a significant increase in credit risk since initial recognition or if a financial asset is depreciated.

When permitted by parameter availability, the Expected Credit Loss (ECL) is equal to the discounted income of three risk parameters: Probability of Default (PD), Exposure At Default (EAD), and Loss Given Default (LGD), as defined below:

- The Probability of Default (PD) is the probability of a borrower being in default on its financial commitments (according to the definition of default and depreciation above) over the next 12 months (12M PD) or on the residual maturity of the contract (PD at maturity); those Probabilities of Default are obtained based on internal rating systems (cf. note 12);
- Exposure At Default (EAD) is based on the amount to which the Group expects to be exposed at default, either over the next 12 months or on residual maturity. EAD is the exposure of the given contract at the start of the year t;
- Loss Given Default (LGD) is the expected loss on the exposure that would be in default. LGD varies with the type of counterparty, the type of receivable on that counterparty, the age of the dispute, and the availability or unavailability of collaterals or guarantees. LGD is represented by a percentage loss by unit of exposure at the time of default. LGD is the average percentage loss on exposure at the time of default, regardless of the date of default during the duration of the contract.

Risk parameters used to calculate Expected Credit Losses take account of prospective information. See the note below for the terms and conditions of taking account of that information.

Those risk parameters are periodically re-examined and updated.

If data are not available for calibrating PD and LGD, the Group has adopted a simplified calculation based on individual losses or provisions observed historically on the given portfolio to calculate an expected-loss rate.

2.9.1.1. Financial assets deprecated on acquisition or origination

The assets concerned are those that are in default on acquisition or origination. Those assets are classified in Phase 3 at the time of their initial recognition, and are subsequently subjected to specific accounting treatment, taking account of the fact that they are depreciated from the time of their initial accounting. Thus:

- no depreciation is recognised on the date of the assets' initial recognition, because, in principle, the transaction price already takes account of Expected Credit Losses;
- interest income must be calculated by applying the "effective interest rate adjusted on the basis of credit quality"; that rate is calculated on the basis of expected future cashflows, after deducting initially-expected credit losses;
- on each closing date, the entity must recognise in net income by way of gain or loss in value (in cost of risk) the amount of variation in expected credit losses over the lifespan relative to the estimate made on the date of initial recognition;
- interest income is calculated by applying the effective interest rate adjusted for credit risk at the amortised cost of the financial asset since its initial recognition, i.e. after allocation of provisions for depreciation that may be recognised after the date of initial recognition.

The Group has no financial assets that were depreciated at origination or acquisition.

Pursuant to the provisions of IFRS standards, it is possible to use expert judgement to correct recovery flows arising from statistical data and adapt them to conditions prevailing at the time of drawing up the accounts.

2.9.1.2. Cost of risk

Cost of risk includes profit or loss items relating to the recognition of credit losses as defined by IFRS 9, including for the portion relating to insurance-activity investments. It includes:

- provision and depreciation flows covering losses at twelve months and maturity relating to:
  - loans and advances to credit establishments and to customers, recognised at amortised cost;
  - portfolio debt instruments recognised at amortised cost or at fair value by equity;
  - finance commitments that do not come under the definition of financial derivatives;
  - financial guarantees given that are recognised in accordance with standard IFRS 9;
- losses on irrecoverable advances as well as recoveries on advances previously recognised in losses.

Also recognised in cost of risk are depreciations that may be constituted in case of verified risk of default by counterparties to financial instruments negotiated by mutual agreement, as well as charges relating to fraud and disputes inherent in financing activity.

2.10. DEBTS REPRESENTED BY SECURITY AND OWN SHARES

2.10.1. DEBTS REPRESENTED BY A SECURITY

Financial instruments issued by the Group are qualified as debt instruments if there is a contractual obligation for the Group company issuing those instruments to deliver cash or a financial instrument to the holder of the securities.

The same is true of cases in which the Group can be required to exchange financial assets or liabilities with another entity under potentially unfavourable conditions, or to deliver a variable number of its own shares.

Debts issued that are represented by a security are originally recorded at their issuing value, including transaction costs. They are then valued at their amortised cost according to the effective interest rate method.

Redeemable bonds or bonds that are convertible into own shares are considered hybrid instruments that include a debt component as well as an equity component, which are determined at initial recognition of the operation.

2.10.2. OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

According to the internal regulations of the BPRs, the latter reserve the unconditional right to respond favourably to reimbursement requests from bearers of corporate shares. The effect of that provision is for a proportion of BPR capital not to be classified as financial liabilities.

2.10.3. OWN SHARES

Own shares held by the Group are offset against consolidated equity regardless of the objective for which they are held, and the related profit or loss is eliminated from the consolidated profit or loss account.

2.11. DERIVATIVES AND INCORPORATED DERIVATIVES

All derivatives are recognised at their fair value on the balance sheet.

2.11.1. GENERAL PRINCIPLE

Derivatives are recognised at their fair value on the balance sheet under "Financial assets or liabilities at fair value by profit or loss". They are recognised as financial assets when the value is positive, and as financial liabilities when the value is negative.

Actual and latent profits and losses are recognised in the profit and loss account under "Net profits and losses on financial instruments at fair value by profit or loss".

2.11.2. DERIVATIVES AND HEDGE ACCOUNTING

Derivatives that are concluded as part of hedging relationships are designated on the basis of the objective pursued.

- Hedging at fair value is especially used to hedge against the interest-rate risk of fixed-rate assets and liabilities.
- Hedging cash flows is especially used to hedge against the interest-rate risk of variable-rate assets and liabilities as well as the exchange-rate risk of highly probable future income in currency.

When setting up the hedging relationship, the Group draws up formalised documentation: designating the instrument and the risk covered, the strategy and nature of the risk covered, designating the hedging instrument, and the terms and conditions for assessing the effectiveness of the hedging relationship.

In accordance with that documentation, when it is put in place and at least on a half-yearly basis, the Group assesses the retrospective and prospective effectiveness of hedging relationships that have been put in place.

The aim of retrospective effectiveness tests is to ensure that the ratio between the effective variations in value or in profit or loss of the hedging derivatives and those of the instruments covered lies between 80% and 125%.

The aim of prospective tests is to ensure that variations in value or in profit or loss of derivatives expected over the residual life of the coverage adequately compensate for those of the instruments covered.

Regarding highly probable transactions, their character is appraised in particular by the existence of histories of similar transactions.

In the event of an interruption in the hedging relationship, or if the latter no longer meets the effectiveness tests, hedging derivatives are transferred to a transaction portfolio and recognised according to the principles that apply to that category.

2.11.3. INCORPORATED DERIVATIVES

When a hybrid contract includes a host contract that is a financial asset covered by the scope of application of standard IFRS 9, the hybrid contract (financial asset) is recognised in full in accordance with the general principles applicable to financial assets.

When an incorporated derivative is the component of a hybrid contract that is not a financial asset covered by the scope of application of standard IFRS 9, it must be removed from the host contract and recognised separately if the hybrid instrument is not valued at fair value by profit or loss, and if the economic characteristics as well as the risks associated with the incorporated derivative are not closely linked to the host contract.

Nonetheless, when the composite instrument is recognised in full in the category of "Financial assets and liabilities at fair value by profit or loss", no separation is carried out.

2.12. FEES FOR THE PROVISION OF SERVICES

Fees for the provision of services are recognised as follows:

- Fees that are an integral part of the effective return on a financial instrument: application fee, commitment fee, etc. Such fees are treated as an adjustment to the effective interest rate (except when the instrument is valued at fair value by profit or loss).
- Fees for a continuous service: renting safes, custodial services over securities deposited, telematics subscriptions, bank cards, etc. They are set out in the profit and loss account for the duration of the provision of service, as and when the service is provided.
- Fees for a one-off service: stock-market commission, collection fee, exchange-rate commission, etc. They are recognised in the profit and loss account when the service has been provided.

2.13. STAFF BENEFITS

The entity must recognise not only the legal obligation arising from the formal terms of the defined-benefit scheme, but also all implicit obligations arising from its usages. Those usages give rise to an implicit obligation when the entity has no realistic solution other than to pay the benefits to staff. For example, there is an implicit obligation if a change in the entity's usages leads to an unacceptable worsening of relations with staff.

Types of staff benefits:

Benefits for Groupe Banque Populaire staff are classified into four categories:

- Short-term advantages like salaries, annual leave, incentives, profit-sharing, and company contributions;
- Long-term benefits, which include seniority bonuses and retirement payments;
- Indemnities payable at the end of a contract of employment;
- Post-work benefits, especially medical cover for retirees.

2.13.1. SHORT-TERM BENEFITS

The Group recognises a charge when services provided by members of staff have been used as a counterparty for benefits granted.

2.13.2. LONG-TERM BENEFITS

Long-term benefits are those, other than post-work benefits and indemnities payable at the end of a contract of employment, that are not due in full within twelve months of the end of the financial year in which members of staff provide the related services.

In particular, the foregoing covers seniority bonuses and retirement premiums. Those benefits are provisioned in the accounts of the financial year to which they relate. The method of actuarial valuation is similar to the one applied to defined post-work benefits, but actuarial differences are recognised immediately. In addition, the effect linked to possible modifications to the scheme considered as relating to past services is recognised immediately.

2.13.3. INDEMNITIES PAID AT THE END OF A CONTRACT OF EMPLOYMENT

Indemnities paid at the end of a contract of employment arise from the benefit granted to members of staff when the Group terminates the contract of employment before the legal retirement age, or if members of staff opt for voluntary redundancy. Indemnities paid at the end of a contract of employment are discounted if they are enforceable more than twelve months after the closing date.

2.13.4. POST-WORK BENEFITS

The Group distinguishes between defined-contribution schemes and defined-benefit schemes. Defined-contribution schemes do not represent a commitment by the Group and are not provisioned. The amount of contributions called during the financial year is noted under charges.

Only so-called "defined-benefit schemes" represent a commitment for which the Group is liable and that gives rise to valuation and provisioning. Classification in one or other of the categories is based on the economic substance of the scheme to determine whether or not the Group is bound, by the clauses of an agreement or by an implicit obligation, to provide benefits promised to members of staff. The main defined-benefit scheme identified by the Group is the one that provides medical cover for retirees and their families.

Defined post-work benefits are the subject of actuarial valuations that take account of demographic and financial assumptions.

The provisioned amount of the commitment is determined by using the actuarial assumptions chosen by the Group, and by applying the method of projected credit units. That valuation method takes account of a certain number of parameters such as demographic assumptions, early departures, salary increases, discount rates, and inflation rates. The value of any hedging assets is then deducted from the amount of the commitment.

When the amount of hedging assets exceeds the value of the commitment, an asset is recognised if it represents a future economic benefit for the Group in the form of a saving on future contributions, or in the form of an expected reimbursement of part of the amounts paid into the plan.

The measure of the obligation arising from a plan and from the value of its hedging assets can change greatly from one financial year to the next based on changes in actuarial assumptions, and may lead to actuarial differences.

With effect from 30/06/2013, and in accordance with standard IAS 19 (revised), the Group no longer applies the so-called "corridor" methodology to recognise actuarial differences on those commitment.

The annual charge recognised as staff costs for defined-benefit scheme represents entitlements acquired during the period by each employee corresponding to the cost of services provided, the financial cost linked to commitment discounts, and the expected return on investments.

The Group's calculations are regularly examined by an independent actuary.

2.13.5. OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

In accordance with the option set out in IFRS 1, the cumulative amount of actuarial differences on the transition date was attributed to equity.

When moving to IFRS, first-time provision was made for significant commitments relating to medical cover for retirees and to voluntary redundancy.

In order to carry out actuarial valuations, the base assumptions for calculations were determined specifically for each scheme.

The discount rates chosen are obtained with reference to the rate of return on bonds issued by the Moroccan State, to which a risk premium is added, to estimate the rate of return on bonds from first-category businesses with maturity equivalent to the duration of the schemes.

Hedging assets from the medical-cover scheme are invested solely in Treasury bills issued by the Moroccan State. Accordingly, the rate of return is that of those bills.

2.14. PROVISION UNDER LIABILITY

Provision recorded under the liability side of the Group's balance sheet, other than that relating to financial instruments and to corporate commitments, mainly concerns provision for tax-related litigation, fines, penalties, and risks. A provision is constituted when it is probable that a resource outflow representing economic benefits will be needed to extinguish a commitment arising from a past event, and when the amount of the commitment can be reliably estimated. The amount of the commitment is discounted to determine the amount of the provision, provided that the discount is significant.

2.14.1. OPTIONS CHOSEN BY GROUPE BANQUE CENTRALE POPULAIRE

Provisions for risks and charges of over MAD 1 million have been analysed to ensure that they are eligible under the conditions set out in IFRS standards.

2.15. CURRENT AND DEFERRED TAXES

2.15.1. CURRENT TAX

The enforceable tax on profits is determined on the basis of rules and rates in force in each country where Group companies have a presence, over the period to which the profits or losses relate.

2.15.2. DEFERRED TAX

Deferred taxes are recognised when there are temporary differences between the accounting value and the tax value of assets and liabilities on the balance sheet. Deferred-tax liabilities are recognised for all taxable temporary differences, except for:

- Taxable temporary differences generated by the initial recognition of goodwill;
- Taxable temporary differences relating to investments in businesses that are under sole control and under joint control, to the extent that the Group can control the date on which the temporary difference will be invested and that it is probable that the temporary difference will not be invested in the foreseeable future.

Deferred-tax assets are noted for all deductible temporary differences and tax losses that can be carried forward, to the extent that it is probable that the entity concerned will have future taxable profits against which those temporary differences and tax losses can be offset.

Deferred-tax assets and liabilities are valued using the liability method at the interest rate that is presumed to be applied during the period when the asset will be realised or the liability will be settled, on the basis of tax rates and tax regulations that have been adopted or that will be adopted before the end of the period. They are not discounted.

Deferred-tax assets or liabilities are offset when they arise from a single tax group, when they come under the same tax authority, and where there is a legal entitlement to compensation.

Enforceable and deferred taxes are recognised as income or as a tax charge in the profit and loss account, except for those relating to latent gains and losses on assets available for sale, and to variations in the value of derivatives designated as hedges against future cashflows, for which the corresponding deferred taxes are offset against equity.

When tax credits on income from debts and from securities portfolios are used to pay tax on profits owed for the financial year, they are recognised under the same item as the income to which they relate. The corresponding tax charge is maintained under "Tax on profits" in the profit and loss account.

2.16. TRANSFERABLE AND NON-TRANSFERABLE EQUITY

FTA (First-Time Adjustments) have been entered into the Bank's consolidated accounts as a counterparty to equity.

2.17. TABLE OF CASHFLOWS

The balance of cash accounts and similar items is made up of net balances of cash accounts, central banks, and postal-cheque offices, as well as the net balances of sight loans and sight borrowings with credit establishments.

Cash variations generated by operational activity record cashflows generated by the group's activities, including those relating to investment property, financial assets held to maturity, and negotiable debt securities. Cash variations linked to investment transactions arise from cashflows linked to buying and selling subsidiaries, associated businesses, or consolidated co-businesses, as well as those linked to buying and selling property, except for investment property and property given on operating lease.

Cash variations linked to finance operations include incoming payments and outgoing payments from transactions with shareholders and flows linked to subordinate debts and bond issues, as well as debts represented by a security (except for negotiable debt securities.

2.18. NON-CURRENT ASSETS HELD FOR SALE, AND ABANDONED ACTIVITIES

When the Group decides to sell non-current assets and when it is highly probable that the sale will take place within twelve months, those assets are presented separately on the balance sheet under "Non-current assets held for sale".

Liabilities that may be linked to them are presented separately under "Debts linked to non-current assets held for sale".

If non-current assets as well as groups of assets and liabilities are classified in that category, they are valued at the lower value between their accounting value and their fair value reduced by sale costs. The assets concerned cease to be amortised.

In case of loss of value noted for an asset or for a group of assets and liabilities, depreciation is noted in the profit and loss account.

Abandoned activities include activities held for sale, terminated activities, and subsidiaries bought solely for resale. All losses and profits relating to those transactions are presented separately in the profit and loss account under "Profit or loss, net of tax, from terminated activities or activities being sold".

2.19. SECTORAL INFORMATION

Groupe Banque Populaire is organised into three main activity clusters:

- Banque Maroc, which includes Crédit Populaire du Maroc, Média Finance, Chaabi International Bank Off Shore, Chaabi Capital Investissement (CCI), Upline Group, Maroc Assistance Internationale, Bank Al Amal, Attawfiq Micro Finance, BP Shore, FPCT Sakane, Infra Maroc Capital (IMC), Maroc Traitement de Transactions (M2T), ALHIF Management, AL YOUSR, and SOCINVEST.
- Specialist finance companies, including Vivalis, Maroc Leasing, and Chaabi LLD.
- International retail banking, including Chaabi Bank, Banque Populaire Marocco-Centrafricaine, Atlantic Bank International, BCP Mauritius, Banque Internationale du Cameroun pour l'Epargne et le Crédit, Banque de Madagascar et de l'Océan Indien, and Banque Commerciale Internationale.

Each of those business lines records charges, income, assets, and liabilities that are linked to it, after eliminating intra-Group transactions.

2.20. USING ESTIMATES TO PREPARE FINANCIAL STATEMENTS

Preparing the group's financial statements requires the Management and the administrators to formulate assumptions and make estimates that lead to determining income and charges in the profit and loss account, as well as to valuing assets and liabilities on the balance sheet and to drafting the associated notes.

The exercise assumes that administrators will make the necessary estimates based on their judgement and on the information available on the date of drawing up the financial statements. The final future results of transactions for which administrators have used estimates may prove to be different from the latter, and may have a significant effect on financial statements. That is especially the case for:

- Depreciations used to hedge against credit risks;
- Using internal models to value financial instruments that are not listed on active markets;
- Calculating the fair value of unlisted financial instruments classified as "Assets at fair value by equity" or "Financial instruments at fair value by profit or loss" under assets or liabilities, and, more generally, calculating the market values of financial instruments for which that information must be included in the notes on financial statements;
- Depreciation tests carried out on intangible assets;
- Determining provision for hedging against risks of losses and charges.

2.21. PRESENTING FINANCIAL STATEMENTS

2.21.1. FORMAT OF FINANCIAL STATEMENTS

In the absence of an IFRS-recommended format, the group's financial statements are drawn up in accordance with the models set out by Bank Al-Maghrib.

2.21.2. RULES FOR OFFSETTING ASSETS AND LIABILITIES

A financial asset and a financial liability are offset, and a net balance is presented on the balance sheet, if and only if the Group has a legally enforceable entitlement to offset the amounts recognised, and if the Group intends either to settle the net amount, or to realise the asset and settle the liability at the same time.

GROUPE BANQUE CENTRALE POPULAIRE

CONSOLIDATED ACCOUNTS TO IFRS STANDARDS, 31 DECEMBER 2019

CONSOLIDATED IFRS BALANCE SHEET

(* MAD 1 000)

CONSOLIDATED IFRS ASSETS	Appendices	31/12/19	31/12/18
Cash, Central Banks, Public Treasury, and Postal-Cheque Service	3 11	16 461 520	15 195 065
Financial assets at fair value by profit or loss	3 1	65 567 666	57 090 928
Financial assets held for transaction purposes		53 357 064	46 353 205
Other financial assets at fair value by profit or loss		12 210 602	10 737 723
Hedging derivatives			
Financial assets as fair value by equity	3 2/3 11	31 747 014	23 883 842
Debt instruments recognised at fair value by transferable equity		27 081 425	19 287 232
Equity instruments recognised at fair value by non-transferable equity		4 665 589	4 596 610
Securities at amortised cost	3 3	10 486 912	12 046 873
Loans and advances at amortised cost to credit establishments and similar	3 4/3 11	14 512 077	14 699 452
Loans and advances to customers at amortised cost	3 5/3 11	258 929 613	244 228 412
Asset-side fair-value revaluation of portfolios hedged against interest-rate risk			
Insurance-activity investments			
Current-tax assets		1 342 852	1 209 299
Deferred-tax assets		3 709 233	3 651 042
Regularisation accounts and other assets		8 435 486	7 590 756
Non-current assets held for sale			
Holdings in businesses accounted for by the equity method		36 702	23 304
Investment property			
Tangible assets	3 6	16 604 702	14 345 160
Intangible assets	3 6	1 123 484	1 113 638
Goodwill	3 7	2 470 994	1 511 959
TOTAL ASSETS		**431 428 255**	**396 589 730**

(* MAD 1 000)

IFRS LIABILITIES	Appendices	31/12/19	31/12/18
Central Banks, Public Treasury, Postal-Cheque Service		998 999	1 303 061
Financial liabilities at fair value by profit or loss			
Financial liabilities held for transaction purposes			
Financial liabilities at fair value by profit or loss on option			
Hedging derivatives			
Debts owed to credit establishments and similar	3 8	43 154 024	46 213 985
Debts owed to customers	3 9	309 572 021	283 348 482
Debts represented by a security			
Debt securities issued		3 264 264	3 677 642
Fair-value revaluation of portfolios hedged against interest-rate risk			
Current-tax liabilities		1 516 519	1 397 125
Deferred-tax liabilities		811 108	734 120
Regularisation accounts and other liabilities		9 375 830	5 305 111
Debts linked to non-current assets held for sale			
Technical provisions of insurance policies		1 369 340	1 232 993
Provisions for risks and charges	3 10/3 11	5 146 579	4 742 320
Grants, allocated public funds, and special guarantee funds		3 427 275	3 229 294
Subordinate debts		9 215 508	7 216 565
Equity		43 576 788	38 189 032
Capital and related reserves		28 307 216	22 329 658
Own shares			
Consolidated reserves		11 439 277	12 491 076
- Groups share		3 242 565	3 179 603
- Minority share		8 196 712	9 311 473
Gains and losses recognised directly in equity		-57 740	-174 363
- Group share		116 521	-58 452
- Minority share		-174 261	-115 911
Income for the financial year		3 888 035	3 542 661
- Group share		2 999 253	2 942 525
- Minority share		888 782	600 136
TOTAL LIABILITIES		**431 428 255**	**396 589 730**

CONSOLIDATED IFRS PROFIT AND LOSS ACCOUNT

(* MAD 1 000)

	Appendices	31/12/19	31/12/18
Interest and similar income	4 1	16 377 712	15 932 845
Interest and similar charges	4 1	-5 176 228	-4 892 450
MARGIN OF INTEREST		**11 201 484**	**11 040 395**
Fees charges	4 2	3 333 606	2 936 413
Fees paid	4 2	-323 380	-327 182
MARGIN ON FEES		**3 010 226**	**2 609 231**
+/- Net gains or losses from net-position hedging			
+/- Net gains or losses on financial instruments at fair value by profit or loss		2 509 430	2 300 603
Get gains or losses on transaction assets / liabilities		2 409 717	1 746 887
Net gains or losses on other assets / liabilities at fair value by profit or loss		99 713	553 716
+/- Net gains or losses on financial instruments at fair value by equity		239 333	284 293
Net gains or losses on debt instruments recognised in transferable equity		-4 293	10 096
Remuneration of equity instruments recognised in non-transferable equity (dividends)		243 626	274 197
+/- Net gains or losses arising from derecognition of financial assets at amortised cost			
+/- Net gains or losses arising from reclassification of financial assets at amortised cost into financial assets at fair value by profit or loss			
+/- Net gains or losses arising from reclassification of financial assets at fair value by by equity into financial assets at fair value by profit or loss			
INCOME FROM MARKET ACTIVITIES		**2 748 763**	**2 584 896**
Income from other activities		1 803 279	1 711 958
Charges from other activities		-947 702	-926 255
NET BANKING INCOME		**17 816 050**	**17 020 225**
General operating charges		-7 909 424	-7 857 063
Funding for amortisation and for depreciations of tangible and intangible fixed assets		-1 345 938	-1 026 314
GROSS OPERATING INCOME		**8 560 688**	**8 136 848**
Cost of risk	4 3	-2 566 773	-3 154 015
OPERATING INCOME		**5 993 915**	**4 982 833**
Share of net income from businesses accounted for by the equity method		-2 646	-3 519
Net gains or losses on other assets		-31 803	188 176
Variations in value of goodwill			
PRE-TAX INCOME		**5 959 466**	**5 167 490**
Tax on profits		-2 071 431	-1 624 829
NET INCOME		**3 888 035**	**3 542 661**
Minority interests		888 782	600 136
NET INCOME – GROUP SHARE		**2 999 253**	**2 942 525**
Income per share (in MAD)		14,83	16,15
Diluted income per share (in MAD)		14,83	16,15

TABLE OF CASHFLOWS

(* MAD 1 000)

	31/12/19	31/12/18
Pre-tax income	**5 959 466**	**5 167 490**
+/- Net funding for amortisation of tangible and intangible fixed assets	1 258 161	1 113 020
+/- Net funding for depreciation of goodwill and other fixed assets	-3 650	-2 433
+/- Net funding for depreciation of financial assets	1 927 253	1 192 616
+/- Net funding for provisions	-105 917	717 593
+/- Share of income relating to businesses accounted for by the equity method	2 646	3 519
+/- Net loss / (net gain) on investment activities	-840 790	-1 667 661
+/- Net loos / (net gain) on financing activities		
+/- Other movements	102 204	62 999
Total non-monetary items included in net income before tax and other adjustments	**2 339 907**	**1 419 653**
+/- Flows relating to transactions with credit establishments and similar	-2 315 635	2 248 147
+/- Flows relating to transactions with customers	3 928 800	-10 500 714
+/- Flows relating to other transactions affecting financial assets or liabilities	-13 414 919	-1 298 403
+/- Flows linked to other transactions affecting non-financial assets or liabilities	1 219 961	663 334
- Tax paid	-2 232 394	-1 756 727
Net decrease / (increase) in assets and liabilities from operational activities	**-12 814 187**	**-10 644 363**
Net cash flows generated by operational activity	**-4 514 814**	**-4 057 220**
+/- Flows relating to financial assets and to holdings	4 606 676	2 962 478
+/- Flows relating to investment property		
+/- Flows relating to tangible and intangible fixed assets	-1 419 570	-3 003 983
Net cashflow relating to investment transactions	**3 187 106**	**-41 505**
+/- Cashflows from or to shareholders	1 932 247	-1 276 285
+/- Other net cashflows from financing activities	1 253 802	4 653 351
Net cashflow relating to financing transactions	**3 186 049**	**3 377 066**
Effect of exchange-rate variation on cash and cash equivalent	**-91 255**	**-65 778**
Net increase (decrease) in cash and cash equivalents	**1 767 086**	**-787 437**
Cash and cash equivalents – opening balance	**18 539 275**	**19 326 712**
Cash, Central Banks, and Postal-Cheque Account (assets and liabilities)	13 892 004	10 210 880
Sight accounts (assets and liabilities) and sight loans / borrowings from credit establishments	4 647 271	9 115 832
Cash and cash equivalents – closing balance	**20 306 361**	**18 539 275**
Cash, Central Banks, and Postal-Cheque account (assets and liabilities)	15 462 521	13 892 004
Sight accounts (assets and liabilities) and sight loans / borrowings from credit establishments	4 843 840	4 647 271
Net cash variation	**1 767 086**	**-787 437**

CONSOLIDATED TABLE OF VARIATION IN EQUITY TO 31 DECEMBER 2019

(* MAD 1 000)

	Capital	Reserves linked to capital	Own shares	Consolidated reserves and income	Gains and losses recognised directly in transferable equity	Gains and losses recognised directly in non-transferable equity	Equity – Group share	Minority interests	Total
Equity – opening balance on 01/01/2018	**1 822 547**	**19 537 956**		**8 963 937**	**271 169**	**-96 036**	**30 499 576**	**9 237 959**	**39 737 532**
Equity transactions								-335 773	-335 773
Share-based payments									
Transactions on own shares								169 872	169 872
Allocation of income		2 230 876		-2 230 876					
Dividends		-1 184 655					-1 184 655	197 312	-987 343
Income for the financial year				**2 942 525**			**2 942 525**	**600 136**	**3 542 661**
Tangible and intangible fixed assets: revaluation and sale (D)									
Financial instruments: variations in fair value and transfers to income (E)					-74 262	-114 746	-189 008	-6 657	-195 665
Currency-translation adjustments: variations and transfers to income (F)				81 721	-51 204		30 517	-25 624	4 893
Latent or deferred gains or losses (D) + (E) + (F)				**81 721**	**-125 466**	**-114 746**	**-158 491**	**-32 281**	**-190 772**
Variation in scope				-50 270	8 966	-4 608	-45 912	-115 131	-161 043
Other variations		-77 066		-355 615	2 269		-430 415	73 604	-356 808
Equity – closing balance on 31/12/2018	**1 822 547**	**20 507 111**		**9 351 422**	**156 938**	**-215 390**	**31 622 628**	**9 795 698**	**41 418 326**
Equity transactions	200 000	4 770 000					4 970 000	846 303	5 816 303
Share-based payments									
Transactions on own shares								-2 760 000	-2 760 000
Allocation of income		2 456 192		-2 456 192					
Dividends		-1 366 910					-1 366 910	347 657	-1 019 253
Income for the financial year				**2 999 253**			**2 999 253**	**888 782**	**3 888 035**
Tangible and intangible fixed assets: revaluation and sale (D)									
Financial instruments: variations in fair value and transfers to income (E)					438 365	-147 871	290 494	-31 328	259 166
Currency-translation adjustments: variations and transfers to income (F)				71 744	-97 325		-25 581	-20 356	-45 937
Latent or deferred gains or losses (D) + (E) + (F)				**71 744**	**341 040**	**-147 871**	**264 913**	**-51 684**	**213 229**
Variation in scope				-159 715	-3 375	-14 821	-177 911	24 009	-153 902
Other variations		-81 724		-137 419			-219 143	-179 532	-398 675
Equity – closing balance on 31/12/2019	**2 022 547**	**26 284 669**		**9 669 093**	**494 603**	**-378 082**	**38 092 830**	**8 911 233**	**47 004 063**

STATEMENT OF NET INCOME PLUS GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(• MAD 1 000)

	31/12/19	31/12/18
Net income	**3 888 035**	**3 542 661**
Items transferable to net income:	**397 759**	**-66 458**
Currency-translation adjustments	-45 937	4 894
Revaluation of financial assets at fair value by transferable equity	443 696	-71 352
Revaluation of hedging derivatives of transferable items		
Share of gains and losses recognised directly in equity of businesses accounted for by the equity method		
Other items recognised by equity and transferable equity		
Related taxes		
Items not transferable to net income:	**-184 530**	**-124 314**
Revaluation of fixed assets		
Revaluation (or actuarial differences) in relation to defined-benefit schemes	-80 027	-8 660
Revaluation of credit risk inherent in financial liabilities that are covered by an option to recognise at fair value by profit or loss		
Revaluation of equity instruments recognised at fair value by equity	-104 503	-115 654
Share of gains and losses recognised directly in non-transferable equity on businesses accounted for by the equity method		
Other items recognised by non-transferable equity		
Related taxes		
Total gains and losses recognised directly in equity	**213 229**	**-190 772**
Net income plus gains and losses recognised directly in equity	**4 101 264**	**3 351 889**
Of which: Group share	3 264 166	2 784 034
of which: minority-interest share	837 098	567 855

3.1. FINANCIAL ASSETS AT FAIR VALUE BY PROFIT OR LOSS

(• MAD 1 000)

	31/12/19		31/12/18	
	Financial assets held for transaction purposes	Other financial assets at fair value by profit or loss	Financial assets held for transaction purposes	Other financial assets at fair value by profit or loss
Accounts receivable from credit establishments				
Accounts receivable from customer				
Assets representing contracts in units of account				
Repo-inward securities				
Government paper and similar securities	29 811 841		25 784 757	
Bonds and other fixed-income securities	822 901		356 018	
Shares and other variable-income securities	22 452 993	6 722 980	20 143 773	5 730 589
Non-consolidated equity securities		5 487 622		5 007 134
Derivatives	269 329		68 657	
TOTAL FINANCIAL ASSETS AT FAIR VALUE BY PROFIT OR LOSS	**53 357 064**	**12 210 602**	**46 353 205**	**10 737 723**

3.2. FINANCIAL ASSETS AT FAIR VALUE BY EQUITY

(• MAD 1 000)

	31/12/19			31/12/18		
	Value on balance sheet	Latent gains	Latent losses	Value on balance sheet	Latent gains	Latent losses
Financial assets at fair value by equity	**31 747 014**	**1 166 547**	**-878 071**	**23 883 842**	**477 245**	**-727 864**
Debt instruments recognised at fair value by transferable equity	27 081 425	893 506	-30 966	19 287 232	190 014	-32 243
Equity instruments recognised at fair value by non-transferable equity	4 665 589	273 041	-847 105	4 596 610	287 231	-695 621
Debt instruments recognised at fair value by transferable equity	**Value on balance sheet**	**Latent gains**	**Latent losses**	**Value on balance sheet**	**Latent gains**	**Latent losses**
Treasury bills and other effects usable with the Central Bank (*)	9 168 640	890 250		3 528 441	187 282	
Other negotiable debt securities (*)	854 716			1 526 771		
Bonds	17 058 069	3 256	-30 966	14 232 020	2 732	-32 243
Total debts instruments recognised at fair value by transferable equity	**27 081 425**	**893 506**	**-30 966**	**19 287 232**	**190 014**	**-32 243**
Taxes		-308 342	7 742		-61 788	8 061
Gains and losses recognised directly in equity on debt instruments recognised at fair value by transferable equity (net of taxes)		585 164	-23 224		128 226	-24 182
Equity instruments recognised at fair value by non-transferable equity	**Value on balance sheet**	**Latent gains**	**Latent losses**	**Value on balance sheet**	**Latent gains**	**Latent losses**
Shares and other variable-income securities						
Non-consolidated equity securities	4 665 589	273 041	-847 105	4 596 610	287 231	-695 621
Total equity instruments recognised at fair value by non-transferable equity	**4 665 589**	**273 041**	**-847 105**	**4 596 610**	**287 231**	**-695 621**
Taxes		-101 025	300 641		-106 275	239 601
Gains and losses recognised directly in equity on equity instruments recognised at fair value by non-transferable equity (net of taxes)		172 016	-546 464		180 956	-456 020

3.3. SECURITIES AT AMORTISED COST

(• MAD 1 000)

3.3. Securities at amortised cost	31/12/19	31/12/18
Negotiable debt securities	9 490 069	10 962 414
Treasury bills and other effects usable with Central Banks	9 325 436	10 829 555
Other negotiable debt securities	164 633	132 859
Bonds	996 843	1 084 459
TOTAL SECURITIES AT AMORTISED COST	**10 486 912**	**12 046 873**

3.4. LOANS AND ADVANCES TO CREDIT ESTABLISHMENTS AT AMORTISED COST

(• MAD 1 000)

3.4.1. Loans and advances to credit establishments at amortised cost	31/12/19	31/12/18
Sight accounts	6 524 912	5 991 983
Loans	8 075 162	8 550 161
Repo transactions	770	240 355
TOTAL LOANS AND ADVANCES GRANTED TO CREDIT ESTABLISHMENTS, BEFORE DEPRECIATION	**14 600 844**	**14 782 499**
Depreciation of loans and advances to credit establishments (*)	88 767	83 047
TOTAL LOANS AND ADVANCES TO CREDIT ESTABLISHMENTS, NET OF DEPRECIATION	**14 512 077**	**14 699 452**

(• MAD 1 000)

3.4.2. Geographical breakdown of loans and advances at to credit establishments at amortised cost	31/12/19	31/12/18
Morocco	8 846 762	9 386 024
Offshore area	770 622	495 680
Africa	4 353 608	4 260 274
Europe	541 085	557 474
TOTAL LOANS AND ADVANCES TO CREDIT ESTABLISHMENTS, NET OF DEPRECIATION (*)	**14 512 077**	**14 699 452**

(*) See note 3.11: spread of depreciations by Bucket under IFRS 9

3.5. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

(• MAD 1 000)

3.5.1. Loans and advances to customers at amortised cost	31/12/19	31/12/18
Ordinary debit accounts	21 302 223	20 904 204
Loans to customers	241 641 285	222 950 775
Repo transactions	5 128 567	5 915 078
Finance-lease transactions	15 992 649	14 827 465
TOTAL LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST BEFORE DEPRECIATION	**284 064 724**	**264 597 522**
Depreciation of loans and advances to customers(*)	25 135 111	20 369 110
TOTAL LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST BEFORE DEPRECIATION	**258 929 613**	**244 228 412**

(• MAD 1 000)

3.5.2 Geographical breakdown of advances to customers at amortised cost	31/12/19	31/12/18
Morocco	209 819 151	205 964 230
OFFSHORE AREA	2 256 550	2 251 362
AFRICA	45 254 910	34 343 196
EUROPE	1 599 002	1 669 624
TOTAL LOANS AND ADVANCES GRANTED TO CUSTOMERS AT AMORTISED COST	**258 929 613**	**244 228 412**

3.6 TANGIBLE AND INTANGIBLE FIXED ASSETS

(• MAD 1 000)

	31/12/19			31/12/18		
	Gross accounting value	Cumulative amortisations and loss in value	Net accounting value	Gross accounting value	Cumulative amortisations and loss in value	Net accounting value
TANGIBLE FIXED ASSETS	**25 721 026**	**9 116 324**	**16 604 702**	**22 612 038**	**8 266 878**	**14 345 160**
Land and buildings	14 651 317	3 547 075	11 104 242	13 923 977	3 233 232	10 690 745
Facilities, furniture, and installations	4 326 553	2 773 967	1 552 586	4 194 385	2 769 765	1 424 620
Moveable assets given on rent						
Other fixed assets	4 999 946	2 524 041	2 475 905	4 493 676	2 263 881	2 229 795
Right of use	1 743 210	271 241	1 471 969			
INTANGIBLE FIXED ASSETS	**2 244 781**	**1 121 297**	**1 123 484**	**2 053 811**	**940 173**	**1 113 638**
Leasehold right	324 468		324 468	328 137		328 137
Patents and brand	86 234		86 234	53 679		53 679
Computer software acquired	1 240 939	1 121 297	119 642	1 144 861	940 173	204 688
Other intangible fixed assets	593 140		593 140	527 134		527 134
Right of use						
TOTAL FIXED ASSETS	**27 965 807**	**10 237 621**	**17 728 186**	**24 665 849**	**9 207 051**	**15 458 798**

LEASES: RIGHTS OF USE – LESSEE

(• MAD 1 000)

LEASES: RIGHT OF USE – LESSEE	31/12/18	01/01/19	Increase	Decrease	Variation in scope	Others	31/12/19
RIGHTS OF USE – BUSINESS PREMISES		**1 565 741**	**-261 036**		**94 652**	**-2 420**	**1 396 937**
Gross value		1 565 741	1 778	-2 859	94 652	-2 806	1 656 506
Amortisations and depreciations			-262 814	2 859		386	-259 569
RIGHT OF USE – BUSINESS FURNITURE AND EQUIPMENT		**5 082**	**-2 698**		**12 030**	**-3**	**14 411**
Gross value		5 082		-26	12 030	-5	17 081
Amortisations and depreciations			-2 698	26		2	-2 670
RIGHT OF USE – OTHER TANGIBLE FIXED BUSINESS ASSETS		**43 970**	**-9 046**		**25 833**	**-136**	**60 621**
Gross value		43 970		-79	25 833	-101	69 623
Amortisations and depreciations			-9 046	79		-35	-9 002
TOTAL RIGHTS OF USE		**1 614 793**	**-272 780**		**132 515**	**-2 559**	**1 471 969**

ASSETS RELATING TO RIGHTS OF USE – LESSEE

(• MAD 1 000)

ASSETS RELATING TO RIGHTS OF USE – LESSEE	31/12/19	31/12/18
TANGIBLE FIXED ASSETS	**16 604 702**	**14 345 160**
Of which: rights of use	1 471 969	
INTANGIBLE FIXED ASSETS	**1 123 484**	**1 113 638**
Of which: right of use		

LIABILITIES RELATING TO LEASE DEBT

(• MAD 1 000)

LIABILITIES RELATING TO LEASE DEBT	31/12/19	31/12/18
REGULARISATION ACCOUNTS AND OTHER LIABILITIES	**9 375 830**	**5 305 111**
Of which: Lease debts	1 481 079	

DETAILS OF CHARGES FROM LEASES

(• MAD 1 000)

DETAIL OF CHARGES FROM LEASES	31/12/19
Interest charges on lease debts	-50 347
Funding for amortisations on rights of use	-274 558

3.7 GOODWILL

(• MAD 1 000)

	31/12/18	Variation in scope	Currency-translation adjustment	Other movements	31/12/19
Gross value	1 511 959	978 044	-19 009		2 470 994
Cumulative losses in value					
Net value on balance sheet	**1 511 959**				**2 470 994**

3.8 DEBTS OWED TO CREDIT ESTABLISHMENTS

(• MAD 1 000)

	31/12/19	31/12/18
Sight accounts	1 681 072	1 344 712
Borrowings	17 964 975	20 677 466
Repo transactions	23 507 977	24 191 807
TOTAL DEBTS OWED TO CREDIT ESTABLISHMENTS	**43 154 024**	**46 213 985**

(*) See note 3.11: Spread of depreciations by Bucket under IFRS 9

3.9. DEBTS OWED TO CUSTOMERS

(• MAD 1 000)

3.9.1 Debts owed to customers	31/12/19	31/12/18
Ordinary accounts in credit	199 815 681	180 958 017
Term accounts	56 199 903	56 219 825
Regulated-rate savings accounts	41 268 152	36 307 089
Certificates of deposit	2 626 164	2 015 480
Repo transactions	2 097 631	836 654
Other debts owed to customers	7 564 490	7 011 417
TOTAL DEBTS OWED TO CUSTOMERS	**309 572 021**	**283 348 482**

(• MAD 1 000)

3.9.2 Geographical breakdown of debts owed to customers	31/12/19	31/12/18
Morocco	250 197 386	245 121 836
Offshore area	701 721	495 691
Africa	57 242 127	36 364 388
Europe	1 430 787	1 366 567
Total in principal	**309 572 021**	**283 348 482**

3.10 PROVISIONS FOR RISKS AND CHARGES

(• MAD 1 000)

	PROVISIONS FOR PERFORMANCE RISKS OF SIGNED COMMITMENTS(*)	PROVISIONS FOR CORPORATE COMMITMENTS	OTHER PROVISIONS FOR RISKS AND CHARGES	ACCOUNTING VALUE ON BALANCE SHEET
Amount on 31/12/2018	**1 456 783**	**1 344 411**	**1 941 126**	**4 742 320**
Funding	107 786	83 015	1 206 496	1 397 297
Recoveries	84 883	19 915	1 398 415	1 503 213
Other movements	143 937	105 806	260 432	510 175
AMOUNT ON 31/12/2019	**1 623 623**	**1 513 317**	**2 009 639**	**5 146 579**

3.11. BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY BUCKET ON 31 DECEMBER 2019

(• MAD 1 000)

31 December 2019	ENCOURS			PROVISIONS			TAUX DE COUVERTURE		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
CENTRAL BANKS, PUBLIC TREASURY, POSTAL-CHEQUE SERVICES	**9 882 704**			**303 204**			**3,07%**		
FINANCIAL ASSETS AT FAIR VALUE BY EQUITY	**27 596 775**			**515 350**			**1,87%**		
Debt instruments recognised at fair value by transferable equity									
Equity instruments recognised at fair value by non-transferable equity									
Debt securities	27 596 775			515 350			1,87%		
FINANCIAL ASSETS AT AMORTISED COST	**243 728 071**	**29 337 690**	**25 599 807**	**2 060 273**	**5 236 721**	**17 926 884**	**0,85%**	**17,85%**	**70,03%**
Loans and advances made to credit establishments	14 600 844			88 767			0,61%		
Loans and advances made to customers	229 127 227	29 337 690	25 599 807	1 971 506	5 236 721	17 926 884	0,86%	17,85%	70,03%
Debt securities									
TOTAL FINANCIAL ASSETS	**281 207 550**	**29 337 690**	**25 599 807**	**2 878 827**	**5 236 721**	**17 926 884**	**1,02%**	**17,85%**	**70,03%**
FINANCIAL LIABILITIES	**56 362 153**	**4 208 651**	**1 270 164**	**358 536**	**378 711**	**886 376**	**0,64%**	**9,00%**	**69,78%**
Off-balance-sheet commitments	56 362 153	4 208 651	1 270 164	358 536	378 711	886 376	0,64%	9,00%	69,78%

31 Décembre 2018	ENCOURS			PROVISIONS			TAUX DE COUVERTURE		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
CENTRAL BANKS, PUBLIC TREASURY, POSTAL-CHEQUE SERVICES	**9 509 494**			**193 412**			**2,03%**		
FINANCIAL ASSETS AT FAIR VALUE BY EQUITY	**19 688 771**			**401 539**			**2,04%**		
Debt instruments recognised at fair value by transferable equity									
Equity instruments recognised at fair value by non-transferable equity									
Debt securities	19 688 771			401 539			2,04%		
FINANCIAL ASSETS AT AMORTISED COST	**225 474 817**	**33 021 870**	**20 883 334**	**1 823 533**	**5 201 988**	**13 426 636**	**0,81%**	**15,75%**	**64,29%**
Loans and advances made to credit establishments	14 782 499			83 047			0,56%		
Loans and advances made to customers	210 692 318	33 021 870	20 883 334	1 740 486	5 201 988	13 426 636	0,83%	15,75%	64,29%
Debt securities									
TOTAL FINANCIAL ASSETS	**254 673 082**	**33 021 870**	**20 883 334**	**2 418 484**	**5 201 988**	**13 426 636**	**0,95%**	**15,75%**	**64,29%**
FINANCIAL LIABILITIES	**51 741 875**	**3 623 366**	**905 728**	**275 585**	**348 740**	**832 458**	**0,53%**	**9,62%**	**91,91%**
Off-balance-sheet commitments	51 741 875	3 623 366	905 728	275 585	348 740	832 458	0,53%	9,62%	91,91%

4.1 MARGIN OF INTEREST

(• MAD 1 000)

	31/12/19			31/12/18		
	Income	Charges	Net	Income	Charges	Net
TRANSACTIONS WITH CUSTOMERS	14 186 370	3 660 914	10 525 456	13 827 145	3 536 491	10 290 654
Accounts and loans / borrowings	13 320 318	3 478 543	9 841 775	12 997 288	3 422 767	9 574 521
Repo transactions	55 279	28 979	26 300	33 516	34 050	-534
Finance-lease transactions	810 773	153 392	657 381	796 341	79 674	716 667
INTERBANK TRANSACTIONS	470 947	1 143 208	-672 261	443 849	1 105 958	-662 109
Accounts and loans / borrowings	232 137	489 945	-257 808	123 949	412 571	-288 622
Repo transactions	238 810	653 263	-414 453	319 900	693 387	-373 487
Borrowings issued by the Group		370 429	-370 429		246 472	-246 472
Financial assets at fair value by equity	1 219 257	1 677	1 217 580	1 094 846	3 529	1 091 317
Financial assets at amortised cost	501 138		501 138	567 005		567 005
TOTAL INTEREST INCOME AND CHARGES, OR SIMILAR	**16 377 712**	**5 176 228**	**11 201 484**	**15 932 845**	**4 892 450**	**11 040 395**

(*) See note 3.11: Spread of depreciations by Bucket under IFRS 9.

4.2 NET COMMISSION

(• MAD 1 000)

	31/12/19			31/12/18		
	Income	Charges	Net	Income	Charges	Net
Commission on securities	410 838	6 085	404 753	285 044	6 206	278 838
Net income from means of payment	500 055	42 276	457 779	476 800	41 927	434 873
Other commission	2 422 713	275 019	2 147 694	2 174 569	279 049	1 895 520
NET INCOME FROM COMMISSION	**3 333 606**	**323 380**	**3 010 226**	**2 936 413**	**327 182**	**2 609 231**

4.3 COST OF RISK

(• MAD 1 000)

	31/12/19	31/12/18
Net funding for recovery of depreciations	**2 015 754**	**1 344 191**
Bucket 1: Losses valued at the amount of expected credit losses for the next 12 months	**54 367**	**-47 176**
Debt instruments recognised at fair value by transferable equity		
Debt instruments recognised at amortised cost	57 983	7 977
Engagements par signature	-3 616	-55 153
Bucket 2: Losses valued at the amount of expected credit losses over the lifespan	**-305 916**	**89 792**
Debt instruments recognised at fair value by transferable equity		
Debt instruments recognised at amortised cost	-327 436	250 065
Signed commitments	21 520	-160 273
Bucket 3: Depreciated assets	**2 267 303**	**1 301 575**
Debt instruments recognised at fair value by transferable equity		
Debt instruments recognised at amortised cost	2 262 303	1 221 432
Signed commitments	5 000	80 143
Other provisions for risks and charges	**-55 468**	**970 296**
Other variations in provisions	**606 487**	**839 528**
Capital gains or losses on depreciated debt instruments recognised in transferable equity		
Gains or losses on depreciated debt instruments recognised at amortised cost		
Losses on irrecoverable loans and advances	767 665	966 490
Recoveries on loans and advances recognised at amortised cost	161 178	126 962
Discounts on restructured credits		
Losses on signed commitment		
Other losses		
Other income		
Cost of risk	**2 566 773**	**3 154 015**

5 SECTORAL INFORMATION

(• MAD 1 000)

5.1 Balance sheet	MOROCCAN BANKING AND OFFSHORE BANKING	SPECIALIST FINANCE COMPANIES	INTERNATIONAL RETAIL BANKING AND INSURANCE	INTERCO ELIMINATIONS	TOTAL
BALANCE-SHEET TOTAL	**345 186 737**	**21 532 148**	**92 752 967**	**-28 043 597**	**431 428 255**
of which					
ASSET ITEMS					
Financial assets at fair value by profit or loss	63 819 875		1 747 791		65 567 666
Financial assets at fair value by equity	18 030 928	4 553	20 653 502	-6 941 969	31 747 014
Investments held to maturity	10 153 186		333 726		10 486 912
Loans and advances to credit establishments and similar	29 596 124	37 398	6 031 447	-21 152 892	14 512 077
Loans and advances to customers	193 699 830	19 766 698	46 853 909	-1 390 824	258 929 613
LIABILITY ITEMS					
Debts owed to credit establishments and similar	29 954 619	15 605 249	19 816 661	-22 222 505	43 154 024
Debts owed to customers	249 793 198	1 105 908	58 672 915		309 572 021
EQUITY	**43 883 553**	**1 831 228**	**5 727 966**	**-4 438 684**	**47 004 063**

(• MAD 1 000)

5.2 Profit and loss account	MOROCCAN BANKING AND OFFSHORE BANKING	SPECIALIST FINANCE COMPANIES	INTERNATIONAL RETAIL BANKING AND INSURANCE	INTERCO ELIMINATIONS	TOTAL
Margin of interest	8 397 021	648 209	2 153 787	2 467	**11 201 484**
Margin on commission	1 948 885	81 912	1 511 580	-532 151	**3 010 226**
Net banking income	13 510 784	1 022 024	4 180 986	-897 744	**17 816 050**
Gross operating income	6 591 558	581 211	1 387 919		**8 560 688**
Operating income	4 427 842	345 948	1 220 125		**5 993 915**
Net income	2 570 264	211 215	1 106 556		**3 888 035**
NET INCOME – GROUP SHARE	**2 091 836**	**170 192**	**737 225**		**2 999 253**

GROUPE BANQUE CENTRALE POPULAIRE – SCOPE OF CONSOLIDATION

HOLDING	% BCP SHARE	% CONTROL	EQUITY × MAD 1 000	CONSOLIDATION METHOD
Banque Centrale Populaire	100,00%	100,00%	2 022 547	TOP
BP Centre Sud	51,00%	51,00%	1 201 504	IG
BP Fes Taza	51,00%	51,00%	2 028 589	IG
BP Laayoune	52,36%	52,36%	586 495	IG
BP Marrakech B Mellal	51,62%	51,62%	1 138 824	IG
BP Nador Al Hoceima	52,63%	52,63%	846 694	IG
BP Oujda	51,73%	51,73%	758 663	IG
BP Tanger Tetouan	51,00%	51,00%	1 015 001	IG
BP Rabat Kenitra	51,89%	51,89%	1 901 598	IG
CHAABI BANK (× EUR 1 000)	100,00%	100,00%	47 478	IG
BPMC (× XOF 1 000)	75,00%	75,00%	15 000 000	IG
MAI	77,43%	77,43%	50 000	IG
CCI	77,78%	100,00%	2 227 900	IG
IMC	48,58%	50,03%	105 332	IG
VIVALIS	87,28%	87,28%	177 000	IG
MEDIA FINANCE	95,62%	100,00%	206 403	IG
CHAABI LLD	84,35%	85,00%	31 450	IG
CIB (× USD 1 000)	85,46%	100,00%	2 200	IG
BANK AL AMAL	43,50%	48,10%	740 000	IG
ATTAWFIQ MICRO FINANCE	100,00%	100,00%		IG
M2T	83,74%	83,74%	15 000	IG
ALHIF SA	38,83%	49,92%	1 081 624	IG
UPLINE GROUP	89,06%	100,00%	46 784	IG
UPLINE SECURITIES	89,06%	100,00%	55 000	IG
UPLINE CAPITAL MANAGEMENT	89,06%	100,00%	10 000	IG
UPLINE CORPORATE FINANCE	89,06%	100,00%	1 000	IG
UPLINE REAL ESTATE	89,06%	100,00%	1 000	IG
MAGHREB TITRISATION	21,37%	24,00%	5 000	MEE
UPLINE ALTERNATIVE INVESTMENTS	89,06%	100,00%	300	IG
UPLINE VENTURES	29,39%	33,00%	97 087	MEE
AL ISTITMAR CHAABI	89,06%	100,00%	44 635	IG
ICF AL WASSIT	89,06%	100,00%	29 355	IG
UPLINE COURTAGE	89,06%	100,00%	1 500	IG
UPLINE INVESTMENT FUND	32,06%	36,00%	100 000	MEE
UPLINE GESTION	89,06%	100,00%	1 000	IG
UPLINE INVESTMENT	89,06%	100,00%	1 000	IG
UPLINE MULTI INVESTMENTS	89,06%	100,00%	300	IG
UPLINE REAL ESTATE INVESTMENTS	89,06%	100,00%	300	IG
UPLINE INTEREST	80,15%	90,00%	300	IG
ZAHRA GARDEN	44,53%	50,00%	100	MEE
ALHIF MANAGEMENT	71,25%	80,00%	5 000	IG
CHAABI MOUSSAHAMA	89,06%	100,00%	5 000	IG
EMERGENCE GESTION	29,39%	33,00%	300	MEE
SAPRESS	29,39%	33,00%	35 000	MEE
WARAK PRESS	29,39%	33,33%	5 000	MEE
MAROC LEASING	53,11%	53,11%	277 677	IG
BP SHORE GROUP	79,08%	100,00%	5 000	IG
BPREM	77,98%	100,00%	188 000	IG
PCA	79,08%	100,00%	35 000	IG
BP SHORE BO	78,18%	100,00%	3 000	IG
BP SHORE RH	79,08%	100,00%	1 000	IG
BCP CONSULTING	79,08%	100,00%	10 000	IG
BCP TECHNOLOGIES	79,08%	99,99%	300	IG
FPCT SAKANE	49,00%	100,00%		IG
AL AKARIA INVEST	100,00%	100,00%	1 350 300	IG
AL AKARIA INVEST I	100,00%	100,00%	57 000	IG
AL AKARIA INVEST II	99,99%	99,99%	506 300	IG
AL AKARIA INVEST III	99,99%	99,99%	369 300	IG
AL AKARIA INVEST IV	99,99%	99,99%	240 000	IG
AL AKARIA INVEST V	99,99%	99,99%	50 300	IG
AL AKARIA INVEST VII	99,87%	99,87%	300	IG
AL AKARIA TENSIFT	51,55%	99,87%	300	IG
BANK AL YOUSR	80,00%	80,00%	340 000	IG
SOCINVEST	100,00%	100,00%	1 500	IG
BCP MAURITIUS (× MUR 1 000)	100,00%	100,00%	2 218 065	IG
BANQUE DE MADAGASCAR ET DE L'OCEAN INDIEN (× MGA 1000)	71,00%	71,00%	60 000 000	IG
BANQUE INTERNATIONALE DU CAMEROUN POUR L'EPARGNE ET LE CREDIT (× XOF 1 000)	68,50%	68,50%	12 000 000	IG
BANQUE COMMERCIALE INTERNATIONALE (× XOF 1 000)	100,00%	100,00%	12 870 340	IG
ATLANTIC BANQUE INTERNATIONAL (× XOF 1 000)	70,55%	70,55%	171 145 730	IG
ATLANTIQUE FINANCE (× XOF 1 000)	70,49%	99,91%	360 000	IG
ATLANTIQUE ASSET MANAGEMENT (× XOF 1 000)	70,49%	99,91%	100 000	IG
BANQUE ATLANTIQUE DU BURKINA FASSO (× XOF 1 000)	43,09%	61,08%	12 246 850	IG
BANQUE ATLANTIQUE DU BENIN (× XOF 1 000)	51,75%	73,35%	28 000 000	IG
BANQUE ATLANTIQUE DE LA COTE D'IVOIRE (× XOF 1 000)	70,16%	99,45%	24 963 330	IG
BANQUE ATLANTIQUE DU MALI (× XOF 1 000)	51,24%	72,63%	22 000 000	IG
BANQUE ATLANTIQUE DU NIGER (× XOF 1 000)	56,42%	79,97%	11 619 600	IG
BANQUE ATLANTIQUE DU SENEGAL (× XOF 1 000)	70,54%	99,99%	26 365 750	IG
BANQUE ATLANTIQUE DU TOGO (× XOF 1 000)	60,01%	85,06%	10 619 260	IG
BIA NIGER (× XOF 1 000)	49,04%	69,51%	19 188 400	IG
BPMG (× GNF 1 000)	54,50%	77,25%	100 000 000	IG
ATLANTIQUE ASSURANCE COTE D'IVOIRE_IARD (× XOF 1 000)	63,50%	90,00%	3 000 000	IG
ATLANTIQUE ASSURANCE COTE D'IVOIRE_VIE (× XOF 1 000)	68,24%	96,73%	3 000 000	IG
GROUPEMENT TOGOLAIS ASSURANCE VIE (× XOF 1 000)	46,97%	65,59%	3 000 000	IG
GROUPEMENT TOGOLAIS ASSURANCE_IARD (× XOF 1 000)	68,81%	97,53%	3 000 000	IG

RISK-MANAGEMENT ORGANISATION AND STRUCTURES

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

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

- The governance and steering bodies (Management Committee, Administrative Committee, Audit Committee, Risk-Management Committee, Investment Committee, ALM (Asset / Liability Management) Committee, etc.);
- The Group Risk function and the other functions that are dedicated to and / or involved in monitoring risks (credit, market, financial, and operational);
- The bodies that come under internal control.

1. CREDIT RISK OR COUNTERPARTY RISK

Credit risk is the loss risk inherent in a borrower defaulting on debt repayments (bonds, bank loans, trade receivables, etc.). That risk is made up of default risk, which arises when the borrower fails to pay or is late in paying the principal and / or the interest on its loan; the recovery-rate risk, in case of default; and the risk of deterioration of the credit portfolio.

GENERAL CREDIT POLICY

The general policy on managing credit risk that has been adopted by the Bank and approved by its administrative and management bodies aims at defining an overall framework for activities that generate credit risk.

The policy's principles are applied to ensure that the Group can develop its activities in an orderly manner. The credit policy is based on the following principles:

- Standardising credit-risk management across all CPM bodies;
- Transaction security and profitability;
- Risk diversification;
- Complying with current limits;
- Standardising credit-risk management across all CPM bodies;
- Strict selection of applications when granting loans;
- Compiling a file for every credit transaction, and reviewing the file at least once a year for businesses;
- Rating Businesses and Professionals, and scoring when granting credit to individuals;
- Separating the credit-sale function from the risk-assessment and risk-control functions;
- Collegiate decision-making in the form of committees at all levels of the sector;
- Early detection of counterparty-default risk;
- Responsiveness in recovery.

Implementing the credit policy is based on an expanded internal regulatory corpus that complies with best practice in the matter. The corpus covers the entire process of credit-risk management, through circulars, circular letters, and rules setting the extent and conditions for carrying out risk-taking, risk-monitoring, and risk control activities. In 2019, several actions were taken to upgrade the internal regulatory corpus as part of ongoing improvement to the process of risk management and control.

DECISION-MAKING ARRANGEMENT

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

- Initial analysis of applications by the commercial entities that make the requests;
- A second risk assessment by the Check Study entities in the BPRs and BCP;
- Risk prevention through a determining role played by the Check Study function in filtering applications and in decision-making;
- Exercising powers in committees that give expression to collegiate decision-making;
- A multidimensional delegation chain that ensures a fit between the level of risk and the level required for decision-making;
- Limits on competence set by groups of linked beneficiaries;
- BPRs' powers excluded from credits to related businesses, regardless of the amounts involved. Those credits are submitted to internal credit-committee meetings held at BCP level;
- The separation of tasks between commercial entities and entities tasked with assessing, monitoring, and managing credit risks.

RISK-SUPERVISION ARRANGEMENT

The credit-risk control and management arrangement is based mainly on the following principles:

- Collegiate decision-making in the form of credit committees at all levels (Regional Credit Committees, BCP Credit Committees: Internal Credit Committee, Recovery and Large Risk Committee, etc.);
- The separation of tasks between commercial entities and those tasked with assessing, monitoring, and managing risks linked to credit;
- Using circulars to define the attributions and the modes of functioning of all committees.

Moreover, those principles are contained within a general control framework that meets the regulatory requirements set by BAM. Within BCP, the risk-management arrangement and the internal-control system, on the same basis as the Group, carry out individualised monitoring of risk-generating activities. That monitoring is carried out at all levels of the Bank, and is based on an operational arrangement with three components:

- Assessment and monitoring regardless of risk quality;
- Special monitoring of major risks and concentration risks;
- Permanent close monitoring of sensitive debts.

Our arrangement is based on our risk-governance structure and a solidly-anchored risk-management culture. It is gradually added to by a risk-appetite framework, and it ensures regular feedback to the Bank's Management and Governance Bodies, enabling the setting up of:

- Policies that are suitable for controlled development;
- Corrective actions to safeguard the Bank's interests

INTERNAL RATING ARRANGEMENT

The Bank has put in place an overall rating system that is in line with regulatory requirements in terms of use and usage and that is applicable to all counterparties, whether sovereign states, banks, or businesses. Counterparties operating in the property-development sector are qualified by ratings given to projects. Individual customers are subject to scoring on grant that is applicable to consumer credit and housing loans, pending the roll-out of the new tool dedicated to rating individuals. In 2019, that rating arrangement was added to by the coming on stream of the new Retain rating arrangement. The new tool, which is being stabilised, will enable the Bank to take a better approach to the retail market , with commercial strategies that are pre-defined by customer sub-segment and taking account of the risk / profitability tandem.

The rating system lies at the heart of the arrangement for managing credit risks, and is based on a series of models that is appropriate for each asset category. Rating consists of giving a score to each counterparty based on an internal scale, of which each level relates to a probability of default. It constitutes one of the key criteria for the policy on granting credit. For business customers, a rating is given when a credit file is compiled, and it is reviewed at least once a year. In addition, particular attention is paid to consistency between the decisions taken and the risk profile that emerges from each score as well as its components, i.e. the various qualitative and quantitative information included in the grid.

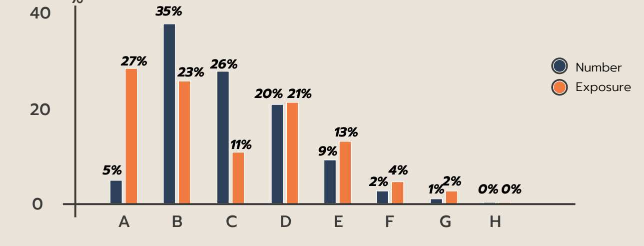
Rating is also a significant strand in assessing the quality of the Bank's exposure, by analysing the rated portfolio and the development of its distribution. In addition, special monitoring is carried out for counterparties that show deterioration in the quality of risk.

Furthermore, the rating arrangement is a fundamental aspect of the new IFRS 9 provisioning process.

Finally, as part of ongoing maintenance work on the business-rating tool, the Group has defined a battery of tests that enable the performance of rating models to be judged in matters of discrimination, predicting default, and stability. Those tests are known as back-testing; they are carried out in order to ensure the viability of rating models and to put in place corrective actions where appropriate.

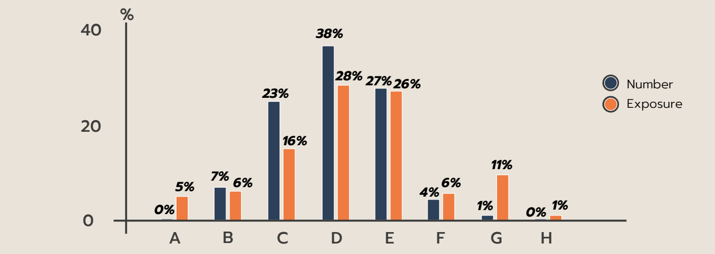
As of 31 December 2019, the distribution of the rated portfolio was as follows:

Distribution of the LB* portfolio by number and exposure



* LB: Large Business, i.e. with turnover of at least MAD 50 million

Distribution of the SME* rated portfolio, by number and exposure

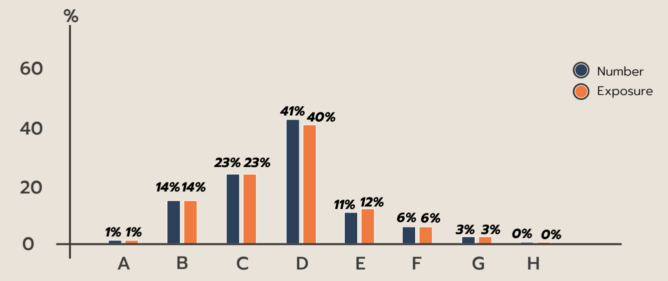


*SME: Small or Medium-Sized Enterprise, i.e. a business with turnover of between MAD 3 million and MAD 50 million

Analysis of the SME-LB segment's portfolio shows a reassuring distribution of risks. The portfolio, by number and by exposure, is concentrated on scores from classes A to E.

Scores A, B, and C concentrate 67% of LB-category businesses rated by number and 61% by exposure in December 2019. For SMEs, classes B, C, and D account for 68% by number and 51% by exposure in December 2019.

Distribution of the Microbusiness and Professional rated portfolio, by number and exposure



Analysis of the distribution of Microbusinesses and Professionals highlights concentration on rating classes B to E, which shows a controlled level of risk for that segment. Classes B to E concentrate 90% of Microbusinesses and Professionals, with 89% of total exposure in that segment.

ARRANGEMENT FOR MONITORING CONCENTRATION RISK

Concentration risk is subject to detailed monitoring by the Bank, in order to comply with prudential rules imposed by the requirement to divide risks as well as to ensure the diversification needed to dilute and control risks.

The management and monitoring arrangement put in place is based on the following elements:

- A portfolio-review process that is based on a risk database put together and constantly enriched by the various applications, enabling feedback of all the information needed for the grouped examination of a given portfolio (basis for groups and commitments, the Bank's own central balance-sheet offices, rating basis, etc.);
- Particular attention paid to commitments as soon as their level exceeds 5% of the Bank's equity;
- A process for examining the 100 largest risks in the sense of counterparty or group of linked counterparties, for all the Bank's entities;
- An arrangement of sectoral and individual limits that constitutes the initial basis for the risk-appetite framework.

Credits by disbursement	As a % of productive CPM applications (*)
100 largest CPM risks(*)	66%
Counterparties eligible for BAM declaration(*)	36%

(*): Except subsidiaries

PORTFOLIO-REVIEW PROCESS

The portfolio review is an increasingly important tool of the arrangement for supervising and managing risks, especially major risks and concentration risks. It supplements the standard process of reviewing files annually and of permanently monitoring commitments, by relying on parameters that are usually used in assessing credit risk (sector-specific data, qualitative and quantitative items linked to the counterparty and the membership group, etc.).

The idea of a portfolio covers a set of assets grouped by activity sector, class of risk, level of commitment, etc.

A definition of individual limits is applied through the overall and simultaneous analysis of a given portfolio, which is structured into homogenous classes of counterparties. The sought-after convergence between the opinions of the business line and the risk line enables higher bodies to have the elements needed for decision-making, especially as regards the commercial policy to be adopted in respect of a given portfolio (developing relationships, maintenance, decommitment, reinforcing sureties, etc.).

ARRANGEMENT FOR CREDIT-RISK APPETITE

The Group continues to gradually set up its arrangement for credit-risk appetite. The arrangement currently takes the following form:

Sectoral-concentration limits:

Setting sectoral limits is based on qualitative and quantitative rules. It consists of taking account of the degree of loss ratio of sectors with their potential for development. Since 2017, that arrangement has been an important component in the planning process, to the extent that it enables strategic guidelines to be defined in terms of overall market share by a given sector / subsector, with a view to ensuring development that is targeted and more controlled. Sectoral limits are updated once a year. Their monitoring is done in combination with measurements based on the limit level reached.

Individual-concentration limits:

Based on the portfolio-review process, the Bank's major risks are subjected to grouped analysis that enables classification by risk level. On the basis of that classification and by incorporating other parameters, (nature and level of activity, the counterparty's equity, the Bank's equity, sectoral limit, etc.), limits by groups of counterparties are defined following approval by the appropriate committees.

It should be noted that defining limits incorporates a process of negotiation with business lines. The results from limit models are previously examined with the latter, in order to incorporate any component that has not been modelled by calculations. The proposals that emerge from those discussions are submitted to the appropriate committees for decision and arbitration

Limits are reviewed annually. They can be subjected to a one-off revaluation if there is a significant change in market conditions that can affect risk perception or assessment. Compliance with limits is monitored by the functions concerned using suitable monitoring and reporting tools.

ARRANGEMENT FOR MONITORING SENSITIVE DEBTS

The objective of the arrangement for monitoring sensitive risks is early detection of the signs of potential deterioration of a healthy portfolio. That early detection enables the Bank to take more effective and less expensive action to protect its interests. Identifying and monitoring those debts is done jointly and on a monthly basis by the risk functions and the business lines.

The mechanism put in place involves constant exchanges with relationship managers of information on each situation, with a view to beginning the negotiations required for the possible regulations of the debt. Cases that do not show signs of favourable development are placed on the Watch List after a decision has been taken by the competent committees. The Watch List is the outcome of all supervisory actions, and it is itself monitored to enable the Bank to preserve its recovery potential over time.

In matters of provisioning, the Watch List is a significant component of the arrangement for dimensioning provision on a corporate basis (provision for general risks) and on a consolidated basis (IFRS 9). That enables perfect convergence between the risk-management system and the provisioning system.

It should be noted that the framework governing the processing of sensitive debts is covered by a new circular drawn up by Bank Al Maghrib. That circular is being finalised as part of the reform of circular 19G.

PROCESS FOR SUPERVISING AND MANAGING COUNTRY RISK

To support the Group's controlled development at international level, risk management enjoys overall strengthening of tools and processes. The Group has continued to focus its work on convergence worksites, which aim at harmonising and rolling out the Group's standards in matters of risk management and control. To that effect, the various worksites have been set up with adequate governance to ensure their proper implementation.

Process of managing country risk

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

The arrangement system for measuring and supervising country risk is based on the following principles:

- A dedicated organisation that is capable of making significant choices and carrying out the necessary arbitrations (BCP committee for monitoring Banks' activities internationally, and the holding-company committees);
- A decision-making and power-delegation architecture (subsidiary, holding company, and BCP) as regards granting credit as well as making investments;
- Portfolio committees dedicated to monitoring and supervising sensitive counterparties and sectors in each subsidiary, with centralised monitoring within ABI and BCP; and, finally
- A review of country risks at meetings of the Group's various Boards of Directors, Audit Committees, and Risk Committees.

At methodological level, the Bank has equipped itself with an arrangement for managing country risk based on an internal rating model that enables country risk to be quantified on the basis of economic, financial, political, and regulatory data and indicators. That rating is expressed on the basis of four different types of risk: sovereign-default risk, non-transfer risk, corporate risk treated as the risk of generalised macro-economic shock, and banking-system risk. For each of those types of risk, ratings distinguish between short-term risk (less than 12 months) and medium-term risk (more than 12 months). Those internal country ratings form an important component of the Group's provisioning arrangement.

Process of supervising foreign subsidiaries

As regards ABI subsidiaries and in addition to our ABI banks, the Group has a regional platform based in the Ivory Coast. The holding company ABI has enabled us to roll out robust sovereign functions in matters of permanent checks, risk surveillance, compliance-monitoring, etc., all with a view to connecting with our centrally-established risk subsidiary, which steers all risks in Morocco and in the subsidiaries.

For new, recently-acquired banks, the Group advocates integrated risk management between central functions and the new subsidiaries. In accordance with the operational model defined by the central risk function, there is a strong functional link between the Group Risk function and the various Risk functions within the subsidiaries. That link takes the form of daily co-operation: sharing reporting in accordance with the processes defined by the Group, collaboration as part of cross-cutting projects (implementing Group tools, updating rating models, etc.), and sending ad hoc information requested by collaborators.

To ensure a close-in surveillance arrangement, the Group has a local and central system for risk feedback and consolidation that enables an assessment to be made of risk areas with a view to implementing attenuating strategies. That arrangement, reinforced by the implementation of the "Watch List" process, enables rigorous monitoring of:

- The risk profile and the portfolio quality for each subsidiary;
- Sensitive or outstanding debts;
- Individual and sectoral concentration risks

2. MARKET RISKS

Market risks represent the risks of loss or exposure on the trading portfolio. They are the result of an unfavourable development of market parameters (exchange rates, interest rates, price of certificates of ownership, cost of raw materials, and volatility of financial derivatives).

The Bank is a financial establishment of the first rank and a significant player in market activities. It has an arrangement for managing market risks that covers all activities on operations relating to the trading portfolio, or operations that are intended to hedge it or finance it. That arrangement is based on clear guiding principles, policies, and internal procedures that are in line with the level of risk tolerance and with yield objectives, as well as being consistent with the Bank's equity.

Thus, the Bank's level of tolerance in the face of market risks is set out in the arrangements on limits and in delegations of power. That level of tolerance is set so that exposures to market risks cannot generate losses that may compromise the Bank's financial solidity and expose it to reckless or significant risks.

Moreover, with a view to securing the development of market activities, the Bank, as part of its overall risk-management strategy, has developed a rigorous culture of controlling and supervising market risks. That culture is based on guiding principles that enable:

- Controlling risks on exposures;
- Securing the development of the Bank's market activities as part of its strategic focus and in accordance with regulatory provisions;
- Adopting best practices in matters of managing risks for all market activities.

ARRANGEMENT FOR MANAGING AND MONITORING MARKET RISKS

With the aim of governing and supervising risks on market activities, the arrangement for managing market risks adopted by the Bank is organised as follows:

- A governance arrangement that includes a clear organisation ensuring a well-defined share-out of responsibilities, as well as guaranteeing independence between operational bodies and bodies involved in managing and controlling risks;
- Through the Investment Committee, a steering and arbitration activity between the various market activities;
- A system for delegating powers that defines the process of making a request, validating limits, and authorising over-runs;
- Risk-indicator monitoring and supervision by the entities and bodies that control market risks;
- A set of tools for managing and controlling market risks.

Arrangement concerning limits

The limit arrangement that governs market activities takes the form of a system of internal limits that governs the risks inherent in the trading portfolio, in particular market limits, transaction limits, and counterparty limits.

The market-limit arrangement consists of defining appetite for market risk based on the ability to take risk, taking account of the capital available and an objective of solvency. That maximum tolerance takes the form of authorised market-risk envelopes that are allocated to each product line or asset class, on the basis of on a loss-envelope allocation scale that is based on risk-adjusted performance measures.

The loss envelopes defined take the form of overall VaR (Value at Risk) limits and VaR by portfolio limits, which are supplemented by sensitivity limits and stop-loss limits appropriate to each type of product. Those limits take account of portfolio sizes and of historic shocks of market parameters observed during periods of high volatility.

The transaction-limit system represents delegations of power in matters of transaction amounts to be processed, based on the nature of authorised instruments and on the hierarchical rank of intervenors from the market-activity sector.

Counterparty limits concern the risk of exposure to banking counterparties. Those limits are defined either on the basis of ratings given by ratings agencies, or on internal models based qualitative and quantitative variables combined with a country-risk component.

Moreover, the system of market limits and transaction limits is based on a power-delegation grid that sets limits by instrument, by market, and by intervenor. The process for renewing limits and derogating management is governed by an internal circular.

Tools for monitoring and managing risks

Assessing market risks is based on the combination of two groups of measures that allow potential risks to be quantified: calculating the Value at Risk (VaR), as well as using measures of sensitivity and stress scenarios.

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

VaR is defined as the maximum theoretical loss that a portfolio can suffer in case of unfavourable movements of market parameters, over a given time horizon and for a given confidence interval. The Bank uses a 99% confidence interval and a time horizon of one day, relying on two years' historic data. That enables day-to-day monitoring of market risks that the Bank has taken on trading activities under normal market conditions.

The method chosen to calculate VaR is that of a historic model based on historic scenarios involving risk factors inherent in the trading portfolio. The model implicitly takes account of the correlations between the various risk factors. An overall VaR is calculated for all trading activities, by nature of instrument and by class of risk factor.

As a supplement to the VaR indicator, the Bank incorporates sensitivity analyses and sensitivity limits into its surveillance arrangement. Thus, impacts in terms of P&L (Profit & Loss) based on standard scenarios or stress scenarios are estimated for the whole trading portfolio. Those scenarios are chosen from three categories, i.e. historically-proven scenarios, hypothetical scenarios, and adverse scenarios.

The main scenarios chosen are:

- An interest-rate variation of +/-1 bp, +/-10 bps, +/- 25 bps, +/-50 bps, and +/- 100 bps (overall shocks and by maturity tranche);
- Extreme interest-rate variation of 200 bps;
- Exchange-rate variation of +/- 1% and 5%, taking account of the correlation between the EUR and the USD in the composition of the MAD basket;
- Extreme variations calculated on the basis of an interest-rate history, the rates of various currencies, and MASI (the Moroccan All-Shares Index).

System for monitoring risk indicators

The Middle Office and Risk Management functions monitor market risks on a daily basis. The Group Risk-Management Committee uses two-monthly reporting to ensure levels of exposure, returns, risks linked to market activities, compliance with regulatory requirements, and compliance with the arrangement on limits. That reporting also includes an analysis of portfolio sensitivity, and simulations in the case of extreme scenarios, taking account of the structure of portfolios as well as of correlations between the various risk factors.

In addition to regulatory reporting, the risk-reporting system within the Bank comes in two forms:

- Internal reporting that relates to the process of supervising and managing market risks, including risk indicators by compartment;
- Internal reporting that relates to the process of supervising and managing market risks, and intended for the Group Risk-Management Committee, which meets every two months, as well as for Committees from the governance bodies. The reporting is structured by asset class at a fairly fine level of granularity. It is based on the VaR approach and on systematic measurements of portfolio sensitivity to various market parameters. It charts changes in exposures and in risk indicators over a past year, with a daily zoom in on the last three months. Those risk indicators are compared, in the same way as measurements of positions, with previously-set internal limits.

CHANGES TO EXPOSURES AND TO THE RISK PROFILE

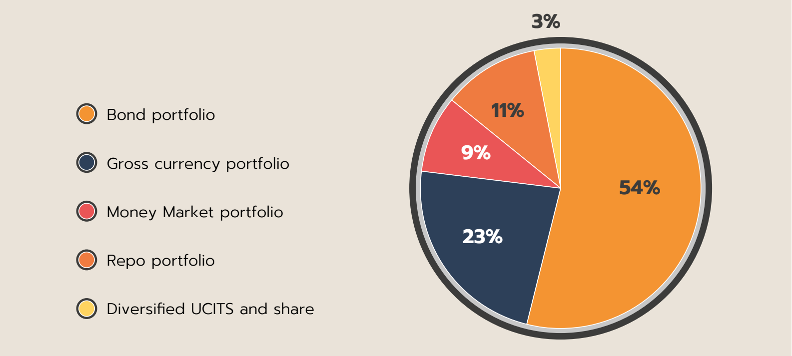
At the end of December 2019, the gross overall exposure of the trading portfolio stood at MAD 97.7 billion, including 54% invested in direct bond securities or via UCITSs and 23% in the currency activity. The overall VaR (1 Day at 99%), except for the inter-portfolio diversification effect, is estimated at MAD 68 million, i.e. 0.1% of the trading portfolio's mark to market, except for hedging and financing transactions, which stood at MAD 69 billion at the end of 2019.

The estimated VaR is mainly concentrated on the bond portfolio and on certificates of ownership, as well as additionally on currency futures transactions, currency cash transactions, and exchange-rate derivatives. That is due to the size of those portfolios, the strong volatility of risk factors that make them up, and their weight relative to other items in the trading portfolio.

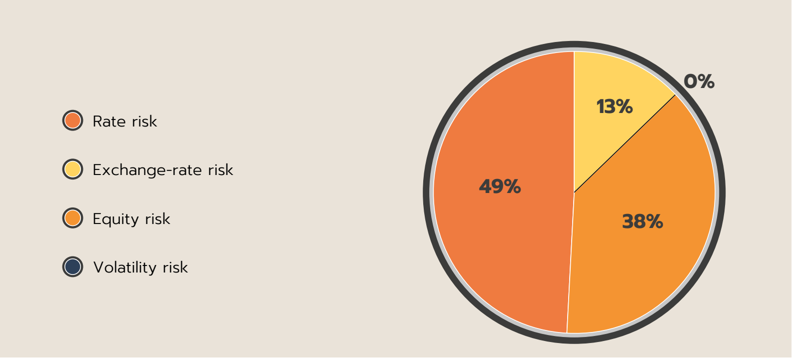
The VaR level followed a downward trend during the entire first half of 2019, mainly in relation to the fall in volatility of market parameters, especially MAD rate. That trend ended in the second half, showing a near-stable development of the daily VaR following a slowdown in the fall in interest rates during that period.

The following graphs present, as of the end of December 2019, the structure of the Bank's trading portfolio and the contribution of each class of risk factors to overall VaR.

Trading Room exposure structure



Breakdown of overall portfolio VaR by risk factor



Currency compartment

2019 was marked by stability in currency-futures exposure, which reached MAD 10.63 billion at the end of December 2019.

In terms of currency position, the Trading Room closed the year with a short overall currency position of MAD 1.4 billion, including currency derivatives. Regulatory limits relative to the level of equity for the overall currency position and positions by currency were complied with during 2019.

The VaR for the currency-trading activity, except for the diversification effect, reached MAD 14.49 million at the end of the year. The currency-futures portfolio was the largest contributor in terms of risk to the currency activity, with a VaR of MAD 7.38 million.

Bond compartment

The VaR of the local bond-trading activity, including the UCITS bond portfolio, stood at MAD 29.5 million at the end of December 2019, with an overall exposure of MAD 51.3 billion.

Diversified Share and UCITS compartment

The Diversified Share and UCITS portfolio exposure stood at MAD 3.2 billion on 31 December 2019, with the VaR of that portfolio standing at MAD 24.3 million.

3. ALM RISKS

The strategy of managing overall rate and liquidity risk complies with the objective of managing risks that is part of the development process planned and adopted by the Group. That strategy rests on the following guiding principles:

- Direct development activities as part of a medium-term plan by taking account of rate and liquidity risks;
- Maintain a stable, varied structure for our deposits, with management of the growth potential of our commitments;
- Gradually improve the overall rate gap with a view to maintaining the balance between the various activities in terms of risk and liquidity profile;
- Develop variable-rate assets to immunise part of the balance sheet following an unfavourable change in interest rates.

OVERALL RATE RISK

Overall rate risk represents the loss caused by unfavourable changes in interest rates across the whole of the Bank's balance sheet, having regard to its ability to transform savings and resources into productive applications.

Analysing overall rate risk is complex because of the need to formulate hypotheses relating to the behaviour of depositors concerning the maturity of deposits that are contractually repayable on demand, as well relating to assets and liabilities that are not directly sensitive to interest rates. When the behavioural characteristics of a product are different from its contractual characteristics, they are assessed in order to determine the real underlying interest-rate risk.

ARRANGEMENT FOR MANAGING OVERALL RATE RISK

The process of assessing and managing the general level of overall rate risk is done:

- Once a quarter, when the summary statements are approved;
- As part of the planning process (strategic guidelines note phase and definition phase of the Medium-Term Financial Plan), and as a system for final validation of the Medium-Term Plan;
- When significant changes occur in fee schedules, to assess the impacts of those changes.

That system of surveillance rests on:

- An assessment methodology based on the gaps (dead-ends) approach. That is done by classifying assets and liabilities according to their maturity-date profile and rate profile (fixed or variable), taking account of factors of residual duration and future behaviour (a forward-looking approach based on a four-year horizon and on the hypotheses of the Medium-Term plan).
- A quarterly reporting system for the attention of the ALM (Asset / Liability Management) Committee on levels of exposure, stress tests in terms of impact on Net Banking Income and equity, and forecast changes in prudential ratios.
- A system of limits in terms of risk impacts relative to Net Banking Income and equity.

Through that arrangement, the management of overall rate risk aims at optimising the impact of rates on profits and on equity by using the calculation of Gaps.

Changes in risk indicators

The profile of short-term assets and liabilities of the banking portfolio at the end of December 2019 is almost the same in terms of take-up rates as at the end of December 2018.

The main changes with an impact on rate risk are as follows:

- The monetary reserve falling by MAD 3.7 billion;
- The fall in term deposits and certificates of deposit with a residual value of less than one year (i.e. down by MAD 4.1 billion).

In the case of a rate rise of 100 basis points, profits fell by MAD 212 million, versus a fall of MAD 198 million in December 2018. It should be noted that earnings sensitivity to a variation in rates remains below the limits of the Group's risk objectives.

The following table presents the potential incidence of a rise of 100 basis points over a 12-month period on income net of interest and on the Bank's financial value in 2018 and 2019. The impact of such a variation represents less than 2% of Net Banking Income and of regulatory equity.

	31/12/18	31/12/19
Impact on profits *(× MAD million)*	-198	-212
relative to Net Banking Income	1,69%	1,8%
Impact on short-term financial value *(× MAD million)*	-83	-33
relative to regulatory equity	0,25%	0,09%

LIQUIDITY RISK

Liquidity risk can arise from the structure of the balance sheet by reason of the differences between the real maturity dates of assets and liabilities, the financing needs of future activities, customer behaviour, a possible disturbance in the markets, or the economic situation.

Managing liquidity risk aims at guaranteeing the Group access to the funds needed to meet its financial commitments when the latter fall due. That risk is managed by keeping a sufficient level of liquid securities, and stable, diversified fund provisioning. The securities portfolio is mainly made up of Treasury bills, UCITSs, and, in lesser degree, positions on liquid shares.

Liquidity management rests on:

- Monitoring the balance-sheet liquidity ratio in accordance with internal and regulatory requirements;
- Setting a liquidity timetable on the basis of various dynamic scenarios over the period of the Medium-Term Plan, as well as a static-liquidity timetable setting out indications of the Bank's medium- and long-term liquidity situation;
- Monitoring the investment portfolio and the cashflow projection;
- Maintaining a wide variety of sources of financing and monitoring the concentration of deposits by nature of products and of counterparty, with regular monitoring of the 10 largest depositors;
- Maintaining preferential relationships with institutional investors and with large Corporate investors.

The Group has a refinancing-risk management policy that is applicable under normal market conditions as well as in the event of a liquidity crisis. The policy defines monitoring mechanisms as well as alternatives that enable refinancing risks to be attenuated in the event of a prolonged liquidity crisis. Customers' sight deposits (current accounts and savings accounts) form a significant part of the Group's overall financing; that share has shown itself to be stable over the years.

Furthermore, through its market activities, BCP is a significant intervenor in money and bond markets. Its position allows it to have short-term recourse to repo transactions with BAM, banks, and other financial institutions.

CHANGES IN RISK INDICATORS

CPM's total assets stood at MAD 339 billion at the end of December 2019 versus MAD 329 billion in December 2018, an increase of 2.9%.

In December 2019 and relative to December 2018, applications that had to be refinanced in cash represented over MAD 13 billion. It mainly involved customer credits (and financial loans up by MAD 3.5 billion), the holdings portfolio (up by MAD 2.1 billion), and the securities portfolio (up by MAD 7.4 billion) Those amounts were refinanced by:

- An increase in customer deposits (up by MAD 4.7 billion) and in financial borrowings (up by MAD 900 million);
- A fall in the BAM account (down by MAD 3.7 billion), in conjunction with the 2% fall in the monetary-reserve rate;
- An issue of subordinate debt (up by MAD 2 billion);
- An increase in equity (up by MAD 5.2 billion), including an increase in BCP's capital (up by MAD 2.2 billion) and a rise in corporate shares (up by MAD 800 million).

Due to the significant nature of that financing, the Bank's liquidity situation has improved, and recourse to the money market has fallen by about MAD 3.6 billion.

Moreover, the Liquidity Coverage Ratio (LCR) reached 154%, which is significantly above the regulatory minimum.

CPM's resources collected from customers increased by 1.9%, from MAD 244 billion in December 2018 to MAD 248 billion at the end of December 2019. That increase covers sight accounts in credit (up by 5.3%) as well as passbook accounts (up by 4.6%). The share of unremunerated resources rose to 67.6% in December 2019, as against 66.1% in December 2018.

The Group's transformation coefficient was 88.7% in December 2019, as against 88.5% in December 2018 (a rise of 0.2 points).

4. OPERATIONAL RISKS

ARRANGEMENT FOR MANAGING OPERATIONAL RISK

Operational risk is defined as the risk of suffering potential harm because of a mismatch or a defect that can is attributable to procedures, persons, systems, or external events. That definition of operational risk includes legal risk, but it excludes strategic risk and reputational risk.

Over and above regulatory equity requirements to cover operational risk, the arrangement put in place aims at providing a best response to BAM's recommendations and to the healthy practices advocated by the Basel II Accords. Overall, it is part of a system of continuous improvement:

- Collecting data on (potential) risks and / or (verified) incidents;
- Analysing those risks and / or incidents and assessing their frequency of occurrence as well as their financial consequences;
- Support business lines in drawing up action plans as well as plans for preventive and / or corrective action to reduce the impact and the probability of occurrence of the most significant operational-risk events;
- Have steering tools and risk indicators that reflect exposure to operational risk.

ORGANISATION OF THE OPERATIONAL-RISK SECTOR

The operational-risk sector is organised around:

- BCP's central function, which is tasked with designing and steering methodological and information-technology tools whilst raising awareness amongst the various intervenors as well as providing them with training and assistance;
- Regional risk managers relaying the central function at BPR level;
- Opposite numbers in subsidiaries who ensure the implementation of methodology and of information-technology tools in synergy with the arrangements adopted within the Group;
- Operational-risk correspondents appointed by business line as part of the incident-collection protocol. Those correspondents' mission is to identify operational losses and list those losses in the operational-risk management tool that is available to them.

MAPPING OPERATIONAL RISK

The operational-risk mapping review approach is based on processes' internal reference documentation. Through workshops with business-line experts, operational-risk events are identified and assessed.

Those operational-risk events are assessed based on the frequency parameter and the average unit impact parameter, in accordance with two grids drawn up in that regard and that each sets out 6 score levels. Risk-control arrangements are appraised relative to their relevance and their applicability according to the three following levels: Satisfactory, Needs Strengthening, or Unsatisfactory.

Work on reviewing operational-risk mapping gives a hierarchical view of areas of operational risk, and enables work to be done with business lines to draw up action plans covering risks identified as having a strong impact.

INCIDENT COLLECTION

In accordance with regulations, a system of collecting incidents linked to operational risk has been implemented based on a declarative system. That system is managed in real time using the Front Risk tool. Operational-risk correspondents appointed within the various business lines make a declaration directly to Front Risk. A workflow is set out to offer managers a permanent watch over the occurrence of an operational risk.

Keeping the players of the incident-collection process permanently active allows for improvements to the quality of declarations, and it gives better visibility of the Bank's risk profile.

MONITORING OUTSOURCED ACTIVITIES

To assess the risk incurred by the Bank in relation to outsourced activities, two assessment grids have been put in place:

- An 8-strand criticality grid (setting up the service, number of services in the regions, cost of the service, regulatory requirement, etc.) on a scale going from 1 to 4, which allows services to be ranked according to their exposure to risk;
- A 5-strand control-level grid (financial health, business-continuity plan, visit by the service provider, etc.) on a scale going from 1 to 4, highlighting the level of risk control between the service providers of a same activity

ARRANGEMENT FOR MANAGING THE BUSINESS-CONTINUITY PLAN

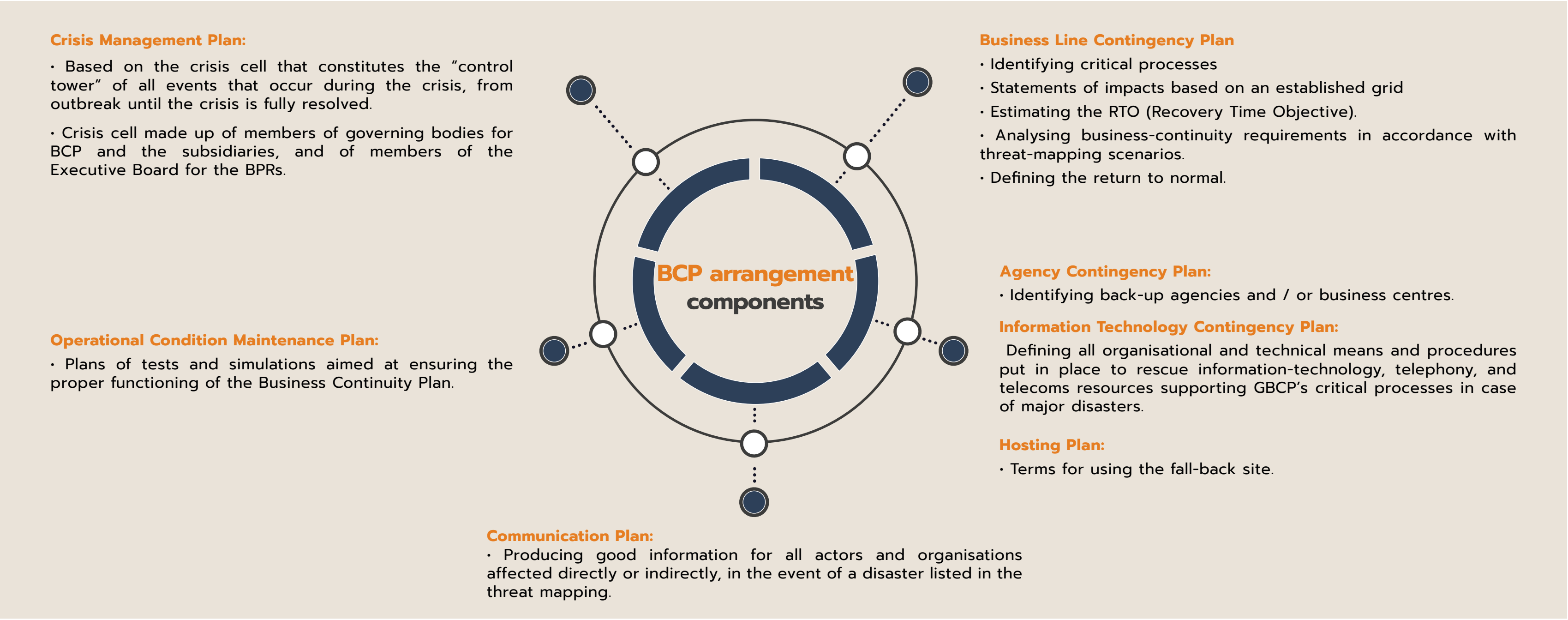
The Group defines the business-continuity plan (BCP) as a written action plan that sets out the processes and determines the procedures and systems needed to continue or re-establish an organisation's operations in case of major operational disruption.

The business-continuity strategy provides for critical processes to be identified. Those processes constitute the business-continuity perimeter if a disaster occurs of the type listed in the mapping of threats that can shut the Bank down.

That strategy covers threat-mapping scenarios, the consequences being the unavailability of:

- Staff;
- The information system;
- Premises;
- Essential service providers.

Thanks to a formalised methodology, the components of the business-continuity plan arrangement are presented in the following diagram:



ACTIVATING THE BUSINESS-CONTINUITY PLAN

It is important to point out that no major disaster occurred during 2019 that required the Bank to activate its business-continuity plan. Moreover, training exercises and awareness-raising sessions for the crisis cell and the business lines were organised.

STRESS TEST

The Group carries out Stress Tests in order to appraise its ability to withstand unexpected extreme events.

Those stress tests are based on a certain number of criteria for assessing the impact of risk factors on its capacity for resistance in terms of solvency, profitability, and liquidity. Those stress tests can be regulatory (imposed by Bank Al Maghrib) or they can be defined internally.

By way of example, default simulations can cover a credit typology, a sector, counterparties, or groups of counterparties. In addition, the Bank defines a stress-test framework that is complete and reasonably granular, based on internally-defined reference documentation, on severe macro-economic slowdown scenarios, and on a combination of the two.

In that context, the scenarios set out as part of the "Internal Crisis Recovery Plan" are:

- Idiosyncratic shock: Simulating a crisis situation affecting the specific risks to which the Group is exposed (a worsening of statistical credit risk, the failure of five significant counterparties, reputational loss, etc.).
- Systemic shock: Simulating a worsening of the economic situation (short-term rates under very high stress, deposit flight, a worsening statistical credit risk, a rise in the Bank's spread, etc.).
- Combined shock: Simulating the simultaneous occurrence of a systemic crisis and a specific risk.

ARRANGEMENT FOR ASSESSING OVERALL EQUITY ADEQUACY

Equity highlights the level of solvency and the Group's ability to cover unverified risks, whilst offering depositors and creditors the necessary protection. The Group holds sufficient Equity, giving it the flexibility needed to expand through internal growth as well as by making strategic acquisitions.

Since 2007, the Bank has calculated solvency ratios in accordance with Basel II standards. From 2014 onwards, Bank Al-Maghrib adopted the new Basel III standards concerning Equity. That new regulation, in addition to maintaining high minima for Tier 1 and Tier 2 ratios (9% and 12%, respectively), sets more severe eligibility criteria, in particular for capital increases financed by the Bank, cross-holdings with credit establishments, minority interests, etc.

In full compliance with those standards, the Bank holds a permanent comfortable Equity buffer that enables it to cover risks and pass regulatory tests whilst remaining above the regulatory minimum. Those high Equity ratios are mainly attributable to the near-systematic carry-forward of income obtained.

Moreover, the Bank has reviewed its process for assessing equity and ensuring its adequacy through the "Capital Planning" project carried out in the course of 2019. That project aims at steering the Group's solvency trajectory by projecting the solvency ratio on the horizon of the Medium-Term Plan, by commercial segment as well as by geographical area.

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L'instinct de la croissance
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KPMG
11, Avenue Bir Kacem Souissi
Rabat

GROUPE BANQUE CENTRALE POPULAIRE (GBCP)
AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2019

To the shareholders of
BANQUE CENTRALE POPULAIRE, S.A.
Casablanca

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2019

We have carried out an audit of the attached consolidated financial statements of BANQUE CENTRALE POPULAIRE and its subsidiaries (Groupe BANQUE CENTRALE POPULAIRE), to include the balance sheet on 31 December 2019, the profit and loss account, the statement of comprehensive income, the statement of variations in equity, and the table of cashflows for the financial year ending on that date, as well as notes containing a summary of the main accounting methods and other explanatory notes. The financial statements show consolidated equity amounting to MAD 47 004 063 000, including consolidated net profit of MAD 3 888 035 000.

The Management's responsibility

The Management is responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS). That responsibility includes the design, implementation, and monitoring of internal control in relation to preparing and presenting financial statements that do not include any significant anomaly, whether the latter is due to fraud or to error, as well as determining reasonable accounting estimates in light of the circumstances.

The Auditor's responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We carried out our audit in accordance with the Standards of the Profession in Morocco. Those standards require us to comply with ethical rules, to plan the audit, and to carry it out in order to obtain reasonable assurance that the summary statements do not contain any significant anomaly.

An audit involves implementing procedures with a view to gathering probative elements concerning the amounts and the information provided in the summary statements. The choice of procedures is subject to the auditor's judgement, as is the assessment of the risk that the financial statements contain significant anomalies, whether the latter are due to fraud or to error.

By carrying out those risk assessments, the auditor takes account of internal controls in force in the entity in relation to the preparation and presentation of financial statements, in order to define audit procedures that are appropriate in the circumstances and not with the aim of expressing an opinion on the effectiveness of the latter. An audit also includes an appraisal of the appropriateness of the accounting methods selected and of the reasonableness of the accounting estimates made by the management, as well as an appraisal of the overall presentation of the financial statements.

We feel that the probative elements gathered are sufficient and appropriate for us to base our opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements referred to in the first paragraph above, in all their significant aspects, give a true picture of the financial situation of the unit made up of the entities included in the consolidation on 31 December 2019, as well as the financial performance and cash flows for the financial year ending on that date, in accordance with the accounting standards and principles described in the consolidated statement of additional information.

Casablanca, 3 March 2020

The Auditors

FIDAROC GRANT THORNTON
Faïçal MEKOUAR
Associate

KPMG
Fouad LAHGAZI
Associate

A1. STATEMENT OF VALUATION METHODS AND PRINCIPLES

At the end of each accounting year, credit establishments are required to draw up summary statements that are able to give a true picture of their equity, financial situation, risks assumed, and income.

If applying those principles and rules is not enough to obtain a true picture from the summary statements, the credit establishment is required to provide, in the statement of additional information, any information that enables a true picture to be obtained.

A1.2 PRESENTATION :

The financial statements contain the accounts of the head office and the agencies of the Casablanca network.

A1.3 GENERAL PRINCIPALES :

Banque Centrale Populaire's financial statements comply with the general accounting principles applicable to credit establishments. They are presented in accordance with the Accounting Plan for Credit Establishments.

3.1 Loans and signed commitments:

- **General presentation of loans**

Loans are generally presented in two categories: loans to credit establishments and loans to clients. They are broken down by their initial duration and their economic purpose.

Loans are broken down as follows:

- sight loans and term loans to credit establishments and similar
- cash loans, consumer credit, facilities loans, property loans, and other credits
- loans acquired by factoring.

Signed commitments recognised off-balance sheet are for irrevocable finance commitments and for guarantee commitments.

Repo transaction in the form of securities are recorded under the various loan headings concerned (credit establishments or clients). Interest accrued on loans is entered into the related-loans account as counterparty to the profit and loss account.

- **Outstanding loans to clients**

Outstanding loans to clients are recognised and valued in accordance with current banking regulations.

The main provisions applied are summarised as follows:

After deducting the percentage of cover set out in current regulations, outstanding loans are provisioned as follows:
-20% for pre-doubtful loans
-50% for doubtful loans
-100% for compromised loans.

Provisions relating to credit risks are deducted from the asset items concerned.

- As soon as healthy loans are downgraded to compromised loans, interest is no longer settled and entered into accounts. It is noted under income on receipt.
- Losses on irrecoverable loans are noted when the chances of recovering outstanding debts are deemed nil.
- Recovery of provisions for outstanding debts is noted when the latter show favourable change (effective reimbursement, or debt restructuring with partial or total reimbursement).

3.2 Debts owed to credit establishments and to clients:

Debts owed to credit establishments and to clients are presented in the summary statements by their initial duration or by the nature of those debts :

- sight loans or term loans owed to credit establishments
- sight accounts in credit, savings accounts, term deposits, and other accounts in credit.

Depending on the nature of the counterparty, repo transactions in the form of securities are included under those various headings.

Interest accrued on those debts is recorded in the related-debts account as counterparty to the profit and loss account.

3.3 Securities portfolio:

- **General presentation**

Securities transactions are entered into accounts and valued in accordance with the provisions of the Accounting Plan for Credit Establishments.

Securities are classified on the basis of the legal nature of the security (debt security or ownership title), and on the basis of the intention (transaction security, investment security, marketable security, or equity security).

- **Transaction securities**

Transaction securities are securities acquired with a view to being sold on within a short period, and of which the trading market is deemed active.

Those securities are recorded at their purchase value, excluding transaction costs and including accrued interest. At each accounting close, the difference arising from variations I market prices is entered in the income and charges account.

- **Marketable securities**

Marketable securities are considered to be fixed-income or variable-income securities held for an indeterminate period with a view to investment, and that the establishment may be called upon to sell at any time.

No condition is required for securities to be classified in this category.

Debt securities are recorded net of accrued interest. The difference between the purchase price and the reimbursement price is amortised over the residual duration of the security.

Ownership titles are recorded at their purchase price less purchase costs.

At each accounting close, the negative difference between the market value and the entry value of the securities is subject to provision for depreciation. Latent capital gains are not recorded.

- **Investment securities**

Investment securities are fixed-income securities acquired with the intention of holding them for a lengthy period, in principle until maturity.

On their purchase date, those securities are recorded at their purchase price, including cost and including accrued interest.

At each accounting close, the securities are maintained at their purchase value, regardless

of the security's market value. In consequence, the latent loss or latent profit is not recorded.

- **Equity securities**

Equity securities include securities of which the long-term possession is deemed useful to the bank, whether or not they enable significant control, joint control, or sole control to be exercised over the issuing company.

In accordance with the provisions set out in the Accounting Plan for Credit Establishments, those securities are broken down into :

- equity securities
- equity securities in related businesses
- portfolio-activity securities
- other similar applications.

On a case-by-case basis and depending on the useful value of the holding, only capital losses lead to provision being made for depreciation.

- **Repo transactions**

Repo-outward securities are maintained on the asset side of the balance sheet, and the amount collected representing the debt with regard to the transferee is recorded on the liability side of the balance sheet. Securities that have been sold continue to be valued according to the rues applicable to their category.

Repo-inward securities are not entered in the balance sheet, but the amount paid out representing the debt owed to the transferor is recorded on the asset side of the balance sheet. No provision is noted in case of depreciation of securities received, but interest accrued on the loan is recognised.

3.4 Foreign-currency transactions

Loans, debts, and signed commitments that are expressed in foreign currency are converted into Moroccan dirhams at the average exchange rate in force on the closing date.

The exchange-rate difference noted on loans in foreign currency hedged against exchange-rate risk is entered into the balance sheet under the heading of other assets or other liabilities, in accordance with the meaning. The exchange-rate difference arising from the conversion into foreign currency of non-equity securities acquired is recorded under currency-translation adjustment under the security items concerned.

The exchange-rate difference on foreign-currency accounts is recorded in the profit and loss account. Income and charges expressed in foreign currency are converted at the rate in force on the date when they are entered into accounts.

3.5 Tangible and intangible assets

Tangible and intangible assets appear in the balance sheet at purchase value less cumulative amortisations, calculated by the linear method on the estimated duration of life.

Intangible assets, broken down into operating and non-operating assets, are amortised along the following timescales :

Nature	Period of amortisation
Leasehold right	Non-amortisable
Patents and brands	Period of patent protection
Research and development assets	1 year
Computer software	5 years

Tangible assets, broken down into operating and non-operating assets, are composed and amortised along the following timescale :

Nature	Durée d'amortissement
Land	non amortissable
Commercial property	
Office furniture	10 years
IT equipment	5 years
Rolling stock	5 years
Fixtures, fittings, and installations	10 years
Civil companies' shares	Non-amortisable

3.6. Deferred charges

Deferred charges record expenses that, having regard to their significance and nature, are likely to be attached to more than one financial year.

3.7 Provisions

The item covers provisions aimed at covering risks and charges, whether or not directly linked to banking transactions.

- **Provisions for risks and charges:** are constituted in the event of a commitment to a third party at closing, and in the absence of an expected equivalent counterparty.
- **Provisions for general risks:** are constituted, subject to assessment by managers, with a view to dealing with future risks relating to banking activity that are not currently identified and that cannot be precisely measured. Provisions thus constituted are subject to tax reintegration.
- **Regulatory provisions:** are constituted pursuant to legislative and regulatory provisions, especially tax provisions.

3.8 Taking account of interest and commission in the income and charges account

- **Interest**

Interest is taken to be income and charges calculated on capital that is effectively loaned or borrowed.

Items considered to be similar to interest are income and charges calculated on a pro rata temporis basis and that remunerate a risk. In particular, In particular, this category includes commission on guarantee commitments and finance commitments (deposit, documentary credit, etc.)

Interest accrued on capital effectively loaned or borrowed is noted in the related loans and debts account that generated them by counterparty to the profit and loss account.

Similar interest is noted in income or charges as soon as it is invoiced.

- **Commission**

Income and charges that remunerate a provision of service are noted as commission as soon as they are invoiced.

Commission is recorded according to the nature of the service provided.

3.9 Non-current charges and income

Non-current charges and income represent only extraordinary charges and income. In principle, they are rare, due to their unusual nature and exceptional occurrence.

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

BALANCE SHEET

(• MAD 1 000)

ASSETS	31/12/19	31/12/18
Cash, Central Banks, Public Treasury, Postal-cheque Service		7 431 032
Advances to credit establishments and similar	34 656 914	33 761 760
. Sight	4 687 334	4 789 771
. Term	29 969 580	28 971 989
Advances to customers	101 231 336	101 251 004
. Cash equity loans, crowdfunding, and consumer credit	24 770 837	24 810 750
. Facilities loans and crowdfunding	33 403 945	30 684 753
. Property loans and crowdfunding	25 924 822	26 733 638
. Other loans and crowdfunding	17 131 732	19 021 863
Loans acquired by factoring	10 316 630	9 405 216
Transaction securities and marketable securities	58 753 482	50 307 045
. Treasury bills and similar securities	32 676 604	26 856 178
. Other debt securities	700 550	642 735
. Certificates of ownerships	25 376 328	22 808 132
. Sukuk certificates	-	
Other assets	2 623 802	2 046 304
Investment securities	11 604 833	12 655 140
.Treasury bills and similar securities	10 889 702	11 900 873
Other debt securities	715 131	754 267
. Sukuk certificates	-	-
Equity securities and similar applications	26 034 939	24 032 157
. Holding in related businesses	23 749 009	22 126 346
. Other equity securities and similar applications	2 285 930	1 905 811
.Moudaraba and Moucharaka securities	-	-
Subordinate debts	274 698	123 337
Investment deposits that have been invested	210 000	-
Property given on lease and on rent	-	-
Property given on Ijara	641	683
Intangible fixed assets	368 249	379 745
Tangible fixed asset	5 171 398	5 183 417
TOTAL ASSETS	255 088 148	246 576 840

(• MAD 1 000)

LIABILITIES	31/12/19	31/12/18
Central Banks, Public Treasury, Postal-Cheque Service	7	7
Debts owed to credit establishments and similar	142 694 808	139 719 354
. Sight	112 108 220	102 224 548
. Term	30 586 588	37 494 806
Customer deposits	59 640 040	62 414 382
. Sight accounts in credit	38 486 145	36 930 442
. Savings accounts	7 855 270	7 529 636
. Term deposits	11 453 591	15 092 779
.Other accounts in credit	1 845 034	2 861 525
Debts owed to customers on crowdfunding income	-	-
Debt securities issued	2 530 626	3 012 146
. Negotiable debt securities issued	2 530 626	3 012 146
. Bond borrowings issued	-	-
. Other debt securities issued	-	-
Other liabilities	1 954 010	1 569 093
Provisions for risks and charges	4 960 139	4 812 569
Regulated provisions	-	-
Grants, allocated public funds, and special guarantee funds	3 373 148	3 220 527
Subordinate debts	9 046 328	7 042 911
Investment deposits received	-	-
Revaluation surplus	-	-
Reserves and premiums linked to capital	25 684 393	19 961 922
Capital	2 022 547	1 822 547
Shareholders – capital not paid up (-)	-	-
Carried forward (+/-)	600 276	545 190
Net income pending allocation (+/-)	-	-
Net income for the financial year (+/-)	2 581 826	2 456 192
TOTAL LIABILITIES	255 088 148	246 576 840

INCOME AND CHARGES ACCOUNT

(• MAD 1 000)

	31/12/19	31/12/18
BANK OPERATING INCOME	11 765 433	11 182 453
Interest, remuneration, and similar income from transactions with credit establishments	1 067 941	960 216
Interest, remuneration, and similar income from transactions with customers	4 585 995	4 665 280
Interest and similar income from debt securities	716 036	713 615
Income from certificates of ownership and Sukuk certificates	1 403 695	1 445 580
Income from Moudaraba and Moucharaka securities	-	-
Income from property on lease and on rent	-	-
Income from property given on Ijara	92	90
Commission on provisions of service	646 760	572 013
Other banking income	3 344 914	2 825 659
Transfer of charges on investment deposits received	-	-
BANK OPERATING CHARGES	5 512 433	4 978 518
Interest and charges on transactions with credit establishments and similar	3 075 651	2 909 329
Interest and charges on transactions with customers	810 720	758 912
Interest and similar charges on debt securities issued	77 554	2 146
Charges on Moudaraba and Moucharaka securities	-	-
Charges on property given on lease and on rent	-	-
Charges on property given on Ijara	42	42
Other banking charges	1 548 466	1 308 089
Transfer of income on investment deposits received	-	-
NET BANKING INCOME	6 253 000	6 203 935
Non-banking operating income	1 467 619	1 429 681
Non-banking operating charges	156 055	5 759
GENERAL OPERATING CHARGES	3 060 765	3 000 700
Staff costs	1 053 462	1 026 765
Taxes and dues	50 503	41 346
External charges	1 520 253	1 517 308
Other general operating charges	138 298	119 754
Funding for amortisations and for provisions for tangible and intangible fixed assets	298 249	295 527
FUNDING FOR PROVISIONS AND LOSSES ON IRRECOVERABLE DEBTS	2 009 127	2 169 958
Funding for provisions for outstanding debts and outstanding signed commitments	1 336 518	755 955
Losses on irrecoverable debts	120 787	405 581
Other funding for provisions	551 822	1 008 422
RECOVERY OF PROVISIONS AND RECOVERY ON AMORTISED LOANS	727 608	881 897
Recovery of provisions for outstanding loans and outstanding signed commitments	321 664	645 416
Recovery on amortised loans	34 708	35 784
Other recovery of provisions	371 236	200 697
CURRENT INCOME	3 222 280	3 339 096
Non-current income	296 896	102 535
Non-current charges	120 760	39 972
PRE-TAX INCOME	3 398 416	3 401 659
Tax on income	816 590	945 467
NET INCOME FOR THE FINANCIAL YEAR	2 581 826	2 456 192

OFF-BALANCE-SHEET

(• MAD 1 000)

	31/12/19	31/12/18
COMMITMENTS GIVEN	38 275 665	38 756 686
Finance commitments given in favour of credit establishments and similar	315 803	620 881
Finance commitments given in favour of customers	20 896 585	22 704 578
Guarantee commitments for credit establishments and similar	7 586 983	6 124 525
Guarantee commitments for customers	9 476 294	9 262 010
Securities bought with repo option	-	-
Other securities deliverable	-	44 692
COMMITMENTS RECEIVED	16 688 735	12 621 272
Finance commitments received from credit establishments and similar	2 714	4 882
Guarantee commitments received from credit establishments and similar	14 762 803	11 718 801
Guarantee commitments received from the State and from various guarantee bodies	1 913 346	805 730
Securities sold with repo option	-	-
Other securities receivable	9 872	91 859
Moucharaka and Moudaraba securities receivable	-	-

STATEMENT OF MANAGEMENT BALANCES

(• MAD 1 000)

I – ACCOUNT RE-ANALYSIS TABLE	31/12/19	31/12/18
(+) Interest and similar income	6 369 944	6 339 086
(-) Interest and similar charges	3 963 925	3 670 387
MARGIN OF INTEREST	2 406 019	2 668 699
(+) Income from crowdfunding	28	26
(-) Charges on crowdfunding	-	-
MARGIN ON CROWDFUNDING	28	26
(+) Income from property given on lease and on rent	-	-
(-) Charges on property given on lease and on rent	-	-
INCOME FROM LEASING AND RENTAL TRANSACTIONS	-	-
(+) Income from property given on Ijara	93	89
(-) Charges on property given on Ijara	42	42
INCOME FROM IJARA TRANSACTIONS	51	47
(+) Commission received	646 760	572 013
(-) Commission paid	169 898	163 350
MARGIN IN COMMISSION	476 862	408 663
(+) Income from transactions on transaction securities	1 620 169	1 172 161
(+) Income from transactions on marketable securities	-20 680	221 109
(+) Income from currency transactions	480 163	355 889
(+) Income from transactions on derivatives	13 643	29 925
INCOME FROM MARKET TRANSACTIONS	2 093 295	1 779 084
(+/-) Income from transactions on Moudaraba and Moucharaka securities	-	-
(+) Miscellaneous other banking income	1 408 098	1 462 217
(-) Miscellaneous other banking charges	131 353	114 801
(+/-) Investment-deposit account holders' share	-	-
NET BANKING INCOME	6 253 000	6 203 935
(+) Income from transactions on financial fixed assets	-45 316	-60 787
(+) Other non-banking operating income	1 467 619	1 421 462
(-) Other non-banking operating charges	156 055	2 759
(-) General operating charges	3 060 765	3 000 700
GROSS OPERATING INCOME	4 458 483	4 561 151
(+/-) Net funding of recovery to provisions for outstanding debts and outstanding signed commitments	-1 100 933	-480 336
(+/-) Other net funding of recovery to provisions	-135 270	-741 720
CURRENT INCOME	3 222 280	3 339 095
NON-CURRENT INCOME	176 136	62 563
(-) Tax on income	816 590	945 466
NET INCOME FOR THE FINANCIAL YEAR	2 581 826	2 456 192

II – SELF-FINANCING CAPABILITY	31/12/19	31/12/18
NET INCOME FOR THE FINANCIAL YEAR	2 581 826	2 456 192
(+) Funding for amortisations and for provisions for tangible and intangible fixed assets	298 249	295 527
(+) Funding for provisions for depreciation of financial fixed assets	46 127	68 244
(+) Funding for provisions for general risks	228 991	546 610
(+) Funding for regulatory provisions	-	-
(+) Non-current funding	-	-
(-) Recovery of provisions	810	2 238
(-) Capital gains on sales of tangible and intangible fixed assets	41 170	93
(+) Capital losses on sales of tangible and intangible fixed assets	-	-
(-) Capital gains on sales of financial fixed assets	-	8 218
(+) Capital losses on sales of financial fixed assets	-	3 000
(-) Recovery of investment grants received	-	-
(+) SELF-FINANCING CAPABILITY	3 113 213	3 359 024
(-) Profits distributed	1 366 910	1 184 655
(+) SELF-FINANCING	1 746 303	2 174 369

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

TABLE OF CASH FLOWS

(× MAD 1 000)

	31/12/19	31/12/18
1. (+) Bank operating income received	10 192 187	9 724 134
2. (+) Recoveries of amortised debts	34 708	35 784
3. (+) Non-banking operating income received	1 723 345	1 523 904
4. (-) Banking operating charges paid	(6 686 056)	(5 909 754)
5. (-) Non-banking operating charges paid	(276 815)	(42 731)
6. (-) General operating charges paid	(2 762 474)	(2 705 130)
7. (-) Tax paid on income	(816 590)	(945 467)
I. Net cashflows from the income and charges account	**1 408 305**	**1 680 740**
Variations in:		
8. (+) Loans to credit establishments and similar	(895 154)	1 808 132
9. (+) Loans to customers	(878 210)	(10 163 103)
10. (+) Transaction and marketable securities	(8 477 716)	(2 356 886)
11. (+) Other assets	(576 581)	1 075 917
12. (-) Moudaraba and Moucharaka securities	-	-
13. (+) Property given on lease and on rent	-	-
14. (+) Property given on Ijara	-	-
15. (+) Investment deposits invested with credit establishments and similar	(210 000)	-
16. (+) Debts owed to credit establishments and similar	2 975 454	6 911 522
17. (+) Customer deposits	(2 856 066)	2 443 256
18. (+) Debts owed to customers on crowdfunding	-	-
19. (+) Debt securities issued	(500 000)	3 010 000
20. (+) Other assets	384 934	(2 097 085)
II. Balance of variations in operating assets and liabilities	**(11 033 339)**	**631 753**
III. NET CASHFLOWS FROM OPERATING ACTIVITIES (I + II)	**(9 625 034)**	**2 312 493**
21. (+) Income from sale of financial fixed assets	934 050	1 917 352
22. (+) Income from sale of tangible and intangible fixed assets	106 657	1 158
23. (-) Acquisition of financial fixed assets	(2 197 991)	(3 568 575)
24. (-) Acquisition of tangible and intangible fixed assets	(340 263)	(1 166 465)
25. (+) Interest received	603 676	677 760
26. (+) Dividends received	1 403 695	1 445 580
IV. NET CASHFLOWS FROM INVESTMENT ACTIVITIES	**509 824**	**(693 190)**
27. (+) Grants, public funds, and special guarantee funds received	152 621	(423 093)
28. (+) Subordinate-debt issue	2 000 000	2 000 000
29. (+) Investment deposits received	-	-
30. (+) Share issue	4 970 000	-
31. (-) Repayment of equity and similar	-	-
32. (-) Investment deposits repaid	-	-
33. (-) Interest paid	(230 306)	(168 683)
34. (-) Remuneration paid on investment deposits	-	-
35. (-) Dividends paid	(1 366 911)	(1 184 654)
V. NET CASHFLOWS FROM FINANCING ACTIVITIES	**5 525 404**	**223 570**
VI. NET CASH VARIATION (III + IV + V)	(3 589 806)	1 842 873
VII. CASH AT START OF FINANCIAL YEAR	7 431 025	5 588 152
VIII. CASH AT CLOSE OF FINANCIAL YEAR	3 841 219	7 431 025

STATEMENT OF CHANGES IN METHODS

NATURE OF CHANGE	JUSTIFICATION FOR CHANGES	INFLUENCE ON EQUITY, THE FINANCIAL SITUATION, AND INCOME
I – Change affecting valuation methods	NIL	NIL
II – Change affecting rules of presentation		

STATEMENT OF DEROGATIONS

INDICATIONS OF DEROGATIONS	JUSTIFICATION FOR DEROGATIONS	INFLUENCE ON EQUITY, THE FINANCIAL SITUATION, AND INCOME
I – Derogations from fundamental accounting principles		
II - Derogations from valuation methods	NIL	NIL
III - Derogations from the rules for preparing and presenting summary statements		

LOANS FROM CREDIT ESTABLISHMENTS AND SIMILAR

(× MAD 1 000)

LOANS	Bank Al-Maghrib, Public Treasury, and Postal-Cheque Service	Banks in Morocco	Other credit establishments and similar in Morocco	Credit establishments abroad	31/12/19	31/12/18
ORDINARY ACCOUNTS IN DEBIT	2 788 629	1 250 871	780 657	1 370 477	6 190 634	10 573 400
REPO-INWARD SECURITIES						858 199
- overnight						446 379
- term						411 820
CASH LOANS	500 000	2 730 089	7 531 563	1 419 245	12 180 897	12 098 626
- overnight	500 000	591 864	182 997		1 274 861	274 693
- term	-	2 138 225	7 348 566	1 419 245	10 906 036	11 823 933
FINANCIAL LOANS	-	1 445 958	17 166 154	-	18 612 112	16 488 121
OTHER DEBTS	-	363 245	-	52	363 297	164 577
ACCRUED INTEREST RECEIVABLE	4 037	15 887	69 592	9 086	98 602	91 114
OUTSTANDING LOANS						
TOTAL	**3 292 666**	**5 806 050**	**25 547 966**	**2 798 860**	**37 445 542**	**40 274 037**

LOANS FROM CUSTOMERS

(× MAD 1 000)

LOANS	Public sector	PRIVATE SECTOR			31/12/19	31/12/18
		Financial businesses	Non-financial businesses	Other customers		
CASH LOANS	1 092 317	306 265	19 469 080	477 228	21 344 890	21 155 979
- Sight accounts in debit	882 216	306 265	6 828 100	184 773	8 201 354	8 689 452
- Trade receivables in Morocco	-	-	2 355 561	630	2 356 191	2 964 576
- Export credits	-	-	60 831	-	60 831	74 317
- Other cash loans	210 101	-	10 224 588	291 825	10 726 514	9 427 634
CONSUMER CREDIT	-	-	-	3 155 316	3 155 316	3 381 668
FACILITIES CREDIT	12 061 954	301 065	20 437 932	249 134	33 050 085	30 232 944
PROPERTY LOANS	-	-	8 839 541	16 837 558	25 677 099	26 470 955
OTHER LOANS	412 982	12 799 183	1 093 973	462 624	14 768 762	17 008 487
LOANS ACQUIRED BY FACTORING	9 513 092	-	781 049	-	10 294 141	9 387 130
ACCRUED INTEREST RECEIVABLE	168 647	56 702	444 255	280 527	950 131	1 062 578
OUTSTANDING LOANS	-	40	1 613 677	693 825	2 307 542	1 956 479
- Pre-doubtful loans	-	-	173 188	132 259	305 447	144 469
- Doubtful loans	-	8	67 778	67 491	135 277	180 494
- Compromised loans	-	32	1 372 711	494 075	1 866 818	1 631 516
TOTAL	**23 248 992**	**13 463 255**	**52 679 507**	**22 156 212**	**111 547 966**	**110 656 220**

BREAKDOWN OF TRANSACTION SECURITIES, MARKETABLE SECURITIES, AND INVESTMENT SECURITIES

(× MAD 1 000)

	Gross accounting value	Current value	Repayment value	Latent capital gains	Latent capital losses	Provisions
TRANSACTION SECURITIES	49 865 746	49 865 746	25 725 842			
Treasury bills and similar securities	26 998 676	26 998 676	25 342 372			
Bonds	414 096	414 096	383 470			
Other debt securities	-	-	-			
Certificates of ownership	22 452 974	22 452 974				
MARKETABLE SECURITIES	8 928 657	8 887 736	5 873 600		40 921	40 921
Treasury bills and similar securities	5 677 928	5 677 928	5 593 600		-	-
Bonds	286 454	286 454	280 000			
Other debt securities		-	-			
Certificates of ownership	2 964 275	2 923 354	-		40 921	40 921
INVESTMENT SECURITIES	11 604 833	11 604 833	10 910 990			
Treasury bills and similar securities	10 889 702	10 889 702	10 198 900			
Bonds	663 246	663 246	660 842			
Other debt securities	51 885	51 885	51 248			
GENERAL TOTAL	**70 399 236**	**70 358 315**	**42 510 432**		**40 921**	**40 921**

BREAKDOWN OF TRANSACTION SECURITIES, MARKETABLE SECURITIES, AND INVESTMENT SECURITIES, BY ISSUER CATEGORY

(× MAD 1 000)

	Credit establishments and similar	Public issuers	PRIVATE ISSUERS		31/12/19	31/12/18
			Financial	Non-financial		
LISTED SECURITIES	142 052	-	5 124	1 091 494	1 238 670	166 474
Treasury bills and similar securities		-		-	-	
Bonds	-	-		-	-	
Other debt securities	-				-	
Certificates of ownership	142 052	-	5 124	1 091 494	1 238 670	166 474
UNLISTED SECURITIES	337 080	43 566 306	24 051 180	1 165 079	69 119 645	62 795 711
Treasury bills and similar securities		43 566 306	-		43 566 306	38 757 051
Bonds	285 196	-	-	1 078 601	1 363 797	1 377 535
Other debt securities	51 884				51 884	19 467
Certificates of ownership		-	24 051 180	86 478	24 137 658	22 641 658
TOTAL	**479 132**	**43 566 306**	**24 056 304**	**2 256 573**	**70 358 315**	**62 962 185**

DETAILS OF OTHER ASSETS

(× MAD 1 000)

CATEGORY	31/12/19	31/12/18
Optional instruments	2 391	402
Miscellaneous transactions on securities (debit)	-	-
Amounts paid, to be recovered from issuers	-	-
Other settlement accounts relating to transactions on securities	-	-
Miscellaneous debtors	1 112 014	768 607
- Amounts owed by the State	312 678	91 369
- Amounts owed by welfare bodies	1 406	763
- Miscellaneous amounts owed by staff	5 908	6 530
- Customer accounts for non-banking services	-	-
- Miscellaneous other debtors	792 022	669 945
Miscellaneous securities and applications	21 157	16 379
- Miscellaneous securities and applications	21 157	16 379
Off-balance-sheet adjustment accounts (debit)	233 282	88 958
Variance accounts on currencies and securities (debit)	17	9
Potential losses on non-unwound hedging transactions	-	-
Losses to be spread over unwound hedging transactions	-	-
Charges to be spread over several financial years	332 391	304 550
Liaison accounts between head office, branches, and agencies in Morocco (debit)	111 058	144 060
Income receivable and charges noted in advance	659 085	550 932
- income receivable	644 227	535 121
- Charges noted in advance	14 858	15 811
Transitory or suspense accounts in debit	152 407	172 407
Outstanding debts on miscellaneous transactions	-	-
Provisions for outstanding debts on miscellaneous transactions	-	-
TOTAL	**2 623 802**	**2 046 304**

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

EQUITY SECURITIES AND SIMILAR APPLICATIONS

(× MAD 1 000)

Name of the issuing company	Sector of activity	Equity × MAD 1000	Percentage holding	Gross accounting value	Currency-translation adjustment	Cumulative provisions	Net accounting value	Extrait des derniers états de synthèse de la sté émettrice				INCOME ENTERED IN THE CPC
								Financial year closing date	Net situation	Net income	Currency	
A) HOLDING IN RELATED BUSINESSES				23 947 246	-122 573	320 810	23 749 009					1 308 859
CHAABI INTER.BANK OFF SHORE (CIB)	Bank	2 200	70,00%	14 774	1 884	-	12 890	30-JUN-19	24 294	6 619	USD	108 236
CHAABI BANK (BCDM)	Bank	47 478	100,00%	525 846	-13 386	-	539 232	30-JUN-19	54 474	92	EUR	
BPMC	Bank	15 000 000	75,00%	100 065	-1 497	-	101 562	30-JUN-19	21 560 228	985 024	XOF	
ATLANTIC BUSINESS INTERNATIONAL (ABI)	Holding company	172 039 570	70,55%	2 789 471	-81 974	-	2 871 444	30-JUN-19	346 821 000	13 969 000	XOF	173 783
BCP BANK MAURITIUS	Bank	2 218 065	100,00%	430 580	-20 120	-	450 700					
BANQUE COMMERCIALE INTERNATIONALE	Bank	12 870 340	100,00%	96 881	-597	-	97 477		-	-		
BANQUE INTERNATIONAL DU CAMEROUN	Bank	12 000 000	68,50%	239 814	-512	-	240 327		-	-		
BANQUE MALGACHE DE L'OCEAN INDIEN	Bank	60 000 000	71,01%	730 751	-6 218	-	736 969		-	-		
BCP MIDDLE EAST	Miscellaneous services	822	100,00%	7 886	-153	-	8 038		-	-		
MEDIAFINANCE	Bank	206 403	60,00%	141 052	-	-	141 052	30-JUN-19	263 795	32 361	MAD	19 419
VIVALIS SALAF	Consumer credit	177 000	87,28%	288 133	-	-	288 133	30-JUN-19	821 978	64 412	MAD	77 239
BP REM	Property / fitting out	188 000	43,13%	81 075	-	-	81 075	30-JUN-19	209 149	-482	MAD	8 625
CHAABI LLD	Financial services	31 450	83,62%	32 352	-	-	32 352	30-JUN-19	78 897	7 380	MAD	12 623
MAROC ASSISTANCE INTERNATIONALE	Insurance	50 000	77,43%	71 267	-	-	71 267	30-JUN-19	368 928	40 074	MAD	38 715
DAR ADDAMANE	Financial services	75 000	6,21%	4 694	-	4 654	40	31-DEC-18	152 232	-54 401	MAD	
STE H. PARTNERS GESTION	Investment fund	5 000	50,00%	2 500	-	-	2 500	31-DEC-18	16 770	1 014	MAD	
UPLINE GROUP	Bank	46 784	77,39%	777 225	-	-	777 225	30-JUN-19	570 013	120 290	MAD	85 126
GENEX PARTICIPATIONS	Miscellaneous services	1 250	100,00%	1 360	-	97	1 263	31-DEC-17	1 263	-5	MAD	
SCI OASIS YVES	Property / fitting out	15	99,67%	3 282	-	3 282	-		-	-	MAD	
SCI OASIS PAPILLONS	Property / fitting out	8	99,33%	814	-	-	814	31-DEC-18	-477	-15	MAD	
SCI OASIS JEAN	Property / fitting out	15	99,67%	1 936	-	-	1 936	31-DEC-18	-130	-12	MAD	
CHAABI CAPITAL INVESTISSEMENT	Investment fund	2 227 900	54,10%	1 205 294	-	178 117	1 027 177	31-DEC-18	1 533 113	-53 199	MAD	
BANK AL YOUSR	Bank	340 000	80,00%	272 000	-	-	272 000	30-JUN-19	232 614	-25 261	MAD	
BANQUE POPULAIRE PATRIMOINE	Property / fitting out	150 300	100,00%	150 300	-	-	150 300	31-DEC-18	148 556	-431	MAD	
AL AKARIA INVEST	Property / fitting out	1 350 300	100,00%	1 350 300	-	-	1 350 300	30-JUN-19	1 265 583	-738	MAD	
Maroc Traitement de Transactions (M2T)	Payment services	15 000	83,74%	133 347	-	-	133 347	30-JUN-19	25 316	-1 402	MAD	
BANK AL AMAL	Bank	740 000	38,50%	329 709	-	-	329 709	30-JUN-19	905 163	-5 707	MAD	
SIBA	Property / fitting out	3 333	90,10%	59 200	-	-	59 200	31-DEC-18	10 727	118	MAD	
FONDS MOUSSAHAMA 2	Investment fund	162 880	63,97%	247 690	-	134 661	113 029	31-DEC-18	167 400	208	MAD	
MAROC LEASING	Leasing company	277 677	53,11%	493 623	-	-	493 623	30-JUN-19	884 780	36 059	MAD	23 595
SCI DAIT ROUMI II	Property / fitting out	10	90,00%	9	-	-	9	31-DEC-18	-110	-9	MAD	
BP SHORE GROUP	Holding company	5 000	56,80%	2 840	-	-	2 840	30-JUN-19	165 577	53 872	MAD	17 040
BP SHORE BACK OFFICE	Miscellaneous services	3 000	1,00%	30	-	-	30	30-JUN-19	21 060	12 580	MAD	253
ATLANTIC MICROFINANCE	Holding company	334 828	100,00%	334 828	-	-	334 828	30-JUN-19	307 838	615	MAD	
IMC (INFRA MAROC CAPITAL)	Investment fund	105 333	43,50%	1 766 971	-	-	1 766 971	31-DEC-18	4 031 578	-2 522	MAD	25 178
BP CENTRE SUD	Bank	1 201 504	51,00%	1 766 768	-	-	1 766 768	31-DEC-19	5 005 160	178 552	MAD	131 216
BP FES-TAZA	Bank	2 028 589	51,00%	2 079 792	-	-	2 079 792	31-DEC-19	5 864 826	199 300	MAD	88 759
BP LAAYOUNE	Bank	586 495	52,36%	515 799	-	-	515 799	31-DEC-19	1 377 358	50 653	MAD	49 388
BP MARRAKECH-B MELLAL	Ban	1 138 824	51,62%	1 024 213	-	-	1 024 213	31-DEC-19	3 091 002	153 727	MAD	94 425
BP NADOR-AL HOCEIMA	Bank	846 694	52,63%	1 527 084	-	-	1 527 084	31-DEC-19	5 064 944	125 575	MAD	40 475
BP OUJDA	Bank	758 663	51,73%	1 220 009	-	-	1 220 009	31-DEC-19	3 392 345	123 394	MAD	84 434
BP TANGER-TETOUAN	Bank	1 015 001	51,00%	1 062 535	-	-	1 062 535	31-DEC-19	3 279 775	203 621	MAD	47 922
BP RABAT-KENITRA	Bank	1 901 598	51,89%	1 861 466	-	-	1 861 466	31-DEC-19	4 878 176	381 145	MAD	182 409
SOCINVEST SARL		1 500	100,00%	1 500	-	-	1 500		-	-	MAD	
BCP INTERNATIONAL	Holding company	200 000	100,00%	200 000	-	-	200 000	31-DEC-18	199 949	-50	MAD	
AFRICA STONE	Miscellaneous services	1 000	29,00%	183	-	-	183		-	-		
B) OTHER EQUITY SECURITIES				**265 380**	**-**	**27 377**	**238 003**					**6 368**
ATPS	Miscellaneous services	300	100,00%	2 351	-	-	2 351	31-DEC-18	1 886	-150	MAD	
SOGEPOS	Property / fitting out	35 000	13,20%	4 622	-	-	4 622	31-DEC-18	46 084	9 313	MAD	1 168
CENTRE MONETIQUE INTERBANCAIRE	Financial services	98 200	13,24%	12 853	-	-	12 853	30-JUN-19	138 104	17 787	MAD	5 200
CASABLANCA FINANCE CITY AUTHORITY	Financial services	400 000	12,50%	50 000	-	-	50 000	31-DEC-18	405 969	9 731	MAD	
CASABLANCA TRANSPORTS	Miscellaneous services	4 000 000	0,38%	15 000	-	4 466	10 534	31-DEC-18	2 809 200	-149 163	MAD	
SOCIETE DE BOURSE DE CASABLANCA	Financial services	387 518	8,00%	31 373	-	-	31 373	31-DEC-18	668 521	16 738	MAD	
PART MAMDA RE	Insurance	600 000	16,67%	100 890	-	-	100 890		-	-	MAD	
OTHERS				48 292	-	22 912	25 380					
C) PORTFOLIO-ACTIVITY SECURITIES				**129 784**	**-2 694**	**-**	**132 478**					**7 777**
AWB MOROCCO MAURITANIE	Holding company	22 440	33,03%	79 784	-2 694	-	82 478	31-JUL-18	24 247	7 879	EUR	7 777
UNIVERSITE INTERNATIONALE DE RABAT	Higher education	131 000	38,17%	50 000	-	-	50 000	30-SEP-19	50 294	24 596	MAD	
D) SIMILAR APPLICATIONS				**1 965 912**	**6 030**	**44 433**	**1 915 449**					**36 103**
UBAF	Bank	250 727	4,99%	134 639	-6 239	-	140 878	31-DEC-18	320 379	979	EUR	1 473
BACB	Bank	104 357	6,17%	62 115	194	-	61 922	30-JUN-19	185 000	12 600	GBP	
BACB				118 490	16 195	36 181	66 114					
UBAE	Bank	159 861	4,66%	88 946	-4 122	-	93 068	31-DEC-18	143 016	-51 457	EUR	
BMICE	Bank	150 000	4,00%	57 559	2 006	-	55 553	31-DEC-18	143 459	-3 605	USD	
OTHERS (including Clearing House)				1 504 162	-2 005	8 253	1 497 915					34 630
GENERAL TOTAL		**-**		**26 308 323**	**-119 237**	**392 621**	**26 034 939**		**-**	**-**		**1 359 108**

SUBORDINATE DEBTS

(× MAD 1 000)

	Overall mount	APPARENT				31/12/19	31/12/18
		Credit establishments and similar	Financial establishments	Non-financial establishments	Other apparent		
Subordinate debts	**274 698**	**270 000**	**-**	**-**	**-**	**274 698**	**123 337**
Subordinate securities from credit establishments and similar	274 698	270 000	-	-	-	274 698	123 337
Subordinate securities from customers							
Subordinate loans to credit establishments and similar							
Subordinate loans to customers							
Outstanding subordinate loans							
Reserved charges on subordinate loans							
(-) Provisions for outstanding subordinate loans							

TANGIBLE AND INTANGIBLE FIXED ASSETS

(× MAD 1 000)

FIXED ASSETS	Gross amount at start of financial yar	Amount of acquisitions during financial year	Amount of sales or withdrawals during financial year	Gross amount at end of financial year	AMORTISATIONS AND / OR PROVISIONS				Net amount at end of financial year
					Amount of amortisations and / or provisions at start of financial year	Funding for financial year	Amount of amortisations on exited fixed assets	Cumulative	
INTANGIBLE FIXED ASSETS	**926 932**	**57 090**	**160**	**983 862**	**547 187**	**68 434**	**8**	**615 613**	**368 249**
Leasehold right	142 601	-	-	142 601	-	-	-	-	142 601
Fixed assets – research and development	-	-	-	-	-	-	-	-	-
Other operating intangible fixed assets	784 332	57 090	160	841 262	547 187	68 434	8	615 613	225 648
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	-
TANGIBLE FIXED ASSETS	**7 867 434**	**283 283**	**68 174**	**8 082 543**	**2 683 335**	**229 857**	**2 687**	**2 910 504**	**5 172 039**
COMMERCIAL PROPERTY	**1 465 349**	**9 779**	**-**	**1 475 128**	**796 567**	**43 750**	**-**	**840 317**	**634 812**
Commercial land	275 977	297	-	276 274	-	-	-	-	276 274
Commercial property – offices	1 188 297	9 482	-	1 197 779	795 521	43 746	-	839 267	358 512
commercial property – staff accommodation	1 075	-	-	1 075	1 046	4	-	1 050	25
COMMERCIAL FURNITURE AND EQUIPMENT	**825 406**	**20 431**	**-**	**845 836**	**632 751**	**46 656**	**-**	**679 406**	**166 430**
Commercial office furniture	219 191	3 024	-	222 215	170 108	11 423	-	181 531	40 684
Commercial office equipment	46 393	5 052	-	51 444	34 747	2 574	-	37 321	14 124
IT equipment	455 049	12 065	-	467 114	340 355	26 321		366 676	100 438
Operational rolling stock	3 022	-	-	3 022	2 923	30	-	2 953	70
Other operational equipment	101 751	289	-	102 041	84 618	6 308	-	90 925	11 115
OTHER OPERATING TANGIBLE FIXED ASSETS	**753 716**	**21 708**	**-**	**775 425**	**527 992**	**45 162**	**-**	**573 154**	**202 271**
NON-OPERATING TANGIBLE FIXED ASSETS	**4 822 963**	**231 365**	**68 174**	**4 986 154**	**726 025**	**94 289**	**2 687**	**817 627**	**4 168 527**
Non-commercial land	2 782 543	134 286	53 086	2 863 742	-	-	-	-	2 863 742
Non-commercial property	1 658 111	58 683	15 088	1 701 705	521 331	63 883	2 687	582 527	1 119 179
Non-commercial furniture and equipment	103 525	16 379	-	119 904	63 312	7 256	-	70 568	49 336
Other non-operating tangible fixed assets	278 785	22 017	-	300 803	141 382	23 150	-	164 532	136 270
TOTAL	**8 794 367**	**340 372**	**68 333**	**9 066 406**	**3 230 522**	**298 291**	**2 695**	**3 526 118**	**5 540 288**

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

SALE OF TANGIBLE AND INTANGIBLE FIXED ASSETS

(× MAD 1 000)

	Gross accounting value	Cumulative amortisations and / or provisions for depreciation	Net accounting value	Income from sale	Capital gain on sale	Capital loss on sale
- INTANGIBLE FIXED ASSETS	-	-	-	-	-	-
Leasehold right	-	-	-	-	-	-
Fixed assets – research and development	-	-	-	-	-	-
Other operating intangible fixed assets	-	-	-	-	-	-
Non-operating intangible fixed assets	-	-	-	-	-	-
- TANGIBLE FIXED ASSETS	68 174	2 687	65 487	106 657	41 170	-
- COMMERCIAL PROPERTY	-	-	-	-	-	-
Commercial land	-	-	-	-	-	-
Commercial property – offices	-	-	-	-	-	-
Commercial property – staff accommodation	-	-	-	-	-	-
- COMMERCIAL FURNITURE AND EQUIPMENT	-	-	-	-	-	-
Commercial office furniture	-	-	-	-	-	-
Commercial office equipment	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-
Operational rolling stock	-	-	-	-	-	-
Other operational equipment	-	-	-	-	-	-
- OTHER OPERATIONAL TANGIBLE FIXED ASSETS	-	-	-	-	-	-
- NON-OPERATIONAL TANGIBLE FIXED ASSETS	68 174	2 687	65 487	106 657	41 170	-
Non-commercial land	53 086	-	53 086	89 530	36 444	-
Non-commercial property	15 088	2 687	12 401	17 126	4 726	-
Non-commercial furniture and equipment	-	-	-	-	-	-
Other non-operational tangible fixed assets	-	-	-	-	-	-
TOTAL	**68 174**	**2 687**	**65 487**	**106 657**	**41 170**	**-**

DEBTS OWED TO CREDIT ESTABLISHMENTS AND SIMILAR

(× MAD 1 000)

DEBTS	Credit establishments and similar in Morocco			Credit establishments abroad	31/12/19	31/12/18
	Bank Al Maghrib, Public Treasury, and-Postal-Cheque Service	Banks in Morocco	Other credit establishments and similar in Morocco			
ORDINARY ACCOUNTS IN CREDIT	-	109 083 784	124 132	107 398	109 315 314	103 835 261
REPO-OUTWARD SECURITIES	15 880 281	1 429 429	-	-	17 309 710	23 700 111
- overnight	-	1 429 429	-	-	1 429 429	1 200 074
- term	15 880 281	-	-	-	15 880 281	22 500 037
CASH BORROWINGS	-	2 948 987	4 654 944	953 431	8 557 362	6 667 443
- overnight	-	2 408 987	-	143 898	2 552 885	763 482
- term	-	540 000	4 654 944	809 533	6 004 477	5 903 961
FINANCIAL BORROWINGS	-	-	1 108 983	2 945 172	4 054 155	3 112 591
OTHER DEBTS	1 532	2 108 780	-	-	2 110 312	1 135 887
ACCRUED INTEREST PAYABLE	5 962	1 332 078	8 374	1 548	1 347 962	1 268 068
TOTAL	**15 887 775**	**116 903 058**	**5 896 433**	**4 007 549**	**142 694 815**	**139 719 361**

CUSTOMER DEPOSITS

(× MAD 1 000)

DEPOSITS	Public sector	PRIVATE SECTOR			31/12/19	31/12/18
		Financial businesses	Non-financial businesses	Other customers		
SIGHT ACCOUNTS IN CREDIT	2 215 366	1 340 691	6 209 161	28 717 335	38 482 553	36 926 926
SAVINGS ACCOUNTS	-	-	-	7 819 994	7 819 994	7 494 756
TERM DEPOSITS	345 997	652 325	215 686	10 111 368	11 325 376	14 935 573
OTHER ACCOUNTS IN CREDIT	37 209	35 408	632 848	1 139 184	1 844 649	2 861 091
ACCRUED INTEREST PAYABLE	4 132	7 517	3 153	152 666	167 468	196 036
TOTAL	**2 602 704**	**2 035 941**	**7 060 848**	**47 940 547**	**59 640 040**	**62 414 382**

DETAILS OF OTHER LIABILITIES

(× MAD 1 000)

	31/12/19	31/12/18
Optional instruments sold	692	198
Securities-transaction settlement accounts	-	-
Debts on securities	-	-
Payment to be made on unsettled securities	128 983	34 436
Provisions for financial services to issuers	-	-
Amounts settled by customers, to be repaid to issuers	-	-
Miscellaneous creditors	653 520	820 577
- Amounts owed to the State	179 092	477 439
- Amounts owed to welfare bodies	125 162	114 806
- Miscellaneous amounts owed to shareholders and associates	53	38
- Amounts owed to staff	1	2
- Suppliers of goods and services	2 432	2 538
- Miscellaneous other creditors	346 780	225 754
Off-balance-sheet adjustment accounts	816	15 040
Difference accounts on currencies and securities	-	-
Potential gains on non-unwound hedging transactions	-	-
Gains to be spread over unwound hedging transactions	-	-
Liaison accounts between head office, branches, and agencies in Morocco (credit)	-	-
Charges payable and income noted in advance	694 405	558 625
- Charges payable	669 177	522 074
- Income noted in advance	25 228	36 551
Transitory or suspense accounts in credit	475 594	140 217
TOTAL	**1 954 010**	**1 569 093**

PROVISIONS

(× MAD 1 000)

	Exposure 31/12/18	Funding	Recoveries	Other variations	Exposure 31/12/19
PROVISIONS DEDUCTED FROM ASSETS	5 782 042	1 414 082	321 397	12 954	6 861 773
Loans to credit establishments and similar				-	
Loans to customers	5 425 095	1 336 518	320 428	12 954	6 428 231
Marketable and investment securities	9 642	31 437	159	-	40 921
Equity securities and similar applications	347 305	46 127	810	-	392 621
Property given on lease and on rent					
PROVISIONS ENTERED UNDER LIABILITIES	4 812 569	505 695	371 661	-13 535	4 960 139
Provisions for performance risks of signed commitments	536 189		1 236	-13 535	548 488
Provisions for exchange-rate risks					
Provisions for general risks	3 706 496	228 991		-	3 935 487
Provisions for retirement pensions and similar commitments				-	
Provisions for other risks and charges	569 885	276 704	370 425	-	476 164
Regulated provisions					
TOTAL GENERAL	**10 594 611**	**1 919 777**	**693 058**	**-581**	**11 821 912**

GRANTS, ALLOCATED PUBLIC FUNDS, AND SPECIAL GUARANTEE FUNDS

(× MAD 1 000)

	31/12/19	31/12/18
GRANTS AND ALLOCATED PUBLIC FUNDS		-
Investment grants received		-
- Investment grants received		-
- Investment grants entered in the income and charges account		-
Allocated public funds		-
- Allocated public funds		-
SPECIAL GUARANTEE FUNDS	3 373 148	3 220 527
Mutual guarantee funds		-
- Mutual guarantee funds		-
- Others special guarantee funds		-
- CPM support fund	3 373 148	3 220 527

DEBT SECURITIES ISSUED AS OF 31/12/2019

(× MAD 1 000)

NATURE OF SECURITIES	CHARACTERISTICS					31/12/19
	Entitlement date	Maturity date	Nominal value	Rate	Repayment method	
Certificate of deposit	11/07/18	12/07/20	100 000	0,01%	In Fine	10 000
Certificate of deposit	28/06/19	27/06/20	62 241	2,50%	In Fine	1 500 000
Certificate of deposit	16/12/19	14/12/20	100 000	2,50%	In Fine	1 000 000
TOTAL						**2 510 000**

FIXED ASSETS GIVEN ON LEASE AND ON OPERATING LEASE AS OF 31/12/2019

FIXED ASSETS GIVEN ON LEASE AND ON OPERATING LEASE	NIL

SUBORDINATE DEBTS

(× MAD 1 000)

	OVERALL AMOUNT	NON-APPARENT	APPARENT				31/12/19	31/12/18
			CREDIT ESTABLISHMENTS AND SIMILAR	FINANCIAL BUSINESSES	NON-FINANCIAL BUSINESSES	OTHER APPARENT		
SUBORDINATE DEBTS	9 046 328	6 575 428	35 100	2 435 800	-	-	9 046 328	7 042 911
SUBORDINATE DEBTS OF DETERMINATE DURATION	9 000 000	6 529 100	35 100	2 435 800	-	-	9 000 000	7 000 000
Subordinate securities of determinate duration	-	-	-	-	-	-		-
Subordinate borrowings of determinate duration from credit establishments	35 100	-	35 100	-	-	-	35 100	35 100
Subordinate borrowings of determinate duration from customers	8 964 900	6 529 100	-	2 435 800	-	-	8 964 900	6 964 900
SUBORDINATE DEBTS OF INDETERMINATE DURATION	-	-	-	-	-	-		-
Subordinate securities of indeterminate duration	-	-	-	-	-	-		-
Subordinate borrowings of indeterminate duration from credit establishments	-	-	-	-	-	-		-
Subordinate borrowings of indeterminate duration from customers	-	-	-	-	-	-		-
ACCRUED INTEREST PAYABLE	46 328	33 449	400	12 479	-	-	46 328	42 911

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

EQUITY

(× MAD 1 000)

	Exposure 31/12/18	Exposure Allocation of income	Other variations	Exposure 31/12/19
Reserves and premiums linked to capital	19 961 922	952 472	4 770 000	25 684 394
Legal reserve	182 255	-	-	182 255
Other reserves	8 713 120	952 472	-	9 665 592
Issue, merger, and contribution premiums	11 066 547	-	4 770 000	15 836 547
Capital	1 822 547	-	200 000	2 022 547
Capital called	1 822 547	-	200 000	2 022 547
Capital not called	-	-	-	
Investment certificates	-	-	-	
Endowment funds	-	-	-	
Shareholders – capital not paid out	-	-	-	-
Carried forward (+/-)	545 190	55 086	-	600 276
Net income pending allocation (+/-)	-	-	-	
Net income for the financial year (+/-)	2 456 192	-2 456 192	-	2 581 826
TOTAL	**24 785 851**	**-1 448 634**	**4 970 000**	**30 889 043**

FINANCE AND GUARANTEE COMMITMENTS

(× MAD 1 000)

	31/12/19	31/12/18
FINANCE AND GUARANTEE COMMITMENTS GIVEN	38 855 922	39 257 699
Finance commitments in favour of credit establishments and similar	315 803	620 881
Import documentary credits	-	-
Payment acceptance or commitments	-	-
Confirmed opening of credit	265 803	620 881
Substitution commitments on issuing securities	-	-
Irrevocable lease commitments	-	-
Other finance commitments given	50 000	-
Finance commitments in favour of customers	20 896 584	22 704 578
Import documentary credits	5 198 474	4 887 885
Payment acceptance or commitments	2 325 905	2 732 275
Confirmed opening of credit	13 372 205	15 084 418
Substitution commitments on issuing securities	-	-
Irrevocable lease commitments	-	-
Other finance commitments given	-	-
Guarantee commitments for credit establishments and similar	7 586 983	6 124 524
Confirmed export documentary credits	799 566	754 275
Payment acceptance or commitments	-	-
Credit guarantees given	-	-
Other deposits, sureties, and guarantees given	6 787 417	5 370 249
Outstanding commitments	-	-
Guarantee commitments for customers	10 056 552	9 807 716
Credit guarantees given	1 019 677	850 877
Deposits and guarantees in favour of the public administration	3 765 854	3 795 307
Other deposits and guarantees given	4 690 763	4 615 826
Outstanding commitments	580 258	545 706
FINANCE AND GUARANTEE COMMITMENTS RECEIVED	16 678 862	12 529 413
Finance commitments received from credit establishments and similar	2 713	4 882
Confirmed opening of credit	2 713	4 882
Substitution commitments on issuing securities	-	-
Other finance commitments received	-	-
Guarantee commitments received from credit establishments and similar	14 762 803	11 718 801
Credit guarantees	-	-
Other guarantees received	14 762 803	11 718 801
Guarantee commitments received from the State and from miscellaneous guarantee bodies	1 913 346	805 730
Credit guarantees	1 913 346	805 730
Other guarantees received	-	-
Other securities receivable		

COMMITMENTS ON SECURITIES

(× MAD 1 000)

	31/12/19	31/12/18
COMMITMENTS GIVEN		44 692
Securities bought with repo option		-
Securities deliverable		44 692
- Primary market		44 692
- Grey market		-
- Regulated markets		-
- Over-the-counter market		-
- Others		-
COMMITMENTS RECEIVED	9 873	91 859
Securities sold with repo option	-	-
Securities receivable	9 873	91 859
- Primary market	9 873	91 859
- Grey market		-
- Regulated markets		-
- Over-the-counter market		-
- Others		-

FORWARD CURRENCY TRANSACTIONS AND COMMITMENTS ON DERIVATIVES

(× MAD 1 000)

	Hedging transactions	
	31/12/19	31/12/18
FORWARD CURRENCY TRANSACTIONS	34 304 567	36 172 666
Currencies receivable	6 754 314	7 121 481
Dirhams deliverable	2 256 579	711 253
Currencies deliverable	14 544 712	17 170 914
Dirhams receivable	10 748 962	11 169 018
Of which financial currency swaps		
COMMITMENTS ON DERIVATIVES	3 482 545	638 014
Commitments on regulated interest-rate markets	-	-
Commitments on over-the-counter interest-rate markets	-	-
Commitments on regulated exchange-rate markets	-	-
Commitments over-the-counter exchange-rate markets	3 464 487	620 008
Commitments on regulated markets in other instruments	-	-
Commitments on over-the-counter markets in other instruments	18 058	18 006

SECURITIES AND COLLATERAL RECEIVED AND GIVEN AS GUARANTEES

(× MAD 1 000)

SECURITIES AND COLLATERAL RECEIVED AS GUARANTEES	Net accounting value	Asset item or off-balance-sheet item recording loans or signed commitments given	Amounts given as hedged loans and signed commitments
Treasury bills and similar securities	202 691		
Other securities	23 288 092		
Mortgages	35 132 419		
Other real securities and collateral	184 936 934		
TOTAL	**243 560 136**		
SECURITIES AND COLLATERAL GIVEN AS GUARANTEES	**Net accounting value**	**Liability item or off-balance-sheet item recording debts or signed commitments received**	**Amounts received as hedged debts or signed commitments**
Bons du trésor et valeurs assimilées	428 500		
Autres titres	-		
Hypothèques	-		
Autres valeurs et sûretés réelles	-		
TOTAL	**428 500**		

BREAKDOWN OF APPLICATIONS AND RESOURCES BY RESIDUAL DURATION

(× MAD 1 000)

	D≤1 month	1 month<D≤ 3 months	3 months<D≤1 year	1 ear < D ≤ 5 years	D ≥5 years	TOTAL
ASSETS						
Debts owed by credit establishments and similar	4 221 865	4 487 700	6 983 082	11 512 442	2 313 059	29 518 148
Debts owed by customers	6 879 642	7 773 793	15 334 397	37 553 780	29 230 303	96 771 915
Debts owed by securities		729 996	6 858 374	22 219 253	39 287 647	69 095 270
Subordinate debts			30 000	120 000	120 000	270 000
Leases and similar		210 000				210 000
TOTAL	**11 101 507**	**13 201 489**	**29 205 853**	**71 405 475**	**70 951 009**	**195 865 333**
LIABILITIES						
Debts owed to credit establishments and similar	18 400 325	2 092 734	1 391 698	1 241 929	2 812 226	25 938 912
Debts owed to customers	1 547 110	2 213 091	6 763 644	801 560		11 325 405
Debt securities issued			2 510 000			2 510 000
Subordinate borrowings				3 933 800	5 066 200	9 000 000
TOTAL	**19 947 435**	**4 305 825**	**10 665 342**	**5 977 289**	**7 878 426**	**48 774 317**

BREAKDOWN OF ASSETS, LIABILITIES, AND OFF-BALANCE-SHEET ITEMS IN FOREIGN CURRENCIES

(× MAD 1 000)

	31/12/19	31/12/18
ASSETS		
Cash, Central Banks, Public Treasury, and Postal-Cheque Service	-	-
Debts owed by credit establishments and similar	14 844 007	15 084 411
Debts owed by customers	5 182 364	5 737 997
Transaction and marketable securities	1 065 535	808 252
Other assets	49 642	9 779
Investment securities	48 929	69 698
Equity securities and similar applications	5 937 026	4 317 515
Subordinate debts	-	-
TOTAL ASSETS	**27 127 503**	**26 027 652**
LIABILITIES		
Debts owed to credit establishments and similar	10 580 407	8 831 957
Customer deposits	2 384 987	2 073 282
Other liabilities	14 162 109	15 122 413
TOTAL LIABILITIES	**27 127 503**	**26 027 652**
OFF-BALANCE-SHEET ITEMS		
COMMITMENTS GIVEN	13 255 959	12 919 197
COMMITMENTS RECEIVED	5 001 386	3 552 128

MARGIN OF INTEREST

(× MAD 1 000)

	31/12/19	31/12/18
INTEREST CHARGED	6 369 944	6 339 086
* Interest and similar applications on transactions with credit establishments	1 067 913	960 191
* Interest and similar applications on transactions with customers	4 585 995	4 665 280
* Interest and similar income on debt securities	716 036	713 615
INTEREST PAID	3 963 925	3 670 387
* Interest and similar charges on transactions with credit establishments	3 075 651	2 909 329
* Interest and similar charges on transactions with customers	810 720	758 912
*Interest and similar charges on debt securities issued	77 554	2 146
MARGIN OF INTEREST	2 406 019	2 668 699

INCOME FROM CERTIFICATES OF OWNERSHIP

(× MAD 1 000)

	31/12/19	31/12/18
INCOME FROM MARKETABLE SECURITIES (CERTIFICATES OF OWNERSHIP)	44 587	25 697
- Dividends on UCITS securities		-
- Dividends on other certificates of ownership	10 798	11 114
- Other income from certificates of ownership	33 789	14 584
INCOME FROM EQUITY SECURITIES AND SIMILAR APPLICATIONS	1 359 108	1 419 882
- Dividends on equity securities	20 685	9 570
- Dividends on related holdings	1 308 859	1 390 284
- Other income from certificates of ownership	29 564	20 028

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

GENERAL OPERATING CHARGES

(× MAD 1 000)

	31/12/19	31/12/18
GENERAL OPERATING CHARGES	3 060 765	3 000 700
STAFF COSTS	1 053 462	1 026 765
Salaries and wages	291 696	292 874
Premiums and gratuities	451 176	418 949
Other staff remuneration	38 832	54 197
Social-security charges	54 601	53 977
Retirement costs	186 090	183 051
Training costs	28 585	22 372
Other staff costs	2 482	1 345
TAXES AND DUES	50 503	41 346
Urban tax and municipal-administration tax	7 388	4 720
Patent	18 423	15 706
Local taxes	10 147	3 147
Registration fees	61	17
Revenue stamps and stamped paper	10	4
Vehicle duties	7	9
Other taxes, dues, and similar levies	14 467	17 743
EXTERNAL CHARGES	380 731	396 016
Rents from leases	23 152	27 654
Rents from operating leases	70 146	63 745
Maintenance and repair costs	190 194	192 417
Remuneration of part-time staff	3 010	2 148
Remuneration of intermediaries, and fees	60 362	76 268
Insurance premiums	7 983	8 232
Fees for proceedings and litigation	775	682
Electricity, water, heating, and fuel charges	25 109	24 870
EXTERNAL CHARGES	1 139 522	1 121 292
Transport and travel	52 515	42 573
Mission and reception	16 094	9 776
Advertising, publication, and public relations	103 082	96 026
Postal and telecommunications costs	80 655	85 764
Research and documentation costs	22 571	19 734
Consultancy fees and meeting costs	2 422	1 587
Gifts and contributions	33 307	32 272
Office supplies and printed matter	8 715	10 019
Other external charges	820 161	823 541
OTHER OPERATING CHARGES	138 298	119 754
Preliminary costs		-
Fixed-asset acquisition costs		-
Other charges to be spread over several financial years	123 759	99 895
Penalties and offences		-
Additional tax assessments other than tax on income		-
Donations, gifts, and prizes		-
Investment and operating grants made		-
General operating charges from previous financial years	14 539	19 859
Miscellaneous other operating charges		-
FUNDING FOR AMORTISATIONS AND FOR PROVISIONS FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	298 249	295 527

INCOME FROM MARKET TRANSACTIONS

(× MAD 1 000)

	31/12/19	31/12/18
Gains on transaction securities	2 373 907	1 488 218
Losses on transaction securities	753 738	316 057
INCOME FROM TRANSACTION SECURITIES	1 620 169	1 172 161
Capital gains on sale of marketable securities	15 779	219 546
Recovery of provision for depreciation of marketable securities	159	2 649
Capital losses on sale of marketable securities	5 181	386
Funding for provision for depreciation of marketable securities	31 437	700
INCOME FROM MARKETABLE SECURITIES	-20 680	221 109
Income from commitments on securities		-
Charges on commitments on securities		-
INCOME FROM COMMITMENTS ON SECURITIES		-
Income from commitments on derivatives	31 204	69 630
Charges on commitments on derivatives	17 561	39 705
INCOME FROM COMMITMENTS ON DERIVATIVES	13 643	29 925
Income from foreign-exchange transactions	919 460	1 028 980
Charges on foreign-exchange transactions	439 297	673 091
INCOME FROM FOREIGN-EXCHANGE TRANSACTIONS	480 163	355 889

COMMISSION RECEIVED AND PAID

(× MAD 1 000)

	COMMISSION 2019		COMMISSION 2018	
	CREDIT ESTABLISHMENTS	CUSTOMERS	CREDIT ESTABLISHMENTS	CUSTOMERS
COMMISSION RECEIVED	33 171	613 589	32 229	539 784
Commission on account operation		36 238	-	39 016
Commission on means of payment	33 171	220 423	32 229	198 719
Commission on securities transactions		-	-	-
Commission on managed securities / securities on deposit		21 185	-	24 028
Commission on provision of services on credit		55 490	-	42 758
Income from consultancy and assistance activities		181	-	133
Other income from provision of services		280 072	-	235 130
Commission on investment in the primary market			-	-
Guarantee commission on the primary market			-	-
Commission on derivatives			-	-
Commission on foreign-exchange transfer transactions			-	-
Commission on foreign-exchange note transactions			-	-
COMMISSION PAID		169 898	-	163 350
Charges on means of payment		8 103	-	6 717
Commission on buying and selling securities			-	-
Commission on custody fees for securities			-	-
Commission and brokerage on market transactions		1 228	-	4 327
Commission on commitments on securities			-	-
Commission on derivatives			-	-
Commission on foreign-exchange transfer transactions			-	-
Commission on foreign-exchange note transactions		138 249	-	132 398
Other charges on provision of services		22 318	-	19 908

OTHER INCOME AND CHARGES

(× MAD 1 000)

	31/12/19	31/12/18
OTHER BANKING INCOME	3 344 914	2 825 659
Capital gains on sale of marketable securities	15 779	219 546
Commission on derivatives	-	-
Gains on exchange-rate derivatives	31 204	69 630
Income from foreign-exchange transactions	919 461	1 028 980
Miscellaneous other banking income	2 378 311	1 504 855
Share of pooled banking transactions	-	-
Income from previous financial years	4 404	16 637
Miscellaneous other banking income	2 373 907	1 488 218
Recovery of provisions for depreciation of marketable securities	159	2 648
OTHER BANKING CHARGES	1 548 466	1 308 089
Capital losses on sale of marketable securities	5 181	386
Charges on means of payment	8 103	6 717
Miscellaneous charges on certificates of ownership		-
Loan-issuing fees		-
Other charges on securities transactions (transaction securities)	753 739	316 058
Losses on exchange-rate derivatives	17 561	39 705
Other charges on provision of services	23 546	24 234
Charges on foreign-exchange transactions	577 546	805 488
Miscellaneous other banking charges	131 353	114 801
Share of banking-operation transactions		-
Contribution to depositor-guarantee fund	109 285	108 213
Income repaid		-
Charges from previous financial years	12 030	6 571
Miscellaneous other banking charges	10 038	17
Funding for provision for depreciation of marketable securities	31 437	700
NON-BANKING OPERATING INCOME	1 467 619	1 429 681
Income from securities and similar applications		-
Transfer capital gains on financial fixed assets		8 218
Transfer capital gains on tangible and intangible fixed assets	41 170	93
Fixed assets produced by the business for itself		-
Accessory income	1 413 614	1 415 022
Grants received		-
Other non-banking operating charges	12 835	6 348
NON-BANKING OPERATING CHARGES	156 055	5 759
Charges on securities and similar applications		-
Transfer capital losses on financial fixed assets		3 000
Transfer capital losses on tangible and intangible fixed assets		-
CPM support fund	152 621	
Other non-banking operating charges	3 434	2 759

BANQUE CENTRALE POPULAIRE

CORPORATE ACCOUNTS TO 31 DECEMBER 2019

RECONCILIATION OF NET ACCOUNTING INCOME AND NET TAX INCOME

(• MAD 1 000)

	AMOUNTS	AMOUNTS
I – NET ACCOUNTING INCOME	**2 581 826**	
. Net profit		
. Net loss		
II – DISALLOWANCE FOR TAX PURPOSES	**1 194 185**	
1 – Current	1 050 961	
- charges on non-auditable financial years	295	
- VAT / housing loans to staff	1 904	
- amortisation surpluses	-	
- non-deductible gifts	235	
- debt write-offs	-	
- non-deductible restructuring of small debts	-	
- gifts and advertising items	2 945	
- PRG (Plan Retraite Groupe – Group Retirement Plan)	228 991	
- corporation tax	816 590	
2 – Non-current	143 224	
- fines and penalties of all types, and non-deductible surcharges	546	
- miscellaneous	142 677	
III – TAX DEDUCTIONS		**1 536 849**
1 – Current		1 341 606
- allowance against investment income		-
- recovery of re-incorporated provisions		1 341 606
2 – Non-current		195 243
- recovery of re-incorporated provisions		194 624
- other deductions		619
TOTAL	**3 776 010**	**1 536 849**
IV – GROSS TAX INCOME		
. Gross profit if T1 > T2 (A)		2 239 161
. Gross tax loss if T2 > T1 (B)		
V – LOSS CARRY-OVER ATTRIBUTED (C) (1)		
. Financial year n – 4		
. Financial year n – 3		
. Financial year n – 2		
. Financial year n – 1		
VI – NET TAX INCOME		
. Net tax profit (A – C)		2 239 161
OR		
. Net tax loss (B)		
VII - CUMUL DES AMORTISSEMENTS FISCALEMENT DIFFERES		
VIII - CUMUL DES DEFICITS FISCAUX RESTANT A REPORTER		
. Exercice n-4		
. Exercice n-3		
. Exercice n-2		
. Exercice n-1		

(1) Up to the amount of gross tax profit (A)

DETERMINING CURRENT INCOME AFTER TAX

(• MAD 1 000)

I. DETERMINING INCOME		AMOUNT
. Current income according to the income and charges account (+ or -)		3 222 280
. Disallowances for tax purposes on current transactions	(+)	234 371
. Tax deductions on current transactions	(-)	1 341 606
. Theoretically-taxable current income	(=)	2 115 045
. Theoretical tax on current income	(-)	782 566
. Current income after tax	(=)	2 439 714

II. INDICATIONS OF THE TAX REGIME AND THE BENEFITS GRANTED BY THE INVESTMENT CODES OR BY SPECIFIC LEGAL PROVISIONS

DETAILS OF VALUE-ADDED TAX

NATURE	BALANCE AT START OF FINANCIAL YEAR - 1	ACCOUNTING TRANSACTIONS FOR FINANCIAL YEAR - 2	VAT DECLARATIONS FOR FINANCIAL YEAR - 3	BALANCE AT END OF FINANCIAL YEAR (1 + 2 – 3 = 4)
A. VAT collected				
B. VAT be recovered				
. On charges				
. On fixed assets				
C. VAT owed or VAT credit = (A – B)				

DUE TO CENTRALISED TAXATION, THE TABLE IS AVAILABLE FROM CPM

DISTRIBUTION OF BCP EQUITY

Name of main shareholders or associates	Address	Number of securities held		Share of capital held %
		Current financial year	Previous financial year	
BANQUES POPULAIRES REGIONALES		104 406 380	94 226 380	51,62%
GENERAL TREASURY	RABAT	1	1	0,00%
STAFF		12 295 976	5 096 260	6,08%
MISCELLANEOUS		85 552 299	82 932 015	42,30%
Total		202 254 656	182 254 656	100,00%

ALLOCATION OF INCOME DURING THE FINANCIAL YEAR

(• MAD 1 000)

	AMOUNTS		AMOUNTS
A – Origin of allocated income		B – Allocation of income	
Decision of the OGM held on 21/05/2019			
Carried forward	545 190	Legal reserve	
Net income pending allocation		Other reserves	952 472
Net income for the financial year	2 456 192	Dividends	1 366 910
Levies on profits		Other allocations	81 724
Other levies		Carried forward	600 276
TOTAL A	**3 001 382**	**TOTAL B**	**3 001 382**

INCOME AND OTHER ITEMS FROM THE LAST THREE FINANCIAL YEARS

(• MAD 1 000)

	Financial year 2019	Financial year 2018	Financial year 2017
EQUITY AND SIMILAR	43 308 518	35 049 289	32 275 993
TRANSACTIONS AND INCOME DURING THE FINANCIAL YEAR			
1 – Net banking income	6 253 000	6 203 935	6 089 556
2 – Pre-tax income	3 398 416	3 401 659	3 107 520
3 – Tax on income	816 590	945 467	876 645
4 – Profits distributed	1 366 910	1 184 655	1 093 528
5 – Income not distributed (entered into reserves or pending allocation)	952 472	919 038	817 668
INCOME PER SECURITY (in dirhams)			
Net income per share	13	13	12
Net profit per share, year N – 1	7,5	6,5	6
STAFF			
Amount of gross remuneration for the financial year	1 053 462	1 026 765	998 469
Average number of people employed during the financial year	2 779	2 770	2 806

DATING AND SUBSEQUENT EVENTS

I – DATING	
• Closing date of the financial year:	31/12/2019
• Date of preparation of summary statements:	FEBRUARY 2020
II- EVENTS AFTER 31/12/2019	NIL

STAFF

(in figures)

	31/12/19	31/12/18
Staff paid	2 779	2 770
Staff used	2 779	2 770
Full-time-equivalent (FTE) staff	2 779	2 770
Administrative and technical staff (FTE)	1 249	1 307
Staff allocated to banking tasks (FTE)	1 530	1 463
Executives (FTE)	2 232	2 267
Employees (FTE)	547	503
of which staff employed abroad	40	26

SECURITIES AND OTHER ASSETS UNDER MANAGEMENT OR ON DEPOSIT

(• MAD 1 000)

	NUMBER OF ACCOUNTS		AMOUNTS	
	31/12/19	31/12/18	31/12/19	31/12/18
Securities for which the establishment is the depository	65 805	58 232	363 244 398	303 360 994
Securities managed under a management mandate				
UCITS securities for which the establishment is the depository	52	47	69 948 392	56 679 697
UCITS securities managed under a management mandate	-	-	-	-
Other assets for which the establishment is the depository	-	-	-	-
Other assets managed under a management mandate	-	-	-	-

NETWORK

(in figures)

NETWORK	31/12/19	31/12/18
Permanent counters	331	332
Periodic counters		
Cash machines and automated teller machines	420	419
Branches and agencies abroad	51	53
Representative offices abroad	8	7

CUSTOMER ACCOUNTS

(in figures)

CUSTOMER ACCOUNTS	31/12/19	31/12/18
Current accounts	66 625	63 307
Cheque accounts held by Moroccans living abroad	171 884	165 520
Other cheque accounts	956 193	896 586
Factoring accounts	373	338
Savings accounts	295 260	280 045
Term accounts	16 839	16 733
Certificates of deposit	9	10
Other deposit accounts	28 904	28 254

BANQUE CENTRALE POPULAIRE
CORPORATE ACCOUNTS TO 31 DECEMBER 2019

STATEMENT OF TURNOVER

(• MAD 1 000)

	31/12/19	30/06/19	31/12/18
TURNOVER	11 765 433	6 521 858	11 182 453

STATEMENT OF OUTSTANDING DEBTS AND RELATED PROVISIONS

(• MAD 1 000)

	AMOUNT AS OF 31/12/2019	
	By disbursement	By signature
DEBTS	8 736 394	580 258
PROVISIONS	6 428 852	548 488

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L'instinct de la croissance
47, rue Allal Ben Abdellah 20 000 Casablanca
Maroc

KPMG
11, Avenue Bir Kacem Souissi
Rabat

BANQUE CENTRALE POPULAIRE, S.A. (BCP)
GENERAL AUDITORS' REPORT
FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2019

To the shareholders of
Banque Centrale Populaire, S.A.
101 Boulevard Mohamed Zerktouni Casablanca

GENERAL AUDITORS' REPORT
FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2019

In accordance with the mission with which we were entrusted by your General Meeting, we present to you our report relating to the financial year that ended on 31 December 2019. We audited the attached summary statements of BANQUE CENTRALE POPULAIRE, S.A., to include the balance sheet, the income and charges account, the statement of management balances, the table of cash flows, and the statement of additional information, relating to the financial year ending on 31 December 2019. The summary statements reveal equity and similar amounting to MAD 43 308 518 000, including net profit of MAD 2 581 826 000.

The Management's responsibility

The Management is responsible for the preparation and the fair presentation of the summary financial statements in accordance with accounting policies as applied in Morocco. That responsibility includes the design, implementation, and monitoring of internal control in relation to preparing and presenting summary financial statements that do not include any significant anomaly, as well as determining reasonable accounting estimates in light of circumstances.

The Auditors' responsibility

Our responsibility is to express an opinion on the summary statements on the basis of our audit. We carried out our audit in accordance with the Standards of the Profession in Morocco. Those standards require us to comply with ethical rules, to plan the audit, and to carry it out in order to obtain reasonable assurance that the summary statements do not contain any significant anomaly.

An audit involves implementing procedures with a view to gathering probative elements concerning the amounts and the information supplied in the summary statements. The choice of procedures is subject to the auditor's judgement, as is the assessment of the risk that the summary statements contain significant anomalies. By carrying out those risk assessments, the auditor takes account of internal controls in force in the entity in relation to the preparation and presentation of summary statements, in order to define audit procedures that are appropriate in the circumstances and not with the aim of expressing an opinion on the effectiveness of the latter.

An audit also includes an appraisal of the appropriateness of the accounting methods selected and of the reasonableness of the accounting estimates made by management, as well as an appraisal of the overall presentation of the summary statements.

We feel that the probative elements gathered are sufficient and appropriate for us to base our opinion.

Opinion on the summary statements

We hereby certify that the summary statements referred to in the first paragraph above are regular and fair, and that, in all their significant aspects, they give a true picture of the income from transactions during the financial year elapsed, as well as of the financial situation and the equity of BANQUE CENTRALE POPULAIRE, S.A., as of 31 December 2019, in accordance with accounting policies applied in Morocco.

Specific verifications and information

We also carried out specific verifications set out in law, and we assured ourselves in particular that the information given in the Board of Directors' management report intended for shareholders was in agreement with the Bank's summary statements.

In accordance with the provisions of article 172 of law 17-95, as amended and added to by law 78-12, we hereby make you aware of the main acquisitions of holdings made by BANQUE CENTRALE POPULAIRE, S.A., during financial year 2019:

- Setting up the firm BCP MIDDLE EAST, LIMITED, which is 100% owned;
- AFRICA STONE MANAGEMENT: Acquisition of 29% of its equity capital;
- BANQUE COMMERCIALE INTERNATIONALE (BCI): Acquisition of 100% of its equity capital;
- BANQUE MALGACHE DE L'OCEAN INDIEN (BMOI): Acquisition of 71% of its equity capital;
- BANQUE INTERNATIONAL DU CAMEROUN POUR L'EPARGNE ET LE CREDIT (BICEC): Acquisition of 68.5% of its equity capital.

Casablanca, 3 March 2020

The Auditors

FIDAROC GRANT THORNTON
Faïçal MEKOUAR
Associate

KPMG
Fouad LAHGAZI
Associate