PROSPECTUS SUMMARY

CREDIT DU MAROC S.A.

ISSUE OF PERPETUAL SUBORDINATED BONDS UP TO TOTAL PRINCIPAL AMOUNT OF MAD 500,000,000 WITH LOSS ABSORPTION AND COUPON PAYMENT CANCELLATION MECHANISMS

The AMMC-approved prospectus consists of:

- This securities note;
- CREDIT DU MAROC's reference document for the 2022 financial year and the first quarter of 2023, registered by the AMMC on 06/26/2023 under reference EN/EM/010/2023.

	Tranche A, unlisted	Tranche B, unlisted
Ceiling	MAD 500,000,000	
Maximum number of securities	5,000 perpetual subordinated bonds	
Unit nominal value	MAD 100,000	
Maturity	Perpetual, with the possibility of early redemption after the 5th year from the entitlement date, which can only be carried out at the issuer's initiative and upon approval by Bank Al-Maghrib with a minimum notice period of five years.	
Face interest rate	Revisable every 10 years: For the first 10 years, the face interest rate is determined by reference to the 10-year rate based on the reference yield curve for the secondary Treasury bill market, as published by Bank Al-Maghrib on July 10, 2023. This rate will be increased by a risk premium ranging from 225 to 235 basis points.	Revisable annually: For the first year, the face interest rate is the full 52-week rate (money market rate) determined on the basis of the reference yield curve for the secondary Treasury bill market as published by Bank Al-Maghrib on July 10, 2023. This rate will be increased by a risk premium ranging from 205 to 215 basis points.
Risk premium	Between 225 and 235 basis points	Between 205 and 215 basis points
Allocation method	French auction method with priority given to tranche B (at an annually revisable rate) and then to tranche A (at a revisable rate every 10 years)	
Repayment guarantee	None	
Tradability of securities	Over-the-counter (Off-market)	

Subscription Period: from 07/12/2023 to 07/14/2023 inclusive

Subscription to these bonds and their trading on the secondary market are strictly reserved for the qualified investors under Moroccan law listed in this securities note.

Financial Advisor and Global Coordinator	Placement Body
مصرف المغرب CRÉDIT DU MAROC	مصرف المغرب CRÉDIT DU MAROC

VISA OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of the AMMC circular, issued pursuant to Article 5 of Act No. 44-12 relating to public offerings and the information required from legal entities and organizations making public offerings, the prospectus in its original form was approved by the AMMC on July 5, 2023 under reference No. VI/EM/020/2023.

This securities note constitutes only part of the AMMC-approved prospectus. The latter comprises the following documents:

- This securities note;
- CREDIT DU MAROC's reference document registered by the AMMC on 06/26/2023 under reference EN/EM/010/2023.

DISCLAIMER

The Moroccan Capital Market Authority (AMMC) has issued its approval for the prospectus consisting of:

- **This securities note;**
- **CREDIT DU MAROC's reference document for the 2022 financial year and the first quarter of 2023, registered by the AMMC on 06/26/2023 under reference EN/EM/010/2023.**

Potential investors are invited to consult the information contained in the abovementioned documents before making a decision to participate in the operation covered by this securities note.

The approval issued by the Moroccan Capital Market Authority (AMMC) does not imply either approval of the advisability of the operation or authentication of the information presented. It has been granted after examination of the relevance and consistency of the information given in view of the operation proposed to investors.

The attention of potential investors is drawn to the fact that investing in financial instruments incurs risk

The AMMC gives no opinion on the appropriateness of the proposed operation, nor on the quality of the issuer's position. The AMMC's approval does not constitute a guarantee against the risks associated with the issuer or the securities offered in connection with the operation covered by this prospectus.

Accordingly, prior to subscription, investors must ensure that they fully understand the nature and characteristics of the securities being offered, and that they are able to control their exposure to the risks inherent in the said securities.

To this end, investors should:

- **Carefully read all the documents and information provided to them, particularly those listed in the "Risk Factors" section below, and in the aforementioned reference document;**
- **Consult, if necessary, any competent professional in the field of investment in financial instruments.**

The aforementioned prospectus is not intended for persons who are not legally authorized to participate in the proposed operation due to their place of residence.

Persons who may happen to have a copy of the said prospectus in their possession are invited to make the necessary enquiries to ensure that they comply with the regulations which govern their participating in this type of operation.

The financial instruments referred to in the aforementioned prospectus will only be offered by the operation's placement body in strict accordance with the current laws and regulations in countries in which the latter will make such an offer.

The Moroccan Capital Market Authority (AMMC) will not be held liable for any failure by the placement body to comply with such laws or regulations.

Perpetual subordinated bonds differ from classic bonds in that the subordination clause defines the contractual ranking of claims, and in that they are perpetual.

The subordination clause has the effect of making repayment of the bond in the event of the issuer's liquidation conditional on the discharge of all other debts, including subordinated bonds with a fixed maturity that have been issued and may be issued in the future.

Furthermore, the attention of potential investors is drawn to the fact that:

- **This perpetual bond issue does not have a fixed maturity date, but may be repaid at the issuer's discretion and subject to Bank Al-Maghrib's approval, which may have an impact on the planned maturity and reinvestment conditions;**
- **The investment in perpetual subordinated bonds includes provisions for depreciation of the nominal value of the securities and cancellation of interest payments.**

Part I: Presentation of the operation

I. Offer structure

CREDIT DU MAROC plans to issue 5,000 perpetual subordinated bonds with a nominal value of MAD 100,000. The total amount of the operation is MAD 500,000,000, broken down as follows:

- A tranche "A", with perpetual maturity, at an annually revisable rate of 10 years, not listed on the Casablanca Stock Exchange, for a maximum amount of MAD 500,000,000, i.e. 5,000 subordinated bonds, each with a nominal value of MAD 100,000;
- A tranche "B", with perpetual maturity, at an annually revisable rate and not listed on the Casablanca Stock Exchange, for a maximum amount of MAD 500,000,000, i.e. 5,000 subordinated bonds, each with a nominal value of MAD 100,000.

Under no circumstances may the total amount allocated to the two tranches exceed MAD 500,000,000.

If the bond issue is not fully subscribed, the amount of the issue may be limited to the amount actually subscribed by investors (capped at MAD 500,000,000).

II. Operation objectives

The main purpose of this perpetual subordinated bond issue is to strengthen CREDIT DU MAROC's equity capital in order to support the development of its business, in particular by increasing its capacity to distribute loans while complying with the solvency ratio as defined by the applicable banking regulations.

In accordance with Bank Al-Maghrib circular 14/G/2013 on the calculation of regulatory capital for credit institutions, as amended and supplemented, the funds raised through this operation will be classified as additional Tier 1 capital.

III. Information relating to CREDIT DU MAROC's perpetual subordinated bonds

Disclaimer:

A perpetual subordinated note differs from a classic bond in terms of the rank of claims contractually defined by the subordination clause as well as it not having any maturity date. The effect of the subordination clause is, in the event of the issuer's liquidation, to subordinate the repayment of the note to that of all other obligations, including the fixed-maturity subordinated notes that have already been issued and those which might subsequently be issued.

The principal and interest relating to these securities constitute a subordinated obligation which ranks or will rank only above CREDIT DU MAROC's equity securities.

In addition, the attention of potential investors is drawn to the fact that:

- *This perpetual bond issue does not have a fixed maturity date, but may be repaid at the issuer's discretion and with the approval of Bank Al-Maghrib, which may have an impact on the planned maturity and reinvestment conditions;*
- *Investment in perpetual subordinated bonds incorporates provisions for depreciation of the nominal value of the securities and cancellation of interest payments, exposing investors to the risks presented in section IV of this Part.*

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Characteristics of Tranche A

Bonds with a revisable rate every 10 years, perpetual maturity, unlisted on the Casablanca Stock Exchange

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, fully dematerialized by book entry with authorized financial intermediaries and admitted to the operations of the central depository (Maroclear).
Legal form	Barer bonds
Tranche ceiling	**MAD 500,000,000**
Maximum number of securities to be issued	**5,000 perpetual subordinated bonds**
Unit nominal value	**MAD 100,000**
Issue price	**100%, i.e. MAD 100,000**
Loan maturity	Perpetual, with the possibility of early repayment beyond the 5th year from the entitlement date, which can only be made at the initiative of the issuer and upon agreement with Bank Al-Maghrib, with a minimum notice period of five years.
Subscription period	From July 12 to 14, 2023 inclusive
Entitlement date	July 20, 2023
Due date	Perpetual
Allocation method	French auction method with priority given to tranche B (at an annually revisable rate) and then to tranche A (at a revisable rate every 10 years)
Face interest rate	**Revisable rate every 10 years** For the first 10 years, the facial interest rate is determined by reference to the 10-year rate determined on the basis of the reference yield curve for the secondary market in Treasury bills as published by Bank Al-Maghrib on July 10, 2023. This rate will be increased by a risk premium of between 225 and 235 basis points. The reference rate and the facial interest rates will be published by CREDIT DU MAROC on its website and in a legal gazette on July 10, 2023. Beyond the first 10 years and for each 10-year period, the reference rate is the 10-year rate observed or calculated on the basis of the reference rate curve of the secondary market for Treasury bills as published by Bank Al-Maghrib, preceding by 5 business days the last coupon anniversary date of each 10-year period. The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium of between 225 and 235 basis points) and will be communicated to bondholders by CREDIT DU MAROC on its website www.créditdumaroc.ma, 5 business days before the anniversary date of each rate revision date and on the same day as the reference rate observation date.

If the 10-year Treasury bill rate is not directly observable on the curve, CREDIT DU MAROC will determine the reference rate by linear interpolation using the two points surrounding the full 10-year maturity (actuarial basis).

Issue premium — **Between 225 and 235 basis points.**

Interests

Interest will be paid annually on the anniversary of the loan’s cum-coupon date i.e. 20 July each year. Payment will be made on that day or the first business day after 20 July if the latter is not a business day. Interest on the perpetual subordinated notes will cease to accrue from the date that the capital is repaid by CREDIT DU MAROC.

CREDIT DU MAROC may decide, at its discretion and with Bank Al-Maghrib’s prior approval, to cancel, entirely or partially, interest payments for an indefinite period of time and on a non-cumulative basis to fulfil its obligations (in particular following a request from Bank Al-Maghrib). Following this decision, all amounts of cancelled interest are no longer payable by the issuer or considered as accumulating or owing to holders of the perpetual subordinated notes issued by CREDIT DU MAROC. Each cancellation decision will relate to the coupon for which payment was initially scheduled for the next anniversary.

CREDIT DU MAROC is required to apply the provisos of Bank Al-Maghrib’s Circular No. 14/G/2013 of 13 August 2013 as to how credit institutions should calculate regulatory capital, including Article 10 of the said circular which defines core capital instruments as being equity capital and any other item making up the share capital as well as a requirement to meet a certain number of criteria (listed below), primarily including the proviso which stipulates that dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment in respect of senior equity instruments made, including the perpetual subordinated bonds referred to in this offer document.

The criteria mentioned above include the following:

- The instruments are issued directly by the institution with the prior approval of its administrative body.
- The instruments are perpetual.
- The instruments’ principal may not be reduced or redeemed, except in the event of the institution’s liquidation and only with Bank Al-Maghrib’s prior approval;
- The instruments are subordinate to all other claims in the event of the institution’s insolvency or liquidation;
- The instruments do not benefit from any collateral provision or guarantee from any related party which would see these instruments’ claims ranking raised;
- The instruments are not subject to any contractual or other arrangement which would see these instruments’ claims ranking raised in the event of insolvency or liquidation;
- The instruments make it possible to absorb the first and proportionally largest part of the losses as soon as they occur;
- The instruments give their owner a claim on the institution's residual assets which, in the event of liquidation and after paying all higher-ranking claims, is proportional to the instruments’

issued amount. The said outstanding amount is neither set nor capped, except in the case of equity securities;

- The purchase of the instruments is not directly or indirectly financed by the institution;
- Dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment made in respect of senior equity instruments. These distributions may only be made out of distributable sources. The level of distributions shall not be linked to the price at which the instruments were acquired on issue, except in the case of equity securities;
- The provisos governing core capital instruments do not provide for (i) preferential rights for dividend payments (ii) a cap or other restrictions on the maximum amount distributed, except in the case of equity securities (iii) the institution being obliged to make distributions to its holders;
- Non-payment of dividends does not constitute an event of default for the institution, and;
- Cancellation of distributions does not impose any constraint on the institution.

In the event of ceasing to pay interest, the issuer shall be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, the perpetual subordinated noteholders and the AMMC of this cancellation decision.

The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices specifying the amount of interest cancelled, the reasons for this decision to cancel an interest payment and the corrective measures that have been implemented.

The distribution of interest may only be made out of distributable sources and shall not be linked to CREDIT DU MAROC’s creditworthiness.

CREDIT DU MAROC may decide, at its discretion and with Bank Al-Maghrib’s prior approval, to increase the coupon payment which, as a result, will be higher than the coupon amount determined on the basis of the below formula.

Should it decide to increase the coupon payment, the issuer will be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, all holders of perpetual subordinated notes issued by CREDIT DU MAROC and the AMMC of this decision. The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices.

In the event that there are other instruments with a coupon payment cancellation provision, the decision to cancel/increase the coupon payment will be made pro rata to the coupon amount across all these instruments. Interest will be calculated as per the following formula: **[Nominal x nominal interest rate]**

Interest will be calculated on the basis of the most recent nominal amount as defined in the ‘Loss absorption’ clause or on the basis of the outstanding capital due, as defined in the ‘Repayment of capital’ clause.

Capital repayment	Repayment of capital is subject to Bank Al-Maghrib's approval and will be carried out on a straight-line basis over a minimum 5-year period from the 5th year onwards (cf. « Early repayment' clause »).
Early repayment	CREDIT DU MAROC shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial 5 years from the cum-coupon date. Beyond this initial 5-year period, the capital may be entirely or partially redeemed at the borrower's request on condition that notice of at least five years is given and with Bank Al-Maghrib's approval. Any early repayment (full or partial) will be made pro-rata to all tranches of the perpetual subordinated notes referred to in this offer document on a straight-line basis over a minimum 5-year period. The perpetual noteholders will be informed of the early repayment via notices, as soon as the decision to redeem early has been taken, with a reminder at least sixty calendar days prior to the date on which the repayment is to start. These notices will be published in a gazette containing legal notices and on the issuer's website (www.créditdumaroc.ma), specifying the amount, duration and date on which the repayment is to start. The issuer may not redeem (fully or partially) the perpetual subordinated notes referred to in this offer document if their nominal value has been written down, in accordance with the 'Loss absorption' clause. In the event that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets on an individual or consolidated basis during the repayment period, then the repayment will be carried out on the basis of the securities' initial nominal value. Any early repayment (fully or partially), arising prior to the anniversary, will be made on the basis of the outstanding capital due and the interest incurred at the repayment date. CREDIT DU MAROC shall not be permitted to repurchase the perpetual subordinated notes referred to in this offer document if their nominal value has been written down in accordance with the 'Loss absorption' clause. The issuer shall be obliged to inform the AMMC and all perpetual subordinated noteholders subscribing to this issue of any possible repurchase procedure, which itself should be approved by Bank Al-Maghrib, via a notice published in a gazette containing legal notices, specifying the number of notes to be repurchased, the period and the repurchase price. CREDIT DU MAROC will carry out the repurchase pro-rata to the sell orders received (in the event that the number of securities offered is higher than the number of securities to be repurchased). The repurchased notes will be cancelled. In the event that a merger, demerger or partial contribution of CREDIT DU MAROC's assets occurs during the loan's duration, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for CREDIT DU MAROC's rights and obligations. The repayment of the capital is, in the event of CREDIT DU MAROC's liquidation, subordinate to all other claims (cf. 'Loan's ranking').

Loss absorption	The securities shall be written down[1] as soon as the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib falls below 6.0% of risk-weighted assets on an individual or consolidated basis. The securities shall be written down1 by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital (after taking into account any tax-related effect).[2] The said write-down shall be carried out within a period of one calendar month from the date of realizing that the 6% minimum ratio has not been complied with, on an individual or consolidated basis, by decreasing the nominal value of the securities by an equivalent amount by up to a nominal value of 50 dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within 30 days following the end of each half-yearly period (date for drawing up the half-yearly financial statements and publishing capital adequacy ratios) at an extraordinary or intermediary date set by the regulatory authority, the issuer must check to see that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, complies with the minimum 6.0% level of risk-weighted assets on an individual and consolidated basis. CREDIT DU MAROC shall publish its CET1 ratio on an individual and consolidated basis and its projections of this ratio for each half-yearly period on an 18- month horizon. The ratio, as defined by Bank Al-Maghrib, relating to the financial period in question and the Bank's projections of this ratio will be published on an individual and consolidated basis prior to end-April in respect of the annual financial statements and end-October in respect of the half-yearly financial statements in the context of CREDIT DU MAROC publishing its Pillar III publications (consultable on its website). The AMMC will be concurrently informed of these ratios. The ratio will also be published in a gazette containing legal notices within thirty days following the occurrence of a material event which may impact the regulatory ratios. These publications will be conveyed to the noteholders' representative, acting on behalf of the holders of the perpetual subordinated notes referred to in this offer document as well as to Bank Al-Maghrib and the AMMC. They must contain details about the prudential ratios (core capital or CET1 ratio and capital adequacy ratio), the composition of regulatory capital as well as a breakdown of risk-weighted assets. In the event of non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, the issuer shall be obliged to immediately inform Bank Al-Maghrib and the AMMC and send the perpetual subordinated noteholders, within 5 business days from the time that non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, is noted, a notice published on its website and in a gazette containing legal notices, specifying the occurrence of an event triggering the loss absorption provision, the amount by which the securities' nominal value will be written down, the method used to calculate this amount, the

[1] Any write-down in the nominal value of the shares would enable CREDIT DU MAROC to recognize exceptional income, which would be added to its net income, thereby improving its shareholders' equity.

[2] Historical trends in historical and forecast prudential ratios (CET 1, Tier 1 and solvency ratios) are presented in CREDIT DU MAROC's registration document for 2022 and the first quarter of 2023.

	corrective measures implemented and the date on which the write-down will take effect. After any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, CREDIT DU MAROC may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down. The issuer must inform the perpetual subordinated noteholders within one month by notice published on its website and in a gazette containing legal notices of the decision to appreciate the nominal value, the calculation method and the effective date of the said appreciation. In the event that there are other instruments containing a loss absorption provision, the write-down/appreciation of the nominal value will be carried out pro-rata to all the other instruments whose trigger limit has been breached, based on the most recent nominal value preceding the date that the loss absorption provision was triggered. Interest will be calculated on the basis of the most recent nominal value preceding the coupon payment date (taking into account writedown/ appreciation to the nominal value). The issuer must immediately inform the AMMC of any write-down or appreciation in the securities' nominal value.
Securities' tradability	Tradable over the counter. The perpetual subordinated notes referred to in this offer document may only be traded by the qualified investors listed in this offer document. Each qualified investor owning the perpetual subordinated notes referred to in this offer document shall undertake to transfer the said notes only to other qualified investors listed in this offer document. Furthermore, custodians must not under any circumstance accept instructions for settlement and delivery of the perpetual subordinated notes referred to in this offer document from investors other than the qualified investors listed in this offer document.
Assimilation clauses	The perpetual subordinated notes referred to in this offer document will not be assimilated into subordinated notes previously issued. In the event that CREDIT DU MAROC were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, and providing that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.
Loan rank / Subordination	The capital and interests shall be subject to a subordination clause. Applying this clause shall not in any way breach the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations and subscribers' rights to obtain, in accordance with the terms and conditions set out in the contract, payment for its securities in capital and interest. In the event of CREDT DU MAROC's liquidation, this issue's perpetual subordinated securities will only be repaid after all preferred and common stockholders have been repaid. These perpetual subordinated securities will rank alongside all other subordinated loans that have already been or may

	subsequently be issued by CREDIT DU MAROC both in Morocco and overseas. This repayment will be made on the basis of the lower of the following two amounts: ▪ The initial nominal value less any potential amounts previously repaid ▪ The amount available after reimbursement has been made to all preferred or common stockholders and holders of subordinated notes that have already been or may subsequently be issued by CREDIT DU MAROC in Morocco or overseas. These perpetual subordinated notes will rank pari passu with subordinated perpetual notes of the same type.
Repayment guarantee	No specific guarantee is provided under the terms of this issue.
Notation	CREDIT DU MAROC has not solicited a credit rating for the issued securities.
Representation of bondholders	The Executive Board of CREDIT DU MAROC, meeting on July 4, 2023, has appointed HDID Consultants, represented by Mr. Mohamed Hdid, as provisional agent of the bondholders, pending the general meeting of the holders of the Perpetual Subordinated Bonds. This decision will take effect from the opening of the subscription period. It is specified that the provisional representative appointed is identical for tranches A to B (perpetual subordinated bonds), which are grouped together in a single group. Within a period of 6 months from the closing date of subscriptions, the provisional representative shall convene the general meeting of bondholders to appoint the definitive representative of the bondholders' group, in accordance with the provisions of articles 301 and 301 bis of law 17-95 relating to public limited companies, as amended and supplemented. In accordance with article 301 bis of law 17-95 relating to public limited companies, as amended and supplemented, it was decided to set the remuneration of the provisional representative and the representative of the bondholders' group at MAD 30,000 (excl. VAT) per year in respect of the group. In accordance with article 302 of the aforementioned law, the representative of the bondholders' group has the power, unless otherwise restricted by the general meeting of bondholders, to carry out on behalf of the group all acts of management necessary to safeguard the common interests of the bondholders. It should also be noted that HDID is the representative of the bondholders' group for the following unmatured issues carried out by CREDIT DU MAROC: ▪ MMAD 500 subordinated bond issue in 2016; ▪ MMAD 750 subordinated bond issue in 2018. Apart from the above-mentioned mandates, the firm HDID holds no mandate vis-à-vis CREDIT DU MAROC and has no capital or business relationship with the latter.

Applicable law	Moroccan Law
Competent jurisdiction	Casablanca Commercial Court.

Characteristics of Tranche B

Bonds with an annually revisable rate, unlisted on the Casablanca Stock Exchange

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, fully dematerialized by book entry with authorized financial intermediaries and admitted to the operations of the central depository (Maroclear).
Legal form	Barer bonds
Tranche ceiling	**MAD 500,000,000**
Maximum number of securities to be issued	**5,000 perpetual subordinated bonds**
Unit nominal value	**MAD 100,000**
Issue price	**100%, i.e. MAD 100,000**
Loan maturity	Perpetual, with the possibility of early repayment beyond the 5th year from the entitlement date, which can only be made at the initiative of the issuer and upon agreement with Bank Al-Maghrib, with a minimum notice period of five years.
Subscription period	From July 12 to 14, 2023 inclusive
Entitlement date	July 20, 2023
Due date	Perpetual
Allocation method	French auction method with priority given to tranche B (at an annually revisable rate) and then to tranche A (at a revisable rate every 10 years)
Face interest rate	**Annually revisable rate** For the first year, the facial interest rate is the full 52-week rate (money market rate) determined on the basis of the reference yield curve for the secondary market in Treasury bills, as published by Bank Al-Maghrib on July 10, 2023. This rate will be increased by a risk premium of between 205 and 215 basis points. The reference rate and the face interest rates will be published by CREDIT DU MAROC on its website and in a legal gazette on July 10, 2023. On each anniversary date, the reference rate is the full 52-week rate (money market rate) determined by reference to the reference yield curve of the secondary market for Treasury bills as published by Bank Al-Maghrib, preceding the coupon anniversary date by 5 business days. The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium of between 205 and 215 basis points) and will be communicated by CREDIT DU MAROC, via its website, to bondholders 5 business days before the anniversary date of each rate review date and on the same day as the reference rate observation date.

Calculation of the reference rate	If the 52-week rate is not observable, CREDIT DU MAROC will determine the reference rate by linear interpolation using the two points surrounding the full 52-week maturity (monetary basis). This linear interpolation will be made after converting the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate. The calculation formula is: (((Actuarial rate + 1)^(k / exact number of days*))-1) x 360/k; where k: maturity of the actuarial rate immediately above 52 weeks to be converted *Exact number of days: 365 or 366 days. The rate thus obtained will be increased by the risk premium retained at the time of auction.
Risk premium	Between 205 and 215 basis points.
Interest rate determination date	The coupon will be revised annually on the anniversary date of the maturity date of the bond, i.e. on the 20th of each year. The new rate will be communicated by the issuer to bondholders via its website, 5 business days before the anniversary date.
Interests	Interest will be paid annually on the anniversary of the date on which the loan becomes vested, i.e. 20 of each year. Payment will be made on the same day, or on the first trading day following 20 if this is not a business day. Interest on the perpetual subordinated bonds will cease to accrue from the date on which the principal is redeemed by CREDIT DU MAROC. CREDIT DU MAROC may decide, at its discretion and with the prior consent of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest for an indefinite period and on a non-cumulative basis, in order to meet its obligations (in particular following a request from Bank Al-Maghrib). Following this decision, any amount of interest cancelled is no longer payable by the issuer or considered as accrued or due to all holders of perpetual bonds issued by CREDIT DU MAROC. Each cancellation decision will relate to the amount of coupon originally scheduled for payment on the next anniversary date. CREDIT DU MAROC is required to apply the provisos of Bank Al-Maghrib's Circular No. 14/G/2013 of 13 August 2013 as to how credit institutions should calculate regulatory capital, including Article 10 of the said circular which defines core capital instruments as being equity capital and any other item making up the share capital as well as a requirement to meet a certain number of criteria (listed below), primarily including the proviso which stipulates that dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment in respect of senior equity instruments made, including the perpetual subordinated bonds referred to in this offer document. The criteria mentioned above include the following: ▪ The instruments are issued directly by the institution with the prior approval of its administrative body. ▪ The instruments are perpetual.

- The instruments' principal may not be reduced or redeemed, except in the event of the institution's liquidation and only with Bank Al-Maghrib's prior approval;
- The instruments are subordinate to all other claims in the event of the institution's insolvency or liquidation;
- The instruments do not benefit from any collateral provision or guarantee from any related party which would see these instruments' claims ranking raised;
- The instruments are not subject to any contractual or other arrangement which would see these instruments' claims ranking raised in the event of insolvency or liquidation;
- The instruments make it possible to absorb the first and proportionally largest part of the losses as soon as they occur;
- The instruments give their owner a claim on the institution's residual assets which, in the event of liquidation and after paying all higher-ranking claims, is proportional to the instruments' issued amount. The said outstanding amount is neither set nor capped, except in the case of equity securities;
- The purchase of the instruments is not directly or indirectly financed by the institution;
- Dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment made in respect of senior equity instruments. These distributions may only be made out of distributable sources. The level of distributions shall not be linked to the price at which the instruments were acquired on issue, except in the case of equity securities;
- The provisos governing core capital instruments do not provide for (i) preferential rights for dividend payments (ii) a cap or other restrictions on the maximum amount distributed, except in the case of equity securities (iii) the institution being obliged to make distributions to its holders;
- Non-payment of dividends does not constitute an event of default for the institution, and;
- Cancellation of distributions does not impose any constraint on the institution.

In the event of cancellation of the interest payment, the issuer is required to inform the perpetual bondholders and the AMMC of the cancellation at least sixty calendar days prior to the payment date.

Perpetual bondholders are informed by a notice published by CREDIT DU MAROC on its website and in a legal gazette specifying the amount of interest cancelled, the reasons for the decision to cancel the interest payment and the corrective measures implemented.

The distribution of interest can only come from distributable items and is not linked to the credit quality of CREDIT DU MAROC.
CREDIT DU MAROC may decide, at its discretion and with the prior approval of Bank Al-Maghrib, to increase the amount of a coupon payable, which will consequently become higher than the amount of the coupon determined on the basis of the formula below. In the event of a decision to increase the coupon amount, the issuer is required to inform all holders of

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	perpetual bonds issued by CREDIT DU MAROC and AMMC of this decision at least sixty calendar days prior to the payment date. Perpetual bondholders are informed by a notice published by CREDIT DU MAROC on its website and in a legal gazette. In the event of the existence of other instruments with a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon to be paid will be made pro rata to the amount of coupon between all these instruments. Interest will be calculated according to the following formula: [Nominal x Face rate x (Exact number of days / 360 days)]. Interest will be calculated on the basis of the last nominal amount as defined in the "Absorption of losses" clause or on the basis of the outstanding capital as defined in the " Capital repayment" clause.
Capital repayment	Repayment of capital is subject to Bank Al-Maghrib's approval and will be carried out on a straight-line basis over a minimum 5-year period from the 5th year onwards (cf. « Early repayment' clause »).
Early repayment	CREDIT DU MAROC shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial 5 years from the cum-coupon date. Beyond this initial 5-year period, the capital may be entirely or partially redeemed at the borrower's request on condition that notice of at least five years is given and with Bank Al-Maghrib's approval. Any early repayment (full or partial) will be made pro-rata to all tranches of the perpetual subordinated notes referred to in this offer document on a straight-line basis over a minimum 5-year period. The perpetual noteholders will be informed of the early repayment via notices, as soon as the decision to redeem early has been taken, with a reminder at least sixty calendar days prior to the date on which the repayment is to start. These notices will be published in a gazette containing legal notices and on the issuer's website (www.créditdumaroc.ma), specifying the amount, duration and date on which the repayment is to start. The issuer may not redeem (fully or partially) the perpetual subordinated notes referred to in this offer document if their nominal value has been written down, in accordance with the 'Loss absorption' clause. In the event that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets on an individual or consolidated basis during the repayment period, then the repayment will be carried out on the basis of the securities' initial nominal value. Any early repayment (fully or partially), arising prior to the anniversary, will be made on the basis of the outstanding capital due and the interest incurred at the repayment date. CREDIT DU MAROC shall not be permitted to repurchase the perpetual subordinated notes referred to in this offer document if their nominal value has been written down in accordance with the 'Loss absorption' clause. The issuer shall be obliged to inform the AMMC and all perpetual subordinated noteholders subscribing to this issue of any possible repurchase procedure, which itself should be approved by Bank Al-Maghrib, via a notice published in a gazette containing legal notices, specifying the number of notes to be repurchased, the period and the repurchase price. CREDIT DU MAROC will carry out the repurchase pro-rata to the sell orders received (in the event that

	the number of securities offered is higher than the number of securities to be repurchased). The repurchased notes will be cancelled. In the event that a merger, demerger or partial contribution of CREDIT DU MAROC's assets occurs during the loan's duration, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for CREDIT DU MAROC's rights and obligations. The repayment of the capital is, in the event of CREDIT DU MAROC's liquidation, subordinate to all other claims (cf. 'Loan's ranking').
Loss absorption	The securities shall be written down[3] as soon as the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib falls below 6.0% of risk-weighted assets on an individual or consolidated basis. The securities shall be written down1 by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital (after taking into account any tax-related effect).[4] The said write-down shall be carried out within a period of one calendar month from the date of realizing that the 6% minimum ratio has not been complied with, on an individual or consolidated basis, by decreasing the nominal value of the securities by an equivalent amount by up to a nominal value of 50 dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within 30 days following the end of each half-yearly period (date for drawing up the half-yearly financial statements and publishing capital adequacy ratios) at an extraordinary or intermediary date set by the regulatory authority, the issuer must check to see that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, complies with the minimum 6.0% level of risk-weighted assets on an individual and consolidated basis. CREDIT DU MAROC shall publish its CET1 ratio on an individual and consolidated basis and its projections of this ratio for each half-yearly period on an 18- month horizon. The ratio, as defined by Bank Al-Maghrib, relating to the financial period in question and the Bank's projections of this ratio will be published on an individual and consolidated basis prior to end-April in respect of the annual financial statements and end-October in respect of the half-yearly financial statements in the context of CREDIT DU MAROC publishing its Pillar III publications (consultable on its website). The AMMC will be concurrently informed of these ratios. The ratio will also be published in a gazette containing legal notices within thirty days following the occurrence of a material event which may impact the regulatory ratios. These publications will be conveyed to the noteholders' representative, acting on behalf of the holders of the perpetual subordinated notes referred to in this offer document as well as to Bank Al-Maghrib and the AMMC. They must contain details about the prudential ratios (core capital or CET1 ratio and capital adequacy ratio), the composition of regulatory capital as well as a breakdown of risk-weighted assets.

[3] *Any write-down in the nominal value of the shares would enable CREDIT DU MAROC to recognize exceptional income, which would be added to its net income, thereby improving its shareholders' equity.*

[4] *Historical trends in historical and forecast prudential ratios (CET 1, Tier 1 and solvency ratios) are presented in CREDIT DU MAROC's registration document for 2022 and the first quarter of 2023).*

	In the event of non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, the issuer shall be obliged to immediately inform Bank Al-Maghrib and the AMMC and send the perpetual subordinated noteholders, within 5 business days from the time that non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, is noted, a notice published on its website and in a gazette containing legal notices, specifying the occurrence of an event triggering the loss absorption provision, the amount by which the securities' nominal value will be written down, the method used to calculate this amount, the corrective measures implemented and the date on which the write-down will take effect. After any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, CREDIT DU MAROC may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down. The issuer must inform the perpetual subordinated noteholders within one month by notice published on its website and in a gazette containing legal notices of the decision to appreciate the nominal value, the calculation method and the effective date of the said appreciation. In the event that there are other instruments containing a loss absorption provision, the write-down/appreciation of the nominal value will be carried out pro-rata to all the other instruments whose trigger limit has been breached, based on the most recent nominal value preceding the date that the loss absorption provision was triggered. Interest will be calculated on the basis of the most recent nominal value preceding the coupon payment date (taking into account writedown/ appreciation to the nominal value). The issuer must immediately inform the AMMC of any write-down or appreciation in the securities' nominal value.
Securities' tradability	Tradable over the counter. The perpetual subordinated notes referred to in this offer document may only be traded by the qualified investors listed in this offer document. Each qualified investor owning the perpetual subordinated notes referred to in this offer document shall undertake to transfer the said notes only to other qualified investors listed in this offer document. Furthermore, custodians must not under any circumstance accept instructions for settlement and delivery of the perpetual subordinated notes referred to in this offer document from investors other than the qualified investors listed in this offer document.
Assimilation clauses	The perpetual subordinated notes referred to in this offer document will not be assimilated into subordinated notes previously issued. In the event that CREDIT DU MAROC were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, and providing that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.
Loan rank / Subordination	The capital and interests shall be subject to a subordination clause. Applying this clause shall not in any way breach the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations

	and subscribers' rights to obtain, in accordance with the terms and conditions set out in the contract, payment for its securities in capital and interest. In the event of CREDT DU MAROC's liquidation, this issue's perpetual subordinated securities will only be repaid after all preferred and common stockholders have been repaid. These perpetual subordinated securities will rank alongside all other subordinated loans that have already been or may subsequently be issued by CREDIT DU MAROC both in Morocco and overseas. This repayment will be made on the basis of the lower of the following two amounts: ▪ The initial nominal value less any potential amounts previously repaid. ▪ The amount available after reimbursement has been made to all preferred or common stockholders and holders of subordinated notes that have already been or may subsequently be issued by CREDIT DU MAROC in Morocco or overseas. These perpetual subordinated notes will rank pari passu with subordinated perpetual notes of the same type.
Repayment guarantee	No specific guarantee is provided under the terms of this issue.
Notation	CREDIT DU MAROC has not solicited a credit rating for the issued securities.
Representation of bondholders	The Executive Board of CREDIT DU MAROC, meeting on July 4, 2023, has appointed HDID Consultants, represented by Mr. Mohamed Hdid, as provisional agent of the bondholders, pending the general meeting of the holders of the Perpetual Subordinated Bonds. This decision will take effect from the opening of the subscription period. It is specified that the provisional representative appointed is identical for tranches A to B (perpetual subordinated bonds), which are grouped together in a single group. Within a period of 6 months from the closing date of subscriptions, the provisional representative shall convene the general meeting of bondholders to appoint the definitive representative of the bondholders' group, in accordance with the provisions of articles 301 and 301 bis of law 17-95 relating to public limited companies, as amended and supplemented. In accordance with article 301 bis of law 17-95 relating to public limited companies, as amended and supplemented, it was decided to set the remuneration of the provisional representative and the representative of the bondholders' group at MAD 30,000 (excl. VAT) per year in respect of the group. In accordance with article 302 of the aforementioned law, the representative of the bondholders' group has the power, unless otherwise restricted by the general meeting of bondholders, to carry out on behalf of the group all acts of management necessary to safeguard the common interests of the bondholders. It should also be noted that HDID is the representative of the bondholders' group for the following unmatured issues carried out by CREDIT DU MAROC: ▪ MMAD 500 subordinated bond issue in 2016; ▪ MMAD 750 subordinated bond issue in 2018.

	Apart from the above-mentioned mandates, the firm HDID holds no mandate vis-à-vis CREDIT DU MAROC and has no capital or business relationship with the latter.
Applicable law	Moroccan Law
Competent jurisdiction	Casablanca Commercial Court.

IV. Event of Default

The term 'Event of Default' may be defined as the non-payment of some or all of the interest and/or principal owing by the Company with regard to any debt security unless payment is made within 14 business days of its due date and unless the Company has decided, with Bank Al-Maghrib's prior approval, to cancel payment of some or all of the interest in accordance with the provisos detailed above in the perpetual subordinated notes' characteristics in Part II – Section III – 'Information about CREDIT DU MAROC's perpetual subordinated notes'.

If an Event of Default were to occur, the noteholders' representative must immediately file a formal request with the Company to resolve the Event of Default together with an order to pay any interest due by the Company within 14 business days following the formal request.

If the Company has not resolved the Event of Default within 14 business days following the date on which it received the formal request, the noteholders' representative may, after convening a general meeting of noteholders and, if the latter, fulfilling legal requirements regarding quorum validity and voting majorities and, notifying the Issuer in writing with copies sent to the depositary agent and to the AMMC, may request payment of the entire sum issued. This would automatically oblige the Company to repay the principal plus any interest accrued since the last interest payment date plus any accrued interest outstanding.

The capital is the initial capital (initial nominal value x number of securities) or in the event of repayment, the capital remaining due.

V. Risks in connection with the subordinated notes

1. General risks in connection with the subordinated notes

- **Interest rate risk**: Interest rate fluctuations may impact the yield of notes for which the rate is adjustable every 10 years. An increase in interest rates may therefore negatively impact the value of these notes;
- **Default risk:** The subordinated notes to which this offer document relates may present a risk of the issuer being unable to fulfil its contractual obligations vis-à-vis noteholders, resulting in the non-payment of interest or the non-repayment of principal.

2. Risks specific to perpetual subordinated notes

The risk factors listed below should not be regarded as exhaustive and may not encompass every possible risk incurred when investing in perpetual subordinated bonds.

The attention of investors considering subscribing for the perpetual subordinated notes referred to in this offer document is drawn to the fact that an investment in this type of security is subject to the following main risks:

- **Risk associated with the introduction to the Moroccan financial market of a new financial instrument:** Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Bank Al-Maghrib's Circular No. 14/G/2013, as additional equity instruments. These instruments are regularly issued by international banks but are novel to some Moroccan investors. Each potential investor should determine the suitability of such an investment in light of its own circumstances and should have sufficient financial resources and liquidity to incur the risks of such an investment, including the possibility of having to write-down the nominal value of these securities (see below "Risk associated with writing down the nominal value of the securities) as well as the possibility of interest payments being cancelled (see below "Risk associated with the possibility of interest payments being cancelled);

- **<u>Risk associated with the instrument's complexity:</u>** The notes hereby offered are complex instruments insofar as the associated pay-offs are not entirely predictable. In fact, the issuer has full discretion to cancel interest payments for an indefinite period and on a non-cumulative basis.

  Furthermore, the nominal value of the notes may be written down if the trigger threshold is reached. In addition, whilst an increase in the nominal value is anticipated, it remains subject to Bank Al-Maghrib's approval.

  Lastly, an increase in the coupon is possible but remains at the issuer's sole discretion and there is no deterministic mechanism for it to be activated. These aspects make it difficult to predict the notes' future cash flows as forecasts require several assumptions and parameters (the issuer's financial health, projected capital adequacy ratios, other commitments and liabilities of the issuer, etc.).

  The very nature of the notes therefore makes their management, particularly their valuation, complex.

- **<u>Risk associated with the perpetual nature of these securities:</u>** These perpetual subordinated notes are issued for an indefinite period and, as a result, the capital may only be redeemed on the issuer's initiative and with Bank Al-Maghrib's prior approval. Capital repayment is not permitted within a period of five (5) years from the issue date and, thereafter, on condition that notice of at least five years is given.

- **<u>Risk associated with the subordination clause:</u>** The capital and interest are subject to a subordination clause, according to which, in the event of the issuer's liquidation, the perpetual subordinated notes hereby offered will only be repaid after all conventional, preferred and common stockholders have been repaid and after repayment has been made to holders of all other fixed-maturity or perpetual subordinated notes without a loss absorption and coupon cancellation provision which have already been or may subsequently be issued by the issuer in Morocco or overseas.

- **<u>Risk associated with writing down the nominal value of securities (loss absorption provision):</u>** As soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below the trigger set by the issuer (set at 6.0% in respect of this offer document, in accordance with the provisos of Bank Al-Maghrib's technical notice which stipulates the terms and conditions for applying Circular 14/G/2013 relating to credit institutions' regulatory capital), on an individual or consolidated basis, the securities shall be written down by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital.

  Interest will therefore be calculated on the basis of the nominal amount, which is subject to change, as defined in the loss absorption provision.

  However, after any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, CREDIT DU MAROC may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down.

  CREDIT DU MAROC continuously monitors its ratios to ensure that it complies with the international standards of the Basel Committee and Bank Al-Maghrib's regulatory guidelines. For this purpose, the Group's regulatory risk steering policy enables it to:

  - Have a solid financial base, enabling it to meet all its commitments;
  - Comply with all the regulatory ratios required by Bank Al-Maghrib;
  - Build up an additional capital buffer, enabling it to absorb the shocks of regulatory and internal stress tests and ensure that it complies with post-stress test thresholds
    - a Common Equity Tier 1 (CET1) capital ratio of at least 8%. This ratio stands at 10.8% on a social basis and 11.7% on a consolidated basis as of December 31, 2022;

- a Tier 1 capital ratio of at least 9% (vs a ratio of 11.13% on a social basis and 12.1% on a consolidated basis for CREDIT DU MAROC as of December 31, 2022);
- a total capital ratio (Tier 1 and Tier 2) of at least 12.0% (vs a ratio of 14.62% on a social basis and 14.47% on a consolidated basis as of December 31, 2022).

- Meet the regulatory authority's requirements for reporting capital adequacy ratios (half-yearly Pillar III publications to ensure financial information transparency: detailed capital adequacy ratios, composition of regulatory capital, breakdown of risk-weighted assets).

- **Risk associated with the possibility of interest payments being cancelled:** Investors incur the risk of interest payments being cancelled, entirely or partially, for an indefinite period of time and on a non-cumulative basis. The decision to cancel, for the purpose of meeting its obligations, remains at the issuer's discretion and requires Bank Al-Maghrib's prior approval.

- **Risk factors impacting the CET 1 ratio:** A deterioration in the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, to a level below 6 %, thus triggering a write-down of the nominal value of the securities, could be caused by a number of factors, namely:

  - Incurring substantial losses following a possible increase in non-performing loans or a materially adverse change in the interest rate environment;
  - The introduction of new accounting standards;
  - The introduction of new regulatory requirements.

  If one or more of these risk factors were to arise, the CET 1 ratio would only deteriorate if CREDIT DU MAROC and its shareholders were unable to implement all the corrective measures enabling the Bank to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 8 %, a minimum Tier 1 ratio of 9 %, and a minimum solvency ratio of 12 %.

- **Risk associated with the securities' liquidity and tradability:** Due to their complexity, the notes referred to in this offer document are not suitable for non-qualified investors. Furthermore, trading in the said notes is strictly reserved for the qualified investors listed in this offer document, even on the secondary market. This restriction might result in these notes' reduced liquidity compared to other notes for which tradability is not restricted.

- **Risk associated with several options benefiting the issuer:** The notes referred to in this offer document contain several options benefiting the issuer, namely:

  - Early repayment option
  - Option to write-down/appreciate the securities' nominal value
  - Option to cancel interest payments.

  Potential investors must take these options into account when making an investment decision based on their own goals and constraints. Investors must also factor these options when submitting their tender as well as in determining the securities' fair value.

- **Risk associated with additional debt issuance:** The issuer might subsequently issue other debt securities with an equal or higher ranking than the notes referred to in this offer document. Such issues would reduce the amount potentially recoverable by the holders of these notes in the event of the issuer's liquidation.

VI. Operation calendar

Order	Steps	Dates
1	Obtaining AMMC approval	07/05/2023
2	Publication of the prospectus extract on the issuer's website (www.créditdumaroc.ma)	07/05/2023
3	Publication by the issuer of the press release in a legal announcements journal	07/07/2023
4	Observation of reference rates	07/10/2023
5	Publication of reference and coupon rates in a legal announcements journal and on the issuer's website	07/10/2023
6	Opening of subscription period	07/12/2023
7	Closing of subscription period (inclusive)	07/14/2023
8	Allocation of securities	07/14/2023
9	Settlement / delivery	07/20/2023
10	Publication by the issuer of the operation results and rates in a legal announcements journal and on its website	07/24/2023

Part II: About CREDIT DU MAROC

I. General information

Corporate name	CREDIT DU MAROC
Registered Office	48-58, Boulevard Mohammed V. Casablanca The Supervisory Board, meeting on May 26, 2023, decided to transfer the registered office address to 201 Boulevard d'Anfa - Casablanca and to amend the articles of association accordingly. Legal formalities relating to the transfer are in progress.
Phone and fax number	Phone: (212) 05 22 47 70 00 Fax: (212) 05 22 27 71 27
Website	www.creditdumaroc.ma
Legal form	CREDIT DU MAROC is a public limited company with an Executive Board and a Supervisory Board.
Date of incorporation	04/10/1963
Life span	99 years from the date of its registration in the Commercial Register.
Commercial register number	The Company is registered in the Casablanca Commercial Register under number RC 28 717.
Financial year	From January 1st to December 31st.
Legal documents	The Company's legal documents, in particular the Articles of Association, minutes of General Meetings and statutory auditors' reports, may be consulted at the Company's registered office.
Corporate purpose **(Article 3 of the Articles of Association)**	The purpose of the company is to carry out, in accordance with law 103-12 relating to credit institutions and similar bodies, with law 15-95 forming the Commercial Code and with all existing or future laws directly or indirectly affecting its activity, all banking and participative banking operations, principally the receipt of funds from the public, including investment deposits, the distribution of all types of credit, the provision and management of all means of payment and client financing through Murabaha, Modaraba, Ijara, Musharaka, Salam, Istina'a or any other product approved by the Oulémas High Council. It may also carry out: ▪ All foreign exchange, foreign trade and asset management operations; ▪ advice and management in financial matters and securities; ▪ The acquisition of equity interests in existing or new companies, both in Morocco and abroad. For the purposes of its activities, it may: ▪ Acquire, lease, equip and operate all premises, buildings and businesses, both in Morocco and abroad; ▪ Acquire or lease any equipment, materials and vehicles; ▪ Set up any agency or subsidiary, in Morocco or abroad. And in general, carry out, within the limits set by the laws and regulations applicable to banks, directly or indirectly, all financial, securities, real estate, commercial or other transactions likely to promote its development.

Share capital as of 06/30/2023	CREDIT DU MAROC's share capital amounts to MAD 1,088,121,400, divided into 10,881,214 shares with a nominal value of MAD 100 each.
Legal and regulatory texts applicable to the issuer	Texts governing CREDIT DU MAROC's legal form: ▪ Law no. 17-95 on limited companies, as amended and supplemented. Texts governing CREDIT DU MAROC's activity: ▪ Law no. 103-12 relating to credit institutions and similar bodies (Banking Law). ▪ Legislation governing CREDIT DU MAROC's recourse to public offerings and the listing of its shares: ▪ The general regulations of the Moroccan Capital Market Authority approved by the order of the Minister of Economy and Finance no. 2169-16 dated July 14, 2016; ▪ AMMC circulars; ▪ Law no.19-14 relating to the stock exchange, brokerage firms and financial investment advisors; ▪ Law no.35-96 relating to the creation of a central depository and the institution of a general regime for the book-entry of certain securities, amended and supplemented by law no.43-02; ▪ Law no. 26-03 on public offerings on the stock market, as amended and supplemented by Law no. 46-06; ▪ The general regulations of the Bourse des Valeurs, approved by Order no. 2208-19 of July 3, 2019 issued by the Minister of the Economy and Finance; ▪ The general regulations of the central depository approved by order of the Minister of the Economy and Finance n°932-98 dated April 16, 1998 and amended by order of the Minister of the Economy and Finance n°1961-01 dated October 30, 2001 and order 77-05 dated March 17, 2005; ▪ Law no. 43-12 relating to the Moroccan Capital Market Authority; ▪ Law no. 44-12 relating to public offerings and the information required from legal entities and organizations making public offerings. Texts governing CREDIT DU MAROC's right to issue certificates of deposit: ▪ Law no. 35-94 relating to certain negotiable debt securities, as amended and supplemented, and Ministry of Finance and Foreign Investment order no. 2560-95 of October 9, 1995 relating to negotiable debt securities, as amended and supplemented, and Bank Al-Maghrib circular no. 2/G/96 of January 30, 1996 relating to certificates of deposit and its amendment.
Competent court in case of dispute	Casablanca Commercial Court
Tax regime	As a credit institution, CREDIT DU MAROC is subject to VAT at a rate of 10% and to corporate income tax, the rate of which will gradually increase to reach 40% in 2026. In 2023, the tax rate in force amounts to 37.75%. The bank is governed by ordinary commercial and tax legislation.

Source: CREDIT DU MAROC

II. Information on CREDIT DU MAROC's share capital

1. Capital structure

As of May 31, 2023, CREDIT DU MAROC's share capital amounts to MAD 1,088,121,400 and is fully paid up. It is made up of 10,881,214 shares with a nominal value of MAD 100 each.

The table below shows CREDIT DU MAROC's shareholder structure as of 12.31.2022:

Shareholders*	Number of shares	% in share capital and voting rights
Holmarcom Finance Company	5 539 363	50.91 %
Groupe Crédit Agricole SA	1 632 182	15.00 %
AtlantaSanad	1 392 744	12.80 %
Wafa Assurance	1 168 523	10.74 %
Various shareholders	1 148 402	10.55 %
Total	**10 881 214**	**100.00%**

Source: CREDIT DU MAROC

** Shares have a nominal value of MAD 100. They are fully paid up.*

2. Members of the Supervisory Board

Members of the Supervisory Board as of May 31, 2023

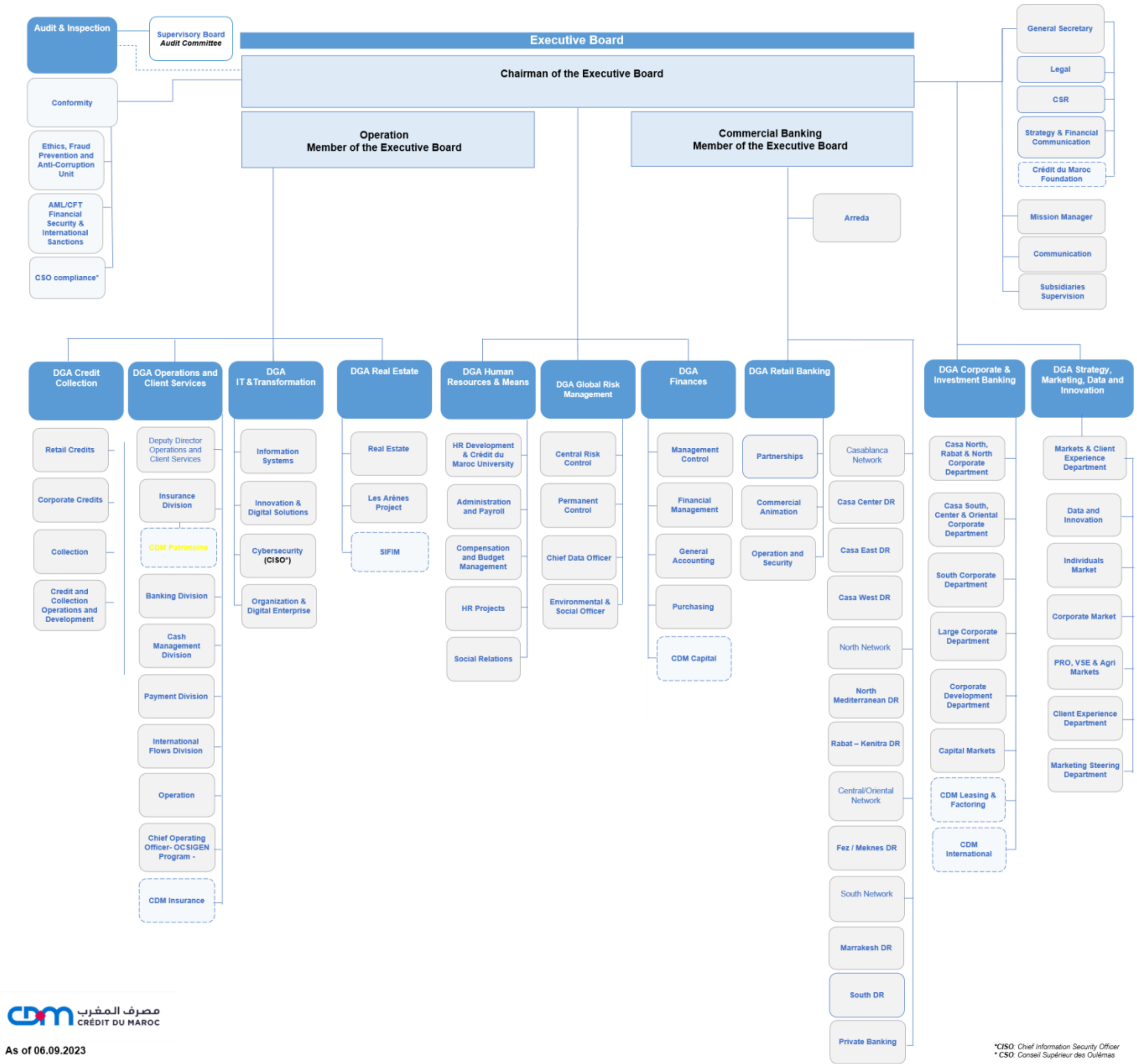
Identity	Age	Origin	Nationality	First appointment date	Latest renewal	Mandate expiry	Committee member	Main function
Mohamed Hassan Bensalah (5) *Chairman*	52		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	-	Chief Executive Officer Holmarcom Group
Karim Chiouar (5) *Member*	60		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	A et R	Deputy Managing Director Holmarcom Group
Zouhair Chorfi (5) *Member*	67		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	C et R	Retired civil servant
Mohammed Ali Kadiri (1) (4) (5) *Independent member*	68		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	A et C	Managing Director of of Dictys firm
Habiba Laklalech (1) (3) *Independent member*	51		Moroccan	03/2019	06/2022	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	R	Managing Director, National Airports Office
Michel Le Masson *Member*	65		French	06/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	A	Head of International International Banking - Crédit Agricole S.A.
AtlantaSanad S.A (2) (5) *represented by Mrs Fatima Zahra Bensalah Member*	53		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	C	Vice-President of AtlantaSanad S.A.
Holmarcom Finance Company S.A (5) *represented by Mrs Lamiae Kendili*	39		Moroccan	12/2022	_	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	A	Head of Development of Holmarcom Finance Company

Member							
Crédit Agricole S.A. *represented by Mr Régis Bezard-Falgas Member*	62	French	12/2005	06/2022	Ordinary General Meeting to approve the financial statements for the year ending December 31, 2024	R	Mergers & Acquisitions Manager, Group Finance Department, Crédit Agricole S.A.

Source: CREDIT DU MAROC

4. Organization chart of CREDIT DU MAROC

The organization chart of the CREDIT DU MAROC Group, as of 06.09.2023, is as follows:



III. CREDIT DU MAROC indicator evolutions

1. Credit evolution

Over the period 2020 - 2022, CREDIT DU MAROC's total outstanding loans have evolved as follows:

Net receivables (Corporate) in MMAD		2020	2021	Var. 21/20	2022	Var. 22/21
Cash credits		11 418	12 095	5.9%	14 856	22.8%
	%	23.7%	25%	1.1 pt	28%	5.1 pt
Consumer credits		3 654	3 587	-1.8%	3 476	-3.1%
	%	7.6%	7%	-0.2 pt	6%	-0.2 pt
Equipment credits		5 496	5 589	1.7%	6 803	21.7%
	%	11.4%	11%	-	13%	2.3 pt
Real estate credits		15 929	17 308	8.7%	17 579	1.6%
	%	33%	35%	2.4 pt	33%	0.5 pt
Other credits		3 458	3 021	-12.6%	1 834	-39.3%
	%	7.2%	6%	-1 pt	3%	-2.2 pt
Accrued interest receivable		338	280	-17.1%	325	16.0%
	%	0.7%	1%	-0.1 pt	1%	0.1 pt
Past-due receivables		998	947	-5.1%	1 066	12.6%
	%	2.1%	2%	-0.1 pt	2%	0.2 pt
Client receivables		**41 291**	**42 828**	**3.7%**	**45 939**	**7.3%**
	%	85.6%	87.6%	2.1 pt	85.6%	-2 pt
Receivables acquired through factoring		**623**	**1 069**	**71.6%**	**919**	**-14.1%**
	%	1.3%	2.2%	0.9%	1.7%	-0.5 pt
Receivables from demand credit institutions		1 423	1 885	32.5%	2 046	8.5%
Term loans and advances		4 928	3 100	-37.1%	4 769	53.8%
Receivables from credit institutions and similar entities		**6 351**	**4 985**	**-21.5%**	**6 815**	**36.7%**
	%	13.2%	10.2%	-3 pt	12.7%	2.5 pt
Total credits		**48 265**	**48 882**	**1.3%**	**53 672**	**9.8%**

Source: CREDIT DU MAROC - corporate accounts

% Share of total credits

2021 - 2022 analytical review

As of the end of 2022, CREDIT DU MAROC's outstanding loans rose by 9.8% (MMAD +4,791) to nearly MMAD 53,672. This improvement is mainly due to the following factors:

- the 7.3% (+MAD3,111) increase in outstanding customer loans to MMAD 45,939 as of the end of December 2022. This increase is essentially due to the combined effect of the following factors:
  - ✓ a 22.8% increase in cash credit to MMAD 14,856, driven by good performance on corporate loans;
  - ✓ a 21.7% increase in equipment loans (up MMAD 1,214), driven by the positive momentum of production in 2022. This growth accompanies the recovery of corporate players, reflected in market shares;
  - ✓ the 39.3% fall in "Other credits", due to the decline in securities received under repurchase agreements from customers, in line with the bank's liquidity position and cash requirements;
  - ✓ the 12.6% increase in past-due receivables, explained by a 2021 base effect of a write-off of a corporate customer file combined with a normative increase correlated with business activity.
- the 36.7% increase in outstanding receivables from credit institutions and similar entities, following the rise in outstanding term receivables of MMAD 1,669 (+53.8%) compared with the end of 2021;

- a 14.1% (MMAD -150) drop in receivables acquired through factoring, linked to repayments of VAT credit advances in 2022.

In retail banking, housing credits increased by MMAD 430, including strong growth in Mourabaha real estate receivables. Cash and cash equivalents fell as a result of liquidity management and investment opportunities on the interbank market. Consumer credits were down by more than 3% on the previous year.

In the corporate market, short-term loans were marked by an increase in commercial paper discounting, receivables mobilization, import credits and mobilized overdrafts.

Client credits accounted for 85.6% of total credits. Their share fell by 2 pts compared with the previous year. This trend is linked to the fall in outstanding consumer and other credits.

2020 - 2021 analytical review

In 2021, CREDIT DU MAROC's outstanding credits stand at almost MAD 49 bn, up 1.3% (+ MAD 617 bn) compared with 2020. This evolution is explained by the following main factors:

- a 3.7% increase in outstanding customer credits, i.e. (MMAD+1,537) to MMAD 42,828, driven in particular by:
  - ✓ an 8.7% increase in real estate credits (MMAD+1,379) to nearly 17,308, including MMAD+592 in Mourabaha real estate credits. It should be noted that Arreda's market share showed a clear improvement compared with 2020;
  - ✓ a 5.9% increase in cash credits (MMAD +677), with outstandings of MMAD 12,095 as of end of 2021;
  - ✓ an increase in equipment loans of MMAD +93;
  - ✓ the -17.1% fall in accrued interest receivable between 2020 and 2021, explained by the negative rate and volume effects on client assets.
- the 21.5% decline in receivables from credit institutions and similar entities, which stood at MMAD 4,985 as of end-December 2021. This decline was mainly due to term receivables, which fell by 37.1% to MMAD 3,100, despite a 32.5% increase in demand receivables to MMAD 1,885 (i.e. MAD +462);
- the 71.6% increase in receivables acquired through factoring, under the framework agreement for the mobilization of VAT credit receivables signed in February 2021 between the Bank and the Ministry of the Economy and Finance, to MMAD 1,069, an increase of MMAD +446.

Receivables from customers accounted for 87.6% of total outstandings in 2021, compared with 85.6% in 2020, up 2.1 pts on the previous year. Receivables from credit institutions represented 10.2% of total outstandings versus 13.2% in 2020, down 3 pts over the period.

2. Deposit evolution

CREDIT DU MAROC's outstanding debt evolved as follows over the period under review:

Amounts in MMAD		2020	2021	Var. 21/20	2022	Var. 22/21
Current credit accounts		30 904	33 202	7.4%	34 014	2.4%
	%	*67.8%*	*68.5%*	*0.6 pts*	*66.4 pts*	*-2.1 pts*
Savings accounts		9 859	9 869	0.1%	9 888	0.2%
	%	21.6%	20.3%	-1.3 pts	19.3 pts	-1.1 pt
Term deposits		2 119	1 741	-17.9%	3 133	80.0%
	%	4.6%	3.6%	-1.1pts	6.1 pts	2.5 pts
Other credit accounts		1 332	1 202	-9.7%	1 459	21.4%
	%	*2.9%*	2.5%	*-0.4 pts*	*2.8 pts*	*0.4 pt*
Client deposits on equity-linked products		30	12	-59.5%	15	23.9%
	%	0.1%	-	-	-	-
Accrued interest payable		89	58	-35.3%	53	-8.5%

%	0.2%	0.1%	-0.1 pts	0.1 pts	-
Client deposits	**44 332**	**46 084**	**4%**	**48 562**	**5.4%**
%	97.3%	95%	-2.3pts	94.7 pts	-0.3 pt
Demand	575	328	-42.9%	630	91.9%
Term	664	2 084	>100%	2 068	-0.8%
Amounts owed to credit institutions and similar entities	**1 238**	**2 413**	**94.9%**	**2 698**	**11.8%**
%	2.7%	5%	2.3 pts	5.3 pts	0.3 pt
Total debt	**45 571**	**48 497**	**6.4%**	**51 259**	**5.7%**

Source: CREDIT DU MAROC – Corporate accounts

2021 - 2022 analytical review

By the end of 2022, CREDIT DU MAROC will have generated balance sheet resources of over MMAD 51,259, up 5.7% (MMAD +2,762) compared with the end of December 2021. This increase results mainly from the following combined effects:

- Payables to clients stood, as of the end of December 2022, at MMAD 48,562, up 5.4% (+MAD 2,477) compared with 2021. This increase is due to:
  - ✓ the 2.4% increase in demand accounts in credit, from MMAD 33,202 in 2021 to MMAD 34,014 in 2022;
  - ✓ an 80% increase (+ MMAD 1,392) in term deposits, to stand at MMAD 3,133 as of the end of 2022, thanks in particular to the launch of offers on attractive terms;
  - ✓ a 21.4% increase in "Other accounts payable" compared with fiscal 2021;
  - ✓ a 23.9% increase in payables to customers on equity-linked products compared with FY 2021.

Amounts owed to credit institutions and similar entities rose by 11.8%, mainly as a result of the 91.9% increase in demand deposits. These resources represent 1.2% of the debt structure, up from 0.7% in 2021.

With regard to the structure of customer deposits, it shows the predominance of demand accounts in credit, which account for 66.4% of total resources, compared with 68.5% in 2021.

Savings accounts accounted for 19.3% of total resources, down 1.1 pts on the previous year.

Time deposits will account for 6.1% of total resources in 2022, an increase of 2.5 pts compared with the end of 2021.

Non-remunerated resources grew by 3.4%, representing 73.1% of total customer resources.

Interest-bearing deposits rose by 11% (+ MAD 1.3 bn), driven by an increase in term deposits.

2020 - 2021 analytical review

As of December 31, 2021, CREDIT DU MAROC reported a 6.4% increase in balance sheet resources, benefiting from the positive trend in demand resources driven by both the corporate and retail networks.

Amounts due to customers stood at over MMAD 46,084. This trend was mainly due to the following factors:

- the 7.4% increase in demand deposits to MMAD 33,202;
- a 17.9% fall in term deposit accounts to MMAD 1,741, resulting from a policy of diversifying the savings solutions offered to customers;
- the stabilization of savings accounts at MMAD 9,869, supported by the savings appointment advisory service;
- a 59.5% drop in customer debts on participatory products (Murabaha) to MMAD 12, in line with the overall situation of the entire participatory sector, which is suffering from a lack of resources on the market.

In addition, amounts due to credit institutions and similar entities jumped by 94.9% (MMAD + 1,174) to MMAD 2,413 as of December 31, 2021, with the aim of financing business in foreign currencies. This trend was driven by growth in term deposits.

The structure of client deposits is dominated by customer deposits, which account for over 95% of total liabilities.

The proportion of non-interest-bearing resources rose by 6.5 pts (MMAD +2.1) to represent 74.4% of total client resources. Interest-bearing deposits fell by 2.7%, marked by a decline in term deposits (DAT and BDC) and savings accounts of 10 MMAD.

The share of savings accounts stood at 20.3%, down -1.3 pt on 2020.

Term deposits account for 3.6%, down 1.1 pt.

Part III: CREDIT DU MAROC's financial position - Consolidated financial statements

1. IFRS consolidated income statement as of December 31, 2022

CREDIT DU MAROC's consolidated income statement for the last three years is as follows:

IFRS Consolidated **(Amounts in MMAD)**	2020	2021	Var. 21/20	2022	Var. 22/21
Interest and similar income	2 283.1	2 243.2	-1.7%	2 336.3	4.2%
Interest expense	423.5	288.1	-32%	340	18%
Interest margin	**1 859.6**	**1 955.1**	**5.1%**	**1 996.4**	**2.1%**
Commissions received	414.7	433.4	4.5%	454.5	4.9%
Commissions paid	29.1	40.1	37.6%	51.3	27.9%
Commission margin	**385.5**	**393.3**	**2%**	**403.2**	**2.5%**
Net gains or losses on financial instruments at fair value through profit or loss	212.3	209.4	- 1.4%	263.9	26%
Net gains or losses on financial instruments at fair value through equity	14.0	-0.4	>-100%	-0.1	-65.5%
Income from other activities	11.5	12.6	9%	14.8	18%
Expenses from other activities	101.6	110.1	8.3%	109.6	-0.4%
Net banking income	**2 381.3**	**2 459.9**	**3.3%**	**2 568.7**	**4.4%**
General operating expenses	1 170.1	1 156.8	-1.1%	1 309.8	13.2%
Depreciation, amortization and impairment of intangible and tangible fixed assets	149.9	178.2	18.9%	190.3	6.8%
Gross operating income	**1 061.3**	**1 125**	**6%**	**1 068.6**	**-5%**
Cost of risk	-721.7	-63.5	-91.2%	-309.9	>100%
Operating income	**339.6**	**1 061.5**	**>100%**	**758.6**	**-28.5%**
Net gains or losses on other assets	-0.1	-3.9	>100%	-15.4	>100%
Income before tax	**339.6**	**1 057.6**	**>100%**	**743.2**	**-29.7%**
Income taxes/Deferred taxes	144.0	426.3	>100%	345.1	-19%

Net income	**195.5**	**631.4**	**>100%**	**398.1**	**-36.9%**
Minority interests	5.2	4	-23.9%	-6.2	>-100%
Net income, Group share	**190.3**	**627.4**	**>100%**	**404.3**	**-35.6%**

Source: CREDIT DU MAROC

2. IFRS consolidated balance sheet as of December 31, 2022

CREDIT DU MAROC has a majority share in the CREDIT DU MAROC Group's consolidated balance sheet. The balance sheet for the period 2020 - 2022 under IFRS is as follows:

Assets

Amounts in MMAD	2020	2021	Var. 21/20	2022	Var. 22/21
Cash in hand, Central banks, Treasury, Postal cheque service	2 559	1 925	-24.8%	1 867	-3%
Financial assets at fair value through profit or loss	791	2 618	>100%	1 567	-40.1%
Financial assets held for trading	442	2 240	>100%	1 367	-39%
Other financial assets at fair value through profit or loss	349	378	8.3%	199	-47.3%
Financial assets at fair value through CP	2 922	2 932	0.3%	2 948	0.5%
Debt instruments at fair value through equity - recyclable	2 922	2 932	0.3%	2 948	0.5%
Securities at amortized cost	15	14	-8.7%	8	-39.1%
Loans and advances to banks and similar institutions, at amortized cost	5 068	3 335	-34.2%	5 231	56.9%
Loans and advances to clients, at amortized cost	43 897	46 079	5%	48 497	5.2%
Current tax assets	141	75	-46.4%	148	95.5%
Deferred tax assets	408	154	-62.2%	152	-1.7%
Accruals and other assets	428	340	-20.7%	366	7.9%
Property, plant and equipment	1 352	1 410	4.3%	1 478	4.8%
Intangible assets	331	464	40.4%	601	29.4%
Total Assets	**57 913**	**59 346**	**2.5%**	**62 863**	**5.9%**

Source: CREDIT DU MAROC

Liabilities

3.

Amounts in MMAD	**2020**	**2021**	**Var. 21/20**	**2022**	**Var. 22/21**
Central banks, Treasury, Post Office Cheque Service	*0.0*	-	90.2%	*0.1*	>100%
Financial liabilities at fair value through profit or loss	14	5	-63.8%	14	>100%
Financial liabilities held for trading	*14*	*5*	*-63.8%*	*14*	*>100%*
Amounts owed to credit institutions and similar entities	2 227	3 092	38.9%	2 881	-6.8%
Client deposits	44 525	46 239	3.9%	48 582	5.1%
Debt securities in issue	1310	603	-54%	1 612	>100%
Current tax liabilities	13	124	>100%	58	-53.4%
Deferred tax liabilities	206	15	-92.6%	9	-39.1%
Accruals and other liabilities	1 433	1 144	-20.1%	1 496	30.7%
Provisions	697	567	-18.6%	600	5.9%
Subordinated debt and special guarantee funds	1 768	1 252	-29.2%	1 251	0.0%
Shareholders' equity	5 721	6 304	10.2%	6 360	0.9%
Shareholders' equity, Group share	5 665	6 246	10.2%	6 309	1%
Capital and related reserves	3 865	3 860	-0.1%	3 854	-0.1%
Consolidated reserves	1600	1 749	9.3%	2 097	19.9%
Group share	*1 549*	*1 694*	*9.4%*	*2 040*	*20.4%*
Minority share	*51*	*55*	*7.2%*	*57*	*4.2%*
Gains and losses recognized directly in equity	61	64	6.3%	11	-83.6%
Group share	*61*	*64*	*6.3%*	*11*	*-83.6%*
Minority share		-	-	-	
Net income for the financial year	196	631	>100%	398	-36.9%
Group share	190	627	>100%	404	-35.6%
Minority share	5	4	-23.9%	-6	>-100%
Minority interests	-	-		-	
Total Liabilities	**57 913**	**59 346**	**2.5%**	**62 863**	**5.9%**

Source: CREDIT DU MAROC

4. IFRS consolidated income statement as of 03.31.2023

The income statements for Q1 2022 and Q1 2023 are as follows:

IFRS Consolidated **(Amounts in MMAD)**	**March 2022**	**March 2023**	**Var.**
Interest, remuneration and similar income	565	652.2	15.4%
Interest, remuneration and similar expenses	66.3	108	63%
Interest margin	**498.7**	**544.2**	**9.1%**
Commissions received	120	131.3	9.4%
Commissions paid	6.4	7.1	11.1%
Commission margin	**113.7**	**124.2**	**9.3%**
Net gains/losses on financial instruments at fair value through profit or loss	61.9	78.6	26.8%
Net gains or losses on trading assets/liabilities	61.2	86	39.6%
Net gains/losses on other assets/liabilities at fair value through profit or loss	0.7	-7	>100%
Net gains or losses on financial instruments at fair value through equity	-	-	-
Net gains or losses on debt instruments recognized in recyclable equity	-	-	-
Remuneration on equity instruments recognized in non-recyclable equity (dividends)	-	-	-
Net gains or losses on derecognition of financial assets at amortized cost	-	-	-
Net gains or losses on reclassification of financial assets at amortized cost to fair value through profit or loss	-	-	-
Net gains or losses arising from reclassification of financial assets at fair value through equity to financial assets at fair value through profit or loss	-	-	-
Net income from insurance activities	-	-	-
Income from other activities	1.6	1.5	2.8%
Expenses from other activities	28	29.7	5.9%
Net banking income	**647.9**	**718.9**	**11%**
General operating expenses	306.9	332.3	8.3%
Depreciation, amortization and impairment of intangible and tangible fixed assets	45.9	49.1	6.9%
Gross operating income	**295**	**337.5**	**14.4%**
Risk cost[5]	-22.5	-58.5	>100%
Operating income	**272.5**	**279**	**2.4%**
Share in net income of associates and joint ventures accounted for by the equity method	-	-	-
Net gains or losses on other assets	23.2	-7.5	>-100%
Changes in value of goodwill	-	-	-
Income before tax	**295.7**	**271.5**	**-8.2%**
Income taxes/Deferred taxes	160.4	134.4	-16.2%
Net income from discontinued operations	-	-	-
Net income	**135.2**	**137.1**	**1.4%**
Minority interests	0.8	0.4	-41.3%
Net income, Group share	**134.5**	**136.7**	**1.6%**

Source: CREDIT DU MAROC

[5] *The cost of risk takes into account the annual review of the parameters for calculating provisions on healthy outstandings (Bucket 1&2) as well as the first application of the CDM group's model LGD in place of the lump-sum LGD on these same outstandings. These changes have had a positive impact on the cost of risk for the first quarter of 2023.*

5. IFRS consolidated balance sheet as of 03.31.2023

As of March 31, 2023, total assets stood at MAD 64.5 billion, an increase of 2.6% compared with December 31, 2022.

Amounts in MMAD	**Dec. 2022**	**March 2023**	**Var.**
Cash in hand, Central banks, Treasury, Postal cheque service	1867.3	2 678.8	43.5%
Financial assets at fair value through profit or loss	1566.6	1 962.8	25.3%
Financial assets held for trading	*1367.2*	*1 731.8*	*26.7%*
Other financial assets at fair value through profit or loss	*199.4*	*231*	*15.8%*
Derivative hedging instruments	-	-	-
Financial assets at fair value through equity	*2948.3*	*892.2*	-69.7%
Debt instruments at fair value through equity - recyclable	*2948.3*	*892.2*	-69.7%
Debt instruments carried at fair value through equity (non-recyclable)	-	-	-
Securities at amortized cost	8.5	1 657.9	>100%
Loans and advances to credit institutions and similar entities, at amortized cost	5 231.2	4 682.3	-10.5%
Loans and advances to clients, at amortized cost	48 496.7	49 695.2	2.5%
Fair value adjustments to portfolios hedged against interest rate risks	-	-	-
Insurance business investments	-	-	-
Current tax assets	147.5	80.7	-45.3%
Deferred tax assets	151.5	146.2	-3.5%
Accruals and other assets	366.4	570	55.6%
Non-current assets held for sale - Investments in associates	-	-	-
Investments in associates	-	-	-
Investment property	-	-	-
Property, plant and equipment	1 477.7	1 506.6	2%
Intangible assets	600.9	616.1	2.5%
Total assets	**62 862.5**	**64 488.8**	**2.6%**

Amounts in MMAD	Dec. 2022	March 2023	Var.
Central banks, Treasury, Post Office Cheque Service	0.1	0.1	0%
Financial liabilities at fair value through profit or loss	13.9	14.4	3.7%
Financial liabilities held for trading	*13.9*	*14.4*	3.7%
Financial liabilities at fair value through profit or loss under option	-	-	-
Derivative hedging instruments	-	-	-
Amounts owed to credit institutions and similar entities	2 880.8	1 659	-42.4%
Client deposits	48 581.5	51 672.1	6.4%
Debt securities in issue	1 612.4	877.6	-45.6%
Current tax liabilities	58	82.6	42.5%
Deferred tax liabilities	9.3	12.8	37.2%
Accruals and other liabilities	1 495.6	1 796	20.1%
Liabilities related to non-current assets held for sale	-	-	-
Technical provisions for insurance contracts	-	-	-
Provisions	600.4	589.3	-1.9%
Subsidies and similar funds	-	-	-
Subordinated debt and special guarantee funds	1 251.1	1 263.4	1%
Shareholders' equity	6 359.5	6 521.5	2.5%
Equity attributable to equity holders of the parent	6 308.9	6 471	2.6%
Capital and related reserves	3 854.3	3 854.3	0%
Consolidated reserves	2 096.5	2 493	18.9%
Group share	2 039.8	2 *443*	19.8%
Minority share	*56.8*	*50*	*-11.9%*
Gains and losses recognized directly in equity	10.6	37.1	>100%
Group share	*10.6*	*37.1*	*>100%*
Minority share	-	-	-
Net income for the financial year	398.1	137.1	-65.6%
Group share	*404.3*	*136.7*	*-66.2%*
Minority share	*-6.2*	*0.4*	*>-100%*
Total Liabilities	**62 862.5**	**64 488.8**	**2.6%**

Source: CREDIT DU MAROC

Part IV: Risk Factors

The CREDIT DU MAROC Group is faced with a multitude of risks arising from the diversity of its activities, both at bank level and across all its subsidiaries.

In accordance with Bank Al-Maghrib regulations, and drawing on international best practice, the Group's internal control system not only complies with current regulations, but also provides an appropriate mechanism for monitoring and controlling risks.

More generally, the aim of this system is to ensure optimum control of the risks to which CREDIT DU MAROC is exposed. It should therefore be seen as a major steering tool for all those involved, and an essential instrument for ensuring the Group's long-term viability.

Drawing on the experience of its parent group, CREDIT DU MAROC has adopted a centralized risk management system. It is placed under the authority of the Group Risks and Permanent Controls Department (DRCPG), whose overall mission is to " assure the bank's management that all its activities are carried out in conditions of acceptable security ".

Totally independent of the business lines, it reports directly to the Chairman of the Executive Board and to the Supervisory Board, via the Risk Committee.

The DRCPG assists the business lines in drawing up risk maps and implementing controls, organizes second-level hierarchical or functional controls, and consolidates them to obtain an overall view of the quality of execution of all the bank's activities.

The main risks covered are grouped into the following categories: Market risk, ALM risk, Currency risk, Credit or Counterparty risk, Operational risk, etc.

1. Market Risk

Market or price fluctuation risks represent potential losses arising from adverse movements in prices, rates or interest rates.

Market activities are governed by global and operational limits defined as part of the bank's risk strategy.

The format of both global and operational limits is threefold: quantitative (VaR, Stress, detailed sensitivities), qualitative (authorized products, authorized currencies, maximum maturity, etc.) and loss thresholds. Limit sets concern the activities of the capital markets department, whose role is to carry out intermediation operations with clients (FX, bond, loans, repos), as well as the market activities of the bank's treasury department.

Market activities are organized into three independent areas:

- ***Front Office*:**

The Front Office is literally the bank's interface with the market. It centralizes and processes all the hedging and financing needs of the bank and its clients. It commits the bank to respecting internal market limits, regulatory limits and the credit lines granted to it. It reports directly to the Coporate & Investment Banking Division.

- ***Middle Office:***

The Middle Office is in charge of controls and compliance with the limits set by Risk Management.

- ***Back-Office:***

The Back Office handles the post-market operation processing: confirmation, payment, settlement - delivery and accounting.

It reports directly to the Client Banking Services Division.

In terms of monitoring and controlling market activities, the Market and Financial Risks Department is responsible for:

- monitoring compliance with limits, whether quantitative (risk levels), qualitative (authorized instruments, currencies or maturities) or relating to tolerated loss levels;
- handling overruns (analysis of reasons, method and deadline for regularization, etc.);
- monitoring risks and results in relation to market trends;
- analysis and control of management P&L;
- production and quality control of risk indicators;
- VaR (Value at Risk) back testing;
- production and analysis of stress scenarios;
- verification of market data;
- checking that the Back Office has verified the consistency of inventories between Front Office tools and accounting data;
- production and analysis of risk exposure monitoring reports.

It reports to the Central Risk Control Department.

Risk monitoring must be carried out at different levels of the bank, with separation of powers between the front office, middle office, back office, risk management and financial control, in other words between those who place orders and those who monitor them.

This organization enables us to

- ensure compliance with procedures, standards and limits;
- analyze the causes of any non-compliance with procedures and limits;
- inform the entities and/or persons designated for this purpose of the extent to which limits have been exceeded, and of any corrective action proposed or taken.

In terms of IT tools, the bank has an Arpson front-to-back system with functions for monitoring risks and calculating results. The RMF Department has access to this information and additional tools for carrying out its analyses.

Main risks and control mechanisms

Market or price fluctuation risks represent potential losses arising from adverse movements in prices or interest rates.

<u>Interest-rate risk</u>

These risks represent the risk of incurring losses as a result of variations in the absolute level of the interest rate, a spread between two interest rate curves, or the deformation of the curve. There are several components to this risk: directional risk, slope risk and basis or spread risk.

This risk concerns securities trading and cash management. It is governed by a set of quantitative limits (VaR, Stress, nominal and detailed sensitivities).

Foreign exchange risk

The risk of incurring losses as a result of variations in the exchange rate of foreign currencies against the reference or local currency.

Like all banking institutions, CREDIT DU MAROC is exposed to foreign exchange risk in connection with its various activities (foreign branches, foreign currency loans, foreign currency borrowings, forward exchange, etc.). The bank may find that future exchange rates evolve against it, resulting in a reduction in its margin.

Positions are governed by regulatory and internal limits (VaR, Stress, individual and global nominal, Loss alert, etc.).

For the bank, this risk is limited insofar as it is borne by the client in most foreign currency transactions, with the bank playing only an intermediary role. This applies in particular to foreign currency financing, transfers for Moroccans living abroad, etc.

Currency risks by type of currency as of December 31, 2022

Currencies	Currency position	Countervalue in KMAD	% Shareholders' equity
AED	131	372	0.556%
BHD	16	456	0.681%
CAD	201	1 554	2.321%
CHF	207	2 351	3.511%
DKK	219	328	0.490%
DZD	76	6	0.009%
EUR	867	9 674	14.451%
GBP	296	3 721	5.559%
GIP	0	12	0.018%
JPY	915	73	0.108%
KWD	22	763	1.139%
NOK	314	333	0.497%
QAR	125	358	0.535%
SAR	531	1 475	2.204%
SEK	222	223	0.333%
TND	9	-32	-0.048%
USD	1198	12 517	18.697%

Source: CREDIT DU MAROC

Net foreign exchange positions amount to KMAD 34,184 (long positions), or 0.51% of net equity.

The above table shows that CREDIT DU MAROC remains within the prudential limits set by Bank Al-Maghrib, which are set at 10% of equity per currency and 20% for all currencies combined.

Default risk

A significant proportion of the risks taken by financial institutions on the markets is linked to default events (default of several counterparties, risk of non-transfer, etc.).

Market transactions can generate:

- settlement/delivery risks;
- variation risks.

A transaction may involve just one of these risks, or a combination of two or three. A forward exchange transaction generates both variation and delivery risks.

If one counterparty defaults while the other has already fulfilled its own obligations, i.e. to deliver funds, then the loss relates to the full (nominal) amount of the transaction (on delivery), i.e. the risk of delivery or non-concurrence of the exchanged flows.

This risk affects foreign exchange (spot and forward) and foreign exchange swaps (treasury or foreign exchange swaps). In the case of securities transactions (firm or temporary), this risk does not exist, as transactions are carried out via a DVP (Delevery Versus Payment) system. If, on the other hand, a default occurs between trading and delivery, then the potential loss corresponds to the variation in the exchange rate between the traded rate and the prevailing market rate at the time when a new replacement counterparty has to be found - this is the replacement cost and is known as the variation risk.

These risks are governed by individual limits on counterparties, including dealing room correspondents, granted by the Bank as part of the annual risk review.

CDM VaR (Value at Risk) consumption is calculated using the Global View Risk tool, which is supplied with market risk data (sensitivity vectors, foreign exchange positions, MAD rate curve) by CDM tools.

GVR also automatically calculates historical stresses (1994 and 1997 crises, subprimes, Covid-19, etc.) according to the observed shocks parameterized in the tool, as well as hypothetical stresses (liquidity tightening, international tensions, etc.).

Finally, the daily results of trading activities (on bonds and foreign exchange) are fed into another tool, and VaR is back-tested.

Work is underway to replace GVR and CADRE by a tool with the same functionalities, in order to make CDM autonomous by the end of the first half of 2023.

Segregation of Banking and Trading books

CREDIT DU MAROC has reorganized its portfolios and profit centers in line with the risk tree, to ensure sound, prudent management of its treasury and hedging of its own risks. This reorganization ensures a separation between the banking book (ALM & treasury activities) and the activities of the Capital Markets Division (DMC), whose role is to carry out intermediation operations with clients.

2. ALM risk

Asset and liability management (ALM) is a process for identifying, measuring, controlling and hedging the financial risks that can affect a bank's balance sheet. These are mainly liquidity, interest rate and foreign exchange risks.

At CREDIT DU MAROC, ALM is managed by the Financial Management Department, which reports to the Group Finance Department and the ALM Committee.

Global interest rate risk (GIR)

This is the risk of the bank's results being adversely affected by movements in interest rates.

These movements have an influence on the remuneration and costs generated by the financial products and instruments (assets, liabilities and off-balance sheet instruments) available to the bank. Consequently, their movements have a direct impact not only on the income generated, but also on the present value of the various future revenues.

It is therefore important to understand how movements in the yield curve can impact the bank's margins.

RTIG is measured using a static approach, based on several models to transform monthly data into quantifiable risk indicators over the entire future life of the balance sheet.

The main and mandatory measure of RTIG is the interest rate gap, which represents the signed difference over each period between fixed-rate liabilities and assets (outstandings and associated transfer rates) in a given currency.

Global Interest Rate Risk is the result of various risk components, represented in particular by gaps:

- A directional risk on fixed-rate transactions: the "Fixed-rate" gap.
- An option risk on explicit options (caps, floors, etc.) if the bank has developed option models, and implicit options, notably for early repayment of loans.
- A base risk on revisable and variable-rate operations induced by de-correlations between indexes: Index gaps

In March 2021, Bank Al-Maghrib published a new circular providing a framework for measuring the interest rate risk inherent in the banking book and setting new economic capital requirements. This circular came into force in June 2021.

The main changes introduced by this new regulation, which significantly impacts the Banking Book's assessment of interest rate risk:

- Items that are not interest-rate-sensitive, in particular core capital, trading securities and marketable securities, are not included in interest-rate risk exposure;
- Forecast cash flows are broken down into 20 maturity tranches;
- The regulatory limit on shareholders' equity has been lowered from 20% of total shareholders' equity to 15% of Tier 1 capital (CET1). It should be noted that the regulator has provided for a transitional period for compliance with the regulatory minimum on Δ EvE: 20% of global FP at 12-31-21, 20% of CET1 FP at 01-31-22, 15% of CET1 FP at 01-01-23;
- Identification of the basis risk, specifying for variable-rate instruments the revision date, the reference considered for indexation and the rates applied;
- Calculation of the average life of discounted balance sheet and off-balance sheet flows, in accordance with a specific duration formula;
- Application of 6 interest rate shock scenarios on three currencies: MAD / EUR / USD.

CREDIT DU MAROC has set up a monitoring and control system. Volume limits have been set.

Liquidity risk

Liquidity risk is defined as the risk that the bank will not be able to meet its commitments as they fall due, under normal conditions. It can take two forms:

- Liquidity risk: where the bank is unable to raise the funds needed to meet unexpected short-term obligations, such as a massive withdrawal of deposits;
- Transformation risk: where the term of assets is generally greater than the term of liabilities, a transformation inherent to the banking business.

Liquidity risk occurs at three levels:

- **Funding risk**: risk arising from the need to obtain new resources when one of the bank's previous resources is no longer available (for example, in the event of a massive withdrawal from demand deposits);
- **Time risk**: risk that arises when the bank is unable to obtain the cash inflows it is expecting (e.g. inability of a client to repay a loan);
- **Call risk**: risk of obtaining new resources (following, for example, large-scale borrowing on lines of credit).

The liquidity approach highlights the bank's transformation situation. It makes it possible to measure short-, medium- and long-term funding requirements, or the extent of surplus liquidity to be replaced by maturity type.

Within the framework of liquidity risk management, the ALM Committee's role is to:

- Approve the overall liquidity risk management strategy;
- Manage the bank's MLT cash position;
- Establish an approach for measuring and monitoring liquidity risk;
- Establish a system of appropriate limits for the main indicators used;
- Ensure that stress scenario simulations are carried out to assess the bank's ability to cope with liquidity crisis situations;
- Decide on the contingency plan to be implemented in the event of liquidity tensions or crises;
- Plan liquidity risk hedging instruments and strategies;
- Define the reporting system for normal situations and liquidity crises;
- Ensure compliance with regulatory ratios, including the Liquidity Coverage Ratio (LCR).

In addition to the quarterly ALM Committee, a monthly Treasury Committee was set up in January 2016 with the aim, among other things, of operationally steering the bank's short-term treasury.

Run-off conventions

The bank's ALM models follow a "run-off" logic, based on a balance sheet as of the calculation date. This approach provides a view of the balance sheet run-off over time, and a precise measurement of the margin under a run-off assumption that takes no account of future commercial production or financial activity.

The run-off rules are based on a segmented approach to outstandings. This segmentation is based on the definition of homogeneous populations in terms of "behavior" (in the statistical sense).

These models are the common basis for measuring interest-rate and liquidity risks, and for margin management. They serve:

- for calculating RTIG and thus influencing hedging decisions;

- to calculate internal transfer rates between the commercial pool and the ALM pool. As such, they determine the analytical margins on loans and collections.

The ALM models, calibrated and reviewed annually, must minimize the risk of over-hedging; to this end, the statistical study has the following main objectives:

- To eliminate the risk of concentration: If a small fraction of clients holds a high proportion of outstandings, overall outstandings are likely to fall sharply and unpredictably. The rule of prudence therefore calls for this fraction of outstandings to be removed (volatile part);
- To take account of cycles/seasonality: If the history of outstandings shows seasonality, the variable "account balance" will be replaced by "sliding average of account balances", this average being calculated over a sufficiently long period to avoid cycle effects;
- To maintain relevance over time, in order to maintain a commercial logic of flow.

Foreign exchange risk (Banking Book)

Foreign exchange risk on the Banking book is monitored and managed by the ALM Committee, which is informed of exposures and trends through quarterly reporting.

The ALM function monitors all the Bank's foreign exchange positions, with the exception of positions managed as part of trading activities, in line with international standards for measuring and managing foreign exchange risk.

The main objectives of the ALM Committee are to:

- Analyze the risk;
- Validate proposed limits and their compatibility with overall and regulatory limits;
- Verify compliance with these limits;
- Validate management proposals.

Operational Foreign Exchange Positions (OFP) can be measured using the "flow" or "stock" method. For CREDIT DU MAROC, this position comprises clients' on- and off-balance sheet foreign exchange positions, as well as cash in banknotes.

Structural foreign exchange positions (PCS) result mainly from equity investments in foreign-currency-denominated establishments. It should be noted, however, that foreign currency holdings accounted for at fair value through profit or loss (FVTPL) are included in the operating foreign exchange position rather than the structural position, since the resulting foreign exchange position is revalued through the income statement. For CREDIT DU MAROC, this position consists of the USD position in the equity securities of the subsidiary "CDM International", which is subject to an overall limit in terms of amount.

Financial risk management is handled by ATLAS, a tool developed in collaboration with the Crédit Agricole S.A. Group and operational since 2008.

3. Credit or counterparty risk

Crédit de Maroc's policy is based on general principles and in compliance with the standards set by the regulator. It covers aspects relating to ethics, independence, responsibility, collegial decision-making, risk control and monitoring, remuneration of operations, etc. It is reviewed each year as part of the risk strategy which examines all the bank's activities.

It is reviewed annually, as part of the risk strategy which examines all the bank's activities and the risks they entail, and sets operational limits in terms of client segments, business sectors, concentration, etc. This strategy is presented to the Executive Board for approval.

This strategy is presented by the Executive Board to the Supervisory Board, which approves it.

To manage its credit risk, CREDIT DU MAROC has defined several levels of control:

- A priori control of credit applications: risk applications from the Group's various sales units are submitted to the Risk Department, which is responsible for analyzing the credit file, assessing the client's business volume and the economic merits of the financing requested, as well as evaluating the consistency and validity of guarantees. Validated credit applications are then submitted to a Credit Committee for approval;
- Post-financing control: monitoring the bank's commitments;
- Compliance with the rules laid down by Bank Al-Maghrib, notably in terms of risk analysis for each client and for all clients belonging to the same group;
- Periodic control by the General Inspection Department, which regularly reviews the entire portfolio. In the event of a deterioration in risk quality, the General Inspectorate ensures a closer presence.

➢ ***Decision-making and risk management system***

➢ **Study and decision**

The decision-making process derives from the powers held by the Chairman of the Executive Board and the sub-delegations he has distributed to the players, according to an intuitu-personae mode, declined according to the markets. Beyond these sub-delegated limits, decisions are taken by the Credit Committee, whose decisions are collegial.

The decision-making process is managed by a centralized, integrated IT application that determines the required levels of delegation according to parameterized standards and criteria. Decisions in favor of professional and corporate clients require a dual view of sales and risk.

Subsidiaries have recourse to an opinion from CREDIT DU MAROC's specialized lines, which conditions the granting of credit.

Credit requests from commercial lines are formalized and documented in accordance with regulatory rules and bank standards.

➢ **Implementation - Guarantees**

Loans are arranged after verification of compliance with loan conditions.

Guarantee files are managed centrally.

➢ **Risk monitoring and receivables downgrading**

This is the responsibility of a dedicated, independent structure, supported by correspondents in the various markets and regions.

This structure, which has access to all the Bank's information systems, is tasked with monitoring the quality of commitments, identifying and monitoring any deterioration in risk (non-payment, account freezes, etc.) with a view to prevention.

Based on internal indicators, it organizes close monitoring of sensitive receivables by a dedicated monthly committee. It identifies receivables that need to be downgraded to "overdue" status, in accordance with the criteria laid down by the regulator, and sets aside provisions accordingly. These decisions are validated by a dedicated Committee, to ensure perfect risk coverage and compliance with regulatory standards.

- **Collection**

For the Retail and PRO/TPE markets, the network handles collection from the first non-payment on clients segmented as low risk and on debits up to 30 days past due. The central collection structures handle collection from the first non-payment on clients segmented as medium and high risk, as well as debits from 30 days overdue.

For the SME/SMI and Large Corporates market, collection is handled by the account managers, with the support of a central structure dedicated to Debt Recovery and Restructuring, depending on the case and on the decision of a dedicated committee or at the request of the sales line.

If the case reaches "Compromise", it is taken over by the Debt Recovery Department, which continues the collection process and takes legal action at the same time.

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

- **Internal rating**

CREDIT DU MAROC has its own rating system. It covers all corporate receivables (SMEs, large corporates and companies in the property development and hotel sectors), except banks and financial institutions, which have a specific rating.

CREDIT DU MAROC's rating system complies with Basel 2 recommendations.

The system is based on a quantitative and qualitative assessment. It involves the various players in the decision-making process: account managers, risk managers and decision-makers. It is back-tested annually.

For Banque de Réseau, all consumer loans are subject to either CREDIT DU MAROC's own credit score, or that of our partner Wafasalaf, according to well-defined criteria.

- **Corporate rating scale**

It comprises 13 steps from A to E, with intermediate steps for sound counterparties and 2 steps F and Z for counterparties in default, the last of which is for counterparties in legal recovery.

These grades are compatible with the rating scales of the main international rating companies: Standard & Poor and Moody's.

- **Delegation**

Rating is an essential part of the decision-making process. It determines the level of delegation.

- **Sensitive risks**

Counterparties showing signs of fragility are monitored within the framework of the monthly Sensitive Risks anticipation and monitoring committee, on the basis of qualitative and quantitative criteria.

Concentration risk

Credit concentration risk is the risk inherent in excessive exposure that could result in losses for the bank; sector limits are reviewed periodically.

A quarterly analysis is carried out of changes in the concentration of commitments in order to prevent excessive exposure to a given segment.

The measurement and management of this risk enable us to understand the form and level of credit concentration risk incurred by each type of exposure. CREDIT DU MAROC has put in place measures such as guarantee mechanisms...

However, CREDIT DU MAROC remains exposed to certain counterparties:

In KMAD

Number of beneficiaries as of 06/30/2022	Weighted risks exceeding 10% of net equity			
	Credits by disbursement	Credits by signature	Other commitments	TOTAL
7	5,640,384	1,537,159	-	7,177,543
Number of beneficiaries as of 12/31/2022	Weighted risks exceeding 10% of net equity			
	Credits by disbursement	Credits by signature	Other commitments	TOTAL
7	4,606,906	2,224,246	-	6,831,151

Sensitive risk

Sensitive risks are monitored by a dedicated department independent of the Risk Division, supported by correspondents in the various markets and regions.

This department, which has access to the bank's information system, is responsible for monitoring the quality of commitments, and for anticipating and monitoring any deterioration in risk (non-payment, account freezes, etc.).

The risk monitoring system is based on a regular review of counterparties showing possible signs of fragility, according to various qualitative and quantitative criteria, such as leading risk indicators.

This system is coordinated by the monthly Risk Anticipation and Monitoring Committee.

This monthly committee is divided into five (5) sub-committees for each market, namely: (i) Large Corporations, (ii) the Casablanca network, (iii) the network outside Casablanca, (iv) Retail and (v) the participative window and subsidiaries.

At the end of each committee meeting, decisions may be taken concerning:

- monitoring the progress of action plans decided at the previous committee meeting, for which the markets are responsible;
- removal of a sensitive risk file following an improvement in its situation;
- downgrading of a Sensitive Risks file;
- transfer of a sensitive case to the Collections department, so that it can intervene jointly with the market in the monitoring of such cases;
- downgrading of a sensitive client's rating;
- action plans for safeguarding and collecting receivables on sensitive risks;
- provisions, if any, within the framework of current regulations, to be validated at the monthly Debt Recovery Committee meeting;
- transfer of the file to Litigation.

Default risk

Default risk is defined as the risk associated with the failure of a counterparty to perform its obligations to CREDIT DU MAROC Group.

The definition of default used in management complies with the prudential requirements in force in relation to the Bank Al Maghrib circular (19/G/2002).

A debtor is considered to be in default when at least one of the following two conditions is met:

- A payment arrears generally exceeding 90 days;
- Account frozen;
- More generally, the bank considers it unlikely that the debtor will meet his credit obligations in full, without resorting to measures such as the realization of a security interest.

4. Solvency risk

CREDIT DU MAROC is subject to Bank Al-Maghrib prudential regulations concerning the calculation of and compliance with the minimum solvency ratio. In accordance with Bank Al-Maghrib's circular on the minimum solvency ratio for credit institutions, the bank is required to maintain a minimum solvency ratio of 12% on an individual and/or consolidated basis, including a Tier 1 ratio of 9%.

In addition, as part of its Risk Appetite Framework, CREDIT DU MAROC has set itself management targets and appetite thresholds for the solvency ratio that are higher than the regulatory minimums.

The role of the Treasury & ALM department is to ensure that the bank's available capital is always in line with its RWAs, in line with its management objectives.

The calculation of the capital requirement is established by taking into consideration:

- RWAs and shareholders' equity to date;
- forecasts for balance sheet aggregates;
- projected outflow of equity (subordinated debt / earnings, etc.);
- dividend distribution policy;
- any changes in regulations or standards affecting calculation methods.

The capital planning process is carried out at the same time as the budget exercise, with which it is closely linked. Capital planning is updated whenever necessary.

Treasury & ALM reports quarterly to the ALM Committee on the level of the solvency ratio and its evolution. Where necessary, it proposes planned actions to meet the management target, and implements these actions once they have been validated. Financial instruments (e.g. subordinated debt) issued by CREDIT DU MAROC as part of its equity management are the responsibility of the Treasury and ALM Department.

2020 - 2022 solvency ratio

CREDIT DU MAROC's solid fundamentals enable it to meet all its commitments, as demonstrated by the solvency ratio for the period 2020 - 2022:

Social (MMAD)	June-20	Dec-20	June.-21	Dec-21	June-22	Dec-22
TIER 1 CAPITAL (T1)	4,508	4,662	4,861	4,922	5,111	5,005
TIER 2 CAPITAL (T2)	1,674	1,753	1,710	1,711	1,699	1,567
SHAREHOLDERS' EQUITY	6,182	6,414	6,571	6,633	6,811	6,572
Weighted credit, operational and market risks	41,758	41,749	41,846	42,016	44,955	44,951
Weighted credit risk	37,420	37,352	37,088	37,219	40,200	40,371
Weighted Operational Risk	4,120	4,168	4,196	4,268	4,336	4,464
Weighted Market Risk	219	228	562	529	419	116
Tier 1 capital ratio	10.79%	11.17%	11.62%	11.71%	11.37%	11.13%
Minimum Solvency Ratio (Tier 1+Tier 2)	14.80%	15.36%	15 .70%	15.79%	15.15%	14.62%

Source: CREDIT DU MAROC

Over the period 2020-2022, CREDIT DU MAROC meets regulatory requirements in terms of solvency and Tier One ratio, with a solvency ratio of 11.13% as of end of 2022.

The solvency ratio as of December 31, 2022, stands at 14.62%. This level of solvency reflects the bank's considerable capacity to meet its commitments through shareholders' equity.

Weighted risks are calculated using the standard approach for credit, counterparty and market risks, and the basic indicator method for operational risks.

Since 2019, for macro-prudential supervision purposes, Bank Al-Maghrib has required credit institutions to build up a capital cushion known as a "counter-cyclical capital cushion" on an individual and/or consolidated basis. This cushion, which ranges from 0% to 2.5% of risk-weighted assets, is made up of core Tier 1 capital. Compliance with this additional threshold is preceded by 12 months' notice. Solvency ratios are reported to the regulator every six months, accompanied by the publication of Pillar III, designed to guarantee transparent financial information: details of prudential ratios, composition of regulatory capital, breakdown of weighted risks.

Forecast solvency ratio

CREDIT DU MAROC's forecast ratios on an individual and consolidated basis at the end of 2022 are well above the regulatory minimums in force: 9.0% for the solvency ratio on Tier 1 capital and 12.0% on total capital thanks to the internal capital management policy.

Prudential capital is calculated in accordance with circular 14 G 2013 and technical notice 01/DSB/2018, integrating IFRS9 impacts.

The tables below show CREDIT DU MAROC's forecast solvency ratio over the next 18 months:

Social	June-23	Dec.-23	June-24	Dec.-24
CET 1 ratio	10.63%	11.03%	11.97%	12.10%
Tier 1 capital ratio	10.98%	11.74%	11.93%	12.41%
Minimum Solvency Ratio (Tier 1+Tier 2)	14.35%	14.79%	14.82%	14.88%

Source: CREDIT DU MAROC

Consolidated	June-23	Dec.-23	June-24	Dec.-24
CET 1 ratio	11.49%	12.36%	12.49%	12.11%
Tier 1 capital ratio	11.83%	12.69%	12.53%	12.40%
Minimum Solvency Ratio (Tier 1+Tier 2)	14.22%	14.75%	14.39%	13.77%

Source: CREDIT DU MAROC

CREDIT DU MAROC's forecast ratios remain above the current regulatory minimum: 9% for the solvency ratio on Tier 1 capital and 12% on total capital, thanks to its internal capital management policy.

Details and changes in RWA (in thousands of dirhams)

		déc-21		déc-22		Variation	
		Actifs pondérés	Exigences en fonds propres	Actifs pondérés	Exigences en fonds propres	Actifs pondérés	Exigences en fonds propres
	Risque de crédit	**38 672 239**	**3 093 779**	**41 091 647**	**3 287 332**	**2 419 407**	**193 553**
Dont	Souverain	16 964	1 357	6 820	546	-10 144	-811
Dont	Établissements	3 028 933	242 315	2 914 980	233 198	-113 953	-9 116
Dont	Entreprises	22 417 798	1 793 424	25 218 503	2 017 480	2 800 705	224 056
Dont	Clientèle de détail	9 551 431	764 114	9 627 905	770 232	76 474	6 118
	Risque de Marché	**529 029**	**42 322**	**115 891**	**9 271**	**-413 138**	**-33 051**
	Risque Opérationnel	**4 650 313**	**372 025**	**4 729 259**	**378 341**	**78 945**	**6 316**
	Total	**43 851 582**	**3 508 127**	**45 936 796**	**3 674 944**	**8 085 214**	**166 817**

Source: CREDIT DU MAROC

Market risk details

In thousands of dirhams

	12/31/2020	12/31/2021	12/31/2022
Tier 1 capital	5,201,810	5,550,085	5,540,206
Total shareholders' equity	6,534,187	6,782,220	6,648,040
Risk-weighted assets	43,680,189	43,851,582	45,936,796
Tier 1 capital ratio	11.91%	12.66%	12.06%
Solvency ratio	14.96%	15.47%	14.47%

Source: CREDIT DU MAROC

ICAAP (Internal Capital Adequacy Process)

The Internal Capital Adequacy Assessment Process (ICAAP) is a process which aims, on the one hand, to ensure a constant balance between the bank's equity capital and all the risks incurred, and to anticipate any imbalances which could affect its financial viability and the continuity of its business, and on the other hand, to implement appropriate recovery solutions.

It's a process that makes a substantial contribution to valuation:

- the bank's business model
- Internal governance and overall risk management
- Major risks - risk appetite
- regulatory and internal capital requirements
- Prudential capital management (pillars 1 and 2)

The ICAAP approach is a continuously enriching process, which evolves at the request of management, to take account of regulatory developments (Directive 3/W/2021 and increasing BAM requirements) and integrate international best practices.

The general risk appetite framework presents ICAAP as one of its key operational mechanisms.

For ICAAP 2021, this framework has been respected and enriched. The Supervisory Board was kept regularly informed of significant changes to the ICAAP, and the Risk Committee regularly reported to it. The latest changes to the ICAAP were included on the agenda of the Executive Board meeting.

Lastly, ownership of the system has been strengthened through:

- ICAAP training for members of the Executive Board and Supervisory Board in 2021;
- Increased support from the Finance Department, which is responsible for centralizing the ICAAP system, and which over the past year has carried out significant work to improve and strengthen the system (see Major changes integrated into the 2021 ICAAP system);
- Technical support from an external firm, with a view to continuously improving the ICAAP system and incorporating international best practices;
- The key elements of the ICAAP are integrated into the reporting statements sent to the management bodies, as well as to the Supervisory Board, and enriched with a regularly updated forward-looking dimension.

5. Competitive risk

CREDIT DU MAROC is a universal bank, present in all client segments (individuals and professionals, SMEs and large corporations) and in all banking businesses.

Its main competitors are Attijariwafa Bank, BCP, Bank Of Africa, Société Générale, BMCI and, more recently, CIH BANK, CAM and CFG BANK, which operate in the commercial banking sector.

CREDIT DU MAROC's positioning strategy is based on:

- Quality of service and respect for client commitments (e.g. 48-hour mortgage and consumer credit campaigns);
- Innovation as a corporate culture at the service of its clients (ATM bill payment, Daba Daba reloadable prepaid card, e-banking...);
- Making the Group's scale a differentiating factor for all client segments (mobility offer for individuals with the RIBAT range in partnership with Crédit Lyonnais, Intermed and e-Ris with Crédit Agricole's Regional Banks in France for SME-SMIs, and strong proximity with the Group's Corporate and Investment Banking arm for corporate clients).

6. Operational risk

CREDIT DU MAROC has adopted the Basel 2 definition of operational risk. It refers to losses resulting from the inadequacy or failure of internal processes, people, systems or external events, including legal risk.

This is the Risk linked to the execution of operations. It includes IT, legal, tax, regulatory and commercial risks.

➢ **Operational risk management system in place**

The operational risk management system implemented by the bank aims to identify all sources of major risk with a view to covering them (internal fraud, external fraud, employment practices and workplace safety, client products and business practices, damage to tangible assets, business and systems malfunctions, delivery execution and process management).

1. Key challenges

Control of the cost of operational risks;

Prevention of major risks;

Optimizing risk coverage;

Integration of the triple regulatory impact of capital management, regulatory supervision and financial communication.

2. System components

Our operational risk management system is built around four components:

- **Organizational component**

The monitoring of operational risks is entrusted to a permanent risk control unit, the apex of the bank's internal control system.

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

The Executive Board regularly monitors the risk situation via the Internal Control Committee, chaired by the Chairman of the Executive Board.

The Supervisory Board, via the Risk Committee, is informed of major risks and ensures that they are taken into account.

- **Qualitative component**

This enables risks to be assessed and prevented through the mapping of operational risks.

- **Quantitative component**

This component enables the cost of risk and incidents to be measured and monitored, by tracking losses and setting up an early-warning system.

- **Capital allocation component**

As a precautionary measure, the bank has adopted a capital allocation based on the "basic indicators" method, with the aim of moving rapidly towards the "standard" method.

3. Information systems security

Information systems security is ensured by the implementation of a security policy and a permanent control system. Intrusion tests and vulnerability scans, as well as information system security assessments, are carried out on a regular basis.

4. Business Continuity Plan

To ensure the continuity of the bank's activities in the event of a disaster, the company has drawn up a Business Continuity Plan:

- a Disaster Recovery Plan for critical IT services;
- a User Fallback Plan, including the creation of a fallback site to be used in the event of a disaster;
- a crisis management system;
- a business continuity plan specific to the influenza pandemic scenario.

This BCP is regularly tested and improved.

5. Essential outsourced services

With regard to the management of outsourced activities, the Bank has a formal outsourcing policy, which specifies:

- the terms and conditions under which the Bank outsources its services;
- the legal clauses that bind the service provider;
- indicators for monitoring service quality and measuring performance.

Service agreements including quality indicators have enabled the Bank to integrate the monitoring of these activities into its internal control system.

6. FATCA (Foreign Account Tax Compliance Act) compliance

CREDIT DU MAROC, as a financial institution subsidiary of the Crédit Agricole S.A. Group, and its 2 subsidiaries also concerned, CDM Offshore and CDM Capital, have had FATCA-compliant status since it came into force.

FATCA is a US law designed to strengthen the fight against tax evasion by US citizens or tax residents.

In order to meet the obligations imposed by this extraterritorial regulation, non-US financial institutions (Foreign Financial Institutions or FFIs) must identify and communicate information concerning their original account holders or US residents.

Since December 2016, CREDIT DU MAROC has adopted the FATCA status of "Participating FFI outside the IGA agreement with aggregated reporting", and since 2016 has regularly reported annually directly to the US IRS in accordance with FATCA regulations, and in compliance with Moroccan legal provisions.

Lastly, CREDIT DU MAROC and its subsidiaries have put in place an appropriate system that enables them to comply with FATCA regulations, and which is subject to annual certification by its Responsible Officer.

7. System for managing financial risks related to climate change and the environment

Environmental, social and corporate governance risks are assessed and managed accordingly through the bank's SGES environmental and social management system, which was developed by CREDIT DU MAROC in line with the good governance requirements for financial risks linked to climate change and the environment of Bank Al Maghrib (BAM) directive 5W2021 and in collaboration with our preferred partner the International Finance Corporation (IFC).

The system guarantees a holistic and structured approach to financial risks related to climate change and the environment.

Our environmental and social policy has been drafted in line with international standards and approved by CREDIT DU MAROC's Supervisory Board.

The bank will ensure that its system for managing financial risks related to climate change and the environment is increasingly integrated into the organizational structure in order to protect the value of the bank's assets and align itself with a responsible and sustainable growth trajectory.

As of December 31, 2022, no financial risks related to environmental issues have been recorded.

8. Management of risks identified by CREDIT DU MAROC arising from the change of majority shareholder

The risks associated with the change of control are well under control. The transition is proceeding in accordance with the plan and timetable established between the various parties and the regulator.

VISA OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

Disclaimer

The aforementioned information constitutes only part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) on July 5, 2023 under reference no. VI/EM/020/2023.

The AMMC recommends reading the entire prospectus, which is available to the public in French.