PROSPECTUS SUMMARY

Crédit du Maroc S.A.

ISSUE OF PERPETUAL SUBORDINATED BONDS WITH LOSS ABSORPTION AND COUPON PAYMENT CANCELLATION MECHANISM FOR A MAXIMUM GLOBAL AMOUNT OF MAD 500,000,000

The AMMC-approved prospectus consists of:

- The securities note;
- Crédit du Maroc's reference document for the 2023 financial year and the first half of 2024, registered by the AMMC on 07/26/2024 under reference EN/EM/010/2024.
- Update No. 1 to Crédit du Maroc's registration document for the 2023 financial year and the first half of 2024, registered by the AMMC on 10/18/2024 under reference EN/EM/026/2024.

	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 it will be published by Bank Al-Maghrib on November 29, 2024. 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 it will be published by Bank Al-Maghrib on November 29, 2024. This rate will be increased by a risk premium ranging from 205 to 215 basis points.**
Risk premium	**Between 225 and 235 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	**This issue is not covered by any specific guarantee.**	
Tradability of securities	**Over-the-counter (Off-market)**	

Subscription Period: from 12/02/2024 to 12/04/2024, inclusive

Subscription to these bonds and their trading on the secondary market are strictly reserved for the qualified investors under Moroccan law listed in the 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 law 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 11/20/2024, under reference No. VI/EM/034/2024.
The securities note constitutes only part of the AMMC-approved prospectus. The latter comprises the following documents:

- The securities note;
- Crédit du Maroc's reference document for the 2023 financial year and the first half of 2024, registered by the AMMC on 07/26/2024 under reference EN/EM/010/2024.
- Update No. 1 to Crédit du Maroc's registration document for the 2023 financial year and the first half of 2024, registered by the AMMC on 10/18/2024 under reference EN/EM/026/2024.

Disclaimer

On 20 / 11 / 2024, the Moroccan Capital Markets Authority (AMMC) approved a prospectus relating to the perpetual bond issue with a loss absorption and coupon cancellation mechanism.

The AMMC-approved prospectus is available at any time from Crédit du Maroc's head office, on its website www.creditdumaroc.ma, and from its financial advisor. It is also available within 48 hours from order-collecting institutions.

The prospectus is available to the public at the Casablanca Stock Exchange headquarters and on its website www.casablanca-bourse.com. It is also available on the AMMC website www.ammc.ma.

This summary is translated by LISSANIAT under the joint responsibility of the said translator and Crédit du Maroc. In the event of any discrepancy between the contents of this summary and the AMMC-approved prospectus, only the approved prospectus will prevail.

Part I: PRESENTATION OF THE OPERATION

I. Offer structure

Crédit du Maroc plans to issue to five thousand (5,000) perpetual subordinated bonds with a nominal value of one hundred thousand (100,000) dirhams. The total amount of the operation stands at five hundred million (500,000,000) dirhams, broken down as follows:

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

Under no circumstances may the total amount allocated to the two tranches exceed five hundred million (500,000,000) dirhams.

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 Crédit 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 Crédit 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.*

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	Bearer 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% of the nominal value, 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 (5) years.
Subscription period	From December 2 to 4, 2024, inclusive
Entitlement date	December 6, 2024
Maturity	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 it will be published by Bank Al-Maghrib on November 29, 2024. 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 Crédit du Maroc on its website and in a legal announcements journal on November 29, 2024. 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 Crédit 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, Crédit 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. December 6 each year. Payment will be made on that day or the first business day after December 6 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 Crédit du Maroc. Crédit 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 Crédit du Maroc. Each cancellation decision will relate to the coupon for which payment was initially scheduled for the next anniversary. Crédit 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 provisions 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 (60) 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 legal announcements journal 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 Crédit du Maroc's creditworthiness.

Crédit 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 (60) calendar days prior to the payment date, all holders of perpetual subordinated notes issued by Crédit du Maroc and the AMMC of this decision. The perpetual subordinated noteholders shall be informed by a notice published in a legal announcements journal. 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 face 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	Crédit du Maroc shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial five (5) years from the cum-coupon date. Beyond this initial five (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 five (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 legal announcements journal 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. Crédit 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 legal announcements journal, specifying the number of notes to be repurchased, the period and the repurchase price. Crédit 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 Crédit 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 Crédit du Maroc's rights and obligations. The repayment of the capital is, in the event of Crédit 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 fifty (50) dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within thirty (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. Crédit 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 eighteen (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 Crédit 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 legal announcements journal within thirty (30) 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.

[1] *Any depreciation in the nominal value of the shares would enable Crédit du Maroc to record exceptional income which would increase its net income and thus improve its shareholders' equity.*

[2] *Changes in historical and forecast prudential ratios (CET 1, Tier 1 and solvency ratios) are presented in the Reference Document, which forms part of this prospectus.*

	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 legal announcements journal, 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, Crédit 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 legal announcements journal 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 write-down/ 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 the securities note. 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 the securities note.
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 Crédit 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 Crédit 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 Crédit 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 Crédit du Maroc in Morocco or overseas. These perpetual subordinated bonds will rank pari passu with the perpetual subordinated bonds of the same type. As a reminder, Crédit du Maroc carried out an AT1 perpetual subordinated bond issue in July 2023 for a total amount of five hundred million (500,000,000) dirhams.
Repayment guarantee	This issue is not subject to any specific guarantee.
Rating	No rating has been requested for this issue.
Representation of bondholders	The Executive Board of Crédit du Maroc, meeting on July 17, 2024, 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 six (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. The agent's compensation will be disclosed to the public when the notice convening the Bondholders' Meeting is published. 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 Crédit du Maroc between 2016 and 2023: ▪ MMAD 500 subordinated bond issue in 2016; ▪ MMAD 750 subordinated bond issue in 2018; ▪ AT1 MMAD 500 perpetual subordinated bond issue in 2023. Apart from the above-mentioned mandates, the firm HDID holds no mandate vis-à-vis Crédit 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	Bearer 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% of the nominal value, 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 December 2 to 4, 2024, inclusive
Entitlement date	December 6, 2024
Maturity	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 it will be published by Bank Al-Maghrib on November 29, 2024. 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 Crédit du Maroc on its website and in a legal announcement journal on November 29, 2024. 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 five (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 Crédit du Maroc, via its website, to bondholders five (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 fifty-two (52)-week rate is not observable, Crédit du Maroc will determine the reference rate by linear interpolation using the two points surrounding the full fifty-two (52)-week maturity (monetary basis). This linear interpolation will be made after converting the rate immediately above the fifty-two (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 <u>205</u> and <u>215</u> 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 December 6 of each year. The new rate will be communicated by the issuer to bondholders via its website, five (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. December 6 of each year. Payment will be made on the same day, or on the first trading day following December 6 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 Crédit du Maroc. Crédit 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 Crédit du Maroc. Each cancellation decision will relate to the amount of coupon originally scheduled for payment on the next anniversary date. Crédit 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 (60) calendar days prior to the payment date.

Perpetual bondholders are informed by a notice published by Crédit du Maroc on its website and in a legal announcement journal 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 Crédit du Maroc.

Crédit 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 perpetual bonds issued by Crédit du Maroc and AMMC of this decision at least sixty (60) calendar days prior to the payment date. Perpetual bondholders are informed by a notice published by Crédit du Maroc on its website and in a legal announcement journal.

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 five (5)-year period (cf. « Early repayment' clause »).
Early repayment	Crédit du Maroc shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial five (5) years from the cum-coupon date. Beyond this initial five (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 five (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 legal announcements journal 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. Crédit 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 legal announcements journal, specifying the number of notes to be repurchased, the period and the repurchase price. Crédit 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 Crédit 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 Crédit du Maroc's rights and obligations. The repayment of the capital is, in the event of Crédit 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 fifty (50) dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within thirty (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. Crédit 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 eighteen (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 Crédit 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 legal announcements journal within thirty (30) 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 legal announcements journal, 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, Crédit du

[3] *Any depreciation in the nominal value of the shares would enable Crédit du Maroc to record exceptional income which would increase its net income and thus improve its shareholders' equity.*

[4] *Changes in historical and forecast prudential ratios (CET 1, Tier 1 and solvency ratios) are presented in the Reference Document, which forms part of this prospectus.*

	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 legal announcements journal 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 write-down/ 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 the securities note. 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 the securities note.
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 Crédit 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 Crédit 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 Crédit 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 Crédit du Maroc in Morocco or overseas. These perpetual subordinated bonds will rank pari passu with the perpetual subordinated bonds of the same type. As a reminder, Crédit du Maroc carried

	out an AT1 perpetual subordinated bond issue in July 2023 for a total amount of five hundred million (500,000,000) dirhams.
Repayment guarantee	This issue is not subject to any specific guarantee.
Rating	No rating has been requested for this issue.
Representation of bondholders	The Executive Board of Crédit du Maroc, meeting on July 17, 2024, 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 six (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. The agent’s compensation will be disclosed to the public when the notice convening the Bondholders' Meeting is published. 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 Crédit du Maroc between 2016 and 2023: ▪ MMAD 500 subordinated bond issue in 2016; ▪ MMAD 750 subordinated bond issue in 2018; ▪ AT1 MMAD 500 perpetual subordinated bond issue in 2023. Apart from the above-mentioned mandates, the firm HDID holds no mandate vis-à-vis Crédit 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 fourteen (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 II – 'Information about Crédit 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 fourteen (14) business days following the formal request.

If the Company has not resolved the Event of Default within fourteen (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. Operation calendar

Order	Steps	Dates
1	Obtaining AMMC approval	11/20/2024
2	Publication of the prospectus extract on the issuer's website (www.créditdumaroc.ma)	11/20/2024
3	Publication by the issuer of the press release in a legal announcements journal	11/20/2024
4	Observation of reference rates	11/29/2024
5	Publication of reference and coupon rates in a legal announcements journal and on the issuer's website	11/29/2024
6	Opening of subscription period	12/02/2024
7	Closing of subscription period (inclusive)	12/04/2024
8	Allocation of securities	12/04/2024
9	Settlement / delivery	12/06/2024
10	Publication by the issuer of the operation results and rates in a legal announcements journal and on its website	12/06/2024

PART II: ABOUT CREDIT DU MAROC

I. General information

Corporate name	Crédit du Maroc
Registered Office	201, boulevard d'Anfa, Casablanca
Phone and fax number	Phone: (212) 05 22 47 70 00 Fax: (212) 05 22 27 71 27
Website	www.creditdumaroc.ma
Legal form	Crédit 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 of the analytical register.
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 06/30/2024	Crédit 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 Crédit du Maroc's legal form: ▪ Law no. 17-95 on limited companies, as amended and supplemented.

	Texts governing Crédit du Maroc's activity: ▪ Law no. 103-12 relating to credit institutions and similar bodies (Banking Law). Legislation governing Crédit 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 Stock Exchange, 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 Crédit 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, Crédit du Maroc is subject to VAT at a rate of 10% and to corporate income tax, the rate of which will rise gradually to reach 40% in 2026. In 2024, the current tax rate is 38.50%. The Bank is governed by ordinary commercial and tax legislation.

II. Information on Crédit du Maroc’s share capital

1. Capital structure

As of June 30, 2024, Crédit 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 Crédit du Maroc’s shareholder structure:

Shareholders *	Number of shares	% in share capital and voting rights
Holmarcom Finance Company	7 171 545	65.91%
AtlantaSanad	1 394 744	12.82%
Wafa Assurance	1 168 523	10.74%
Various shareholders	1 146 402	10.53%
Total	**10 881 214**	**100%**

Source: Crédit du Maroc

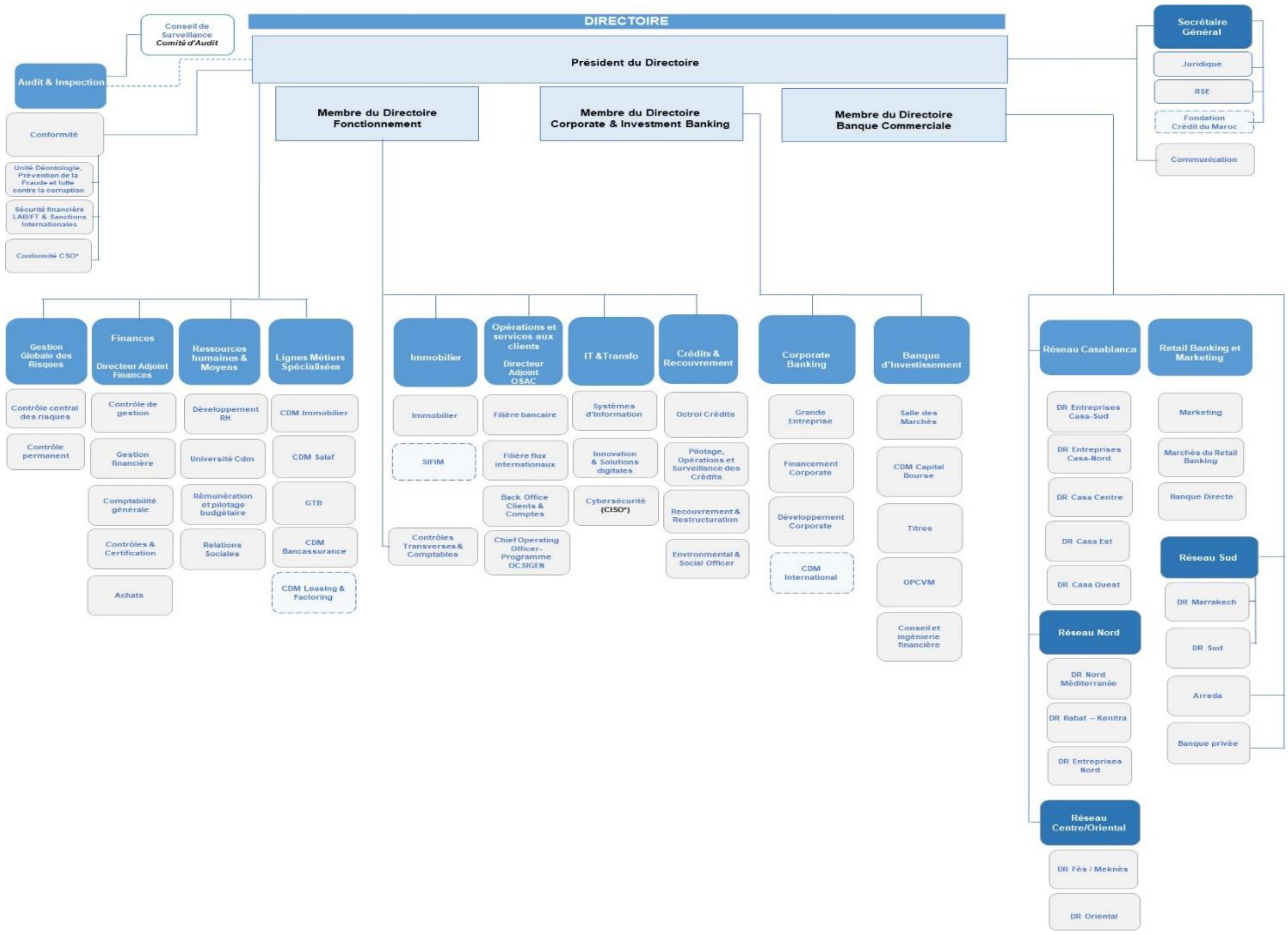
2. Members of the Supervisory Board as of June 30, 2024

Identity	Age	Origin	Nationality	First appointment date	Latest renewal	Mandate expiry	Committee member	Main function
Mohamed Hassan Bensalah *Chairman*	54		Moroccan	12/2022	_	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	-	Chief Executive Officer Holmarcom Group
Karim Chiouar *Member*	61		Moroccan	12/2022	_	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	A & R	Deputy Managing Director Holmarcom Group
Zouhair Chorfi (3) *Member*	68		Moroccan	12/2022	_	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	C & R	Retired civil servant
AtlantaSanad S.A (2) *represented by Mrs. Madame Fatima Zahra Bensalah Member*	55		Moroccan	12/2022	_	Annual 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 *represented by Mrs. Lamiae Kendili Member*	40		Moroccan	12/2022	_	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	A	Deputy Managing Director - Holmarcom Finance Company
Mohammed Ali Kadiri (1) (4) *Independent member*	69		Moroccan	12/2022	_	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	A & C	Managing Director of the firm Dictys
Nadine Koniski-Ziadé (1) (5) *Independent member*	49		Franco-Lebanese	03/2024	-	Annual General Meeting to approve the financial statements for the year ending December 31, 2024	R	Senior Advisor (Finance)

Source: Crédit du Maroc

3. Organization chart of Crédit du Maroc

The organization chart of the Crédit du Maroc Group, as of October 31, 2024, is as follows:



Source: Crédit du Maroc

III. Crédit du Maroc's activity

1. Credit evolution

Over the period 2021 - 2023, Crédit du Maroc's total outstanding loans have evolved as follows:

Net receivables (Corporate) in MMAD		2021	2022	Var. 22/21	2023	Var. 23/22
Cash credits		12 095	14 856	22.8%	14 826	-0.2%
	%	25%	28%	2.9 pts	26%	-1.7 pt
Consumer credits		3 587	3 476	-3.1%	3 547	2.0%
	%	7%	6%	-0.9 pt	6%	-0.3 pt
Equipment credits		5 589	6 803	21.7%	9 570	40.7%
	%	11%	13%	1. 2 pt	17%	4.1 pt
Real estate credits		17 308	17 579	1.6%	18 503	5.3%
	%	35%	33%	-2.7 pts	32%	-0.4 pt
Other credits		3 021	1 834	-39.3%	1 124	-38.7%
	%	6%	3%	-2._ pts	2%	-1.5 pt

Accrued interest receivable		280	325	16.0%	360	10.8%
	%	1%	1%	-	1%	-
Past-due receivables		947	1 066	12.6%	1 107	3.8%
	%	2%	2%	-	2%	-0.1 pt
Client receivables		**42 828**	**45 939**	**7.3%**	**49 037**	**6.7%**
	%	88%	86%	-2 pt	86%	0.2 pt
Receivables acquired through factoring		**1 069**	**919**	**-14.1%**	**715**	**-22.1%**
	%	2%	2%	-0.5 pt	1%	-0.2 pt
Receivables from demand credit institutions		1 885	2 046	8.5%	918	-55.1%
Term loans and advances		3 100	4 769	53.8%	6 488	36.1%
Receivables from credit institutions and similar entities		**4 985**	**6 815**	**36.7%**	**7 406**	**8.7%**
	%	10%	13%	2.5 pts	13%	0.3 pt
Total credits		**48 882**	**53 672**	**9.8%**	**57 158**	**6.5%**

Source: Crédit du Maroc - corporate accounts

% Share of total credits s

2021 - 2023 analytical review

For the 2023 financial year, Crédit du Maroc's outstanding credits amounted to nearly MAD 57,158 million, up 6.5% (MAD 3,485.8 million) compared with end-December 2022. This increase is due to the following main factors:

- the increase in outstanding client receivables by 6.7% (+MAD 3,098 million) to nearly MAD 49,037 million as of December 31, 2023. This improvement was mainly due to:
  - ✓ the good performance of equipment credits, which rose by 40.7% (+MAD 2,767.2 million), driven by the favorable economic climate in 2023 and by the continued strong momentum of support for businesses;
  - ✓ he growth in real estate credits (+MAD 924 million) to more than MAD 18,503 million, marked by the increase in credits to real estate developers in the corporate market and in housing loans, including Murabaha credits, which are set to grow significantly in 2023;
  - ✓ the 38.7% fall in "Other credits", due to the decline in securities received under repurchase agreements from clients, in line with the bank's liquidity position and cash requirements;
- the 8.7% increase in receivables from credit institutions and similar entities, which stood at MAD 7,406 million as of end-2023, versus MAD 6,815 million as of end-2022. This growth was driven primarily by term receivables, which rose to MAD 6,488 million (up MAD 1,720 million), slowed in 2023 by the decline in demand receivables (- MAD 1,128 million) resulting from the transformation of repurchase agreements and overnight credits into term credits;
- the 22.1% drop (- MAD 203 million) in receivables acquired through factoring, following the repayment of VAT credit advances granted under the framework agreement signed in February 2021 between the Bank and the Ministry of the Economy and Finance.

On the corporate market, short-term credits were marked by an increase in other cash credits, notably spot discounting credits, and by a fall in current accounts and factoring.

Cash uses (cash in hand, central banks and credits and borrowings with credit institutions and similar) rose as a result of management of available liquidity and investment opportunities on the interbank market.

The credit structure remains largely dominated by credits to clients, which accounted for 85.8% of total credits in fiscal 2023.

2021 - 2022 analytical review

As of end-2022, Crédit du Maroc's outstanding credits rose by 9.8% (+ MAD 4,791 million) to nearly MAD 53,672 million. This improvement is mainly due to the following factors:

- The 7.3% (+ MAD 3,111 million) increase in outstanding client receivables to MAD 45,939 million as at end-December 2022. This increase is due to:
  - ✓ the 22.8% increase in cash credit to MAD 14,856 million, driven by good performance on corporate loans;
  - ✓ the 21.7% (+ MAD 1,214 million) increase in equipment credit, driven by the positive momentum of production in 2022. This growth is in line with the upturn in corporate players' market shares;
  - ✓ the 39.3% fall in “Other credits” due to the decline in securities received under repurchase agreements from clients, in line with the bank's liquidity position and cash requirements;
  - ✓ the 12.6% rise in past-due receivables, explained by a 2021 base effect of a write-off of a corporate client file combined with a normative increase correlated with business activity.
- the 36.7% increase in receivables from credit institutions and similar entities, following the rise in term receivables of MAD 1,669 million (+53.8%) compared with end-2021;
- the 14.1% (-MAD150 million) fall in receivables acquired through factoring, linked to the repayment of VAT credit advances in 2022.

In retail banking, housing loans rose by MAD 430 million, including a sharp increase in Murabaha real estate receivables. Cash and cash equivalents fell as a result of liquidity management and investment opportunities on the interbank market. Consumer credit declined by more than 3% year-on-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 credit. Their share fell by 2 pts compared with the previous year. This trend is linked to the fall in outstanding client and other credits.

2. Deposit evolution

Crédit du Maroc's outstanding debt evolved as follows over the period under review:

Amounts in MMAD		2021	2022	Var. 22/21	2023	Var. 23/22
Current credit accounts		33 202	34 014	2.4%	35 900	5.5%
	%	*68.5%*	*66.4%*	*-2.1 pts*	*68.0%*	*1.6 pt*
Savings accounts		9 869	9 888	0.2%	9 990	1.0%
	%	20.4%	19.3%	-1.1 pt	18.9%	-0.4 pt
Term deposits		1 741	3 133	80.0%	4 090	30.6%
	%	3.6%	6.1%	2.5 pts	7.7%	1.6 pt
Other credit accounts		1 202	1 459	21.4%	1 578	8.2%
	%	2.5%	*2.8%*	*0.4 pt*	*3.0%*	*0.1 pt*
Client deposits on equity-linked products		12	15	23.9%	12	-16.1%
	%	-	-	-	-	-

Accrued interest payable	58	53	-8.5%	120	127.7%
%	0.1%	0.1%	-	0.2%	0.1%
Client deposits	**46 084**	**48 562**	**5.4%**	**51 691**	**6.4%**
%	95%	94.7%	-0.3 pt	97.9%	3.2 pt
Demand	328	630	91.9%	752	19.4%
Term	2 084	2 068	-0.8%	362	-82.5%
Amounts owed to credit institutions and similar entities	**2 413**	**2 698**	**11.8%**	**1 113**	**-58.7%**
%	5%	5.3%	0.3 pt	2.1%	-3.2 pt
Total debt	**48 497**	**51 259**	**5.7%**	**52 804**	**3.0%**

Source: Crédit du Maroc – Corporate financial statements

2022 - 2023 analytical review

As of December 31, 2023, Crédit du Maroc's balance sheet resources were up 3% (+MAD 1,545 million) compared with the end of 2022, to reach MAD 52,804 million, benefiting from the positive trend in demand resources. This improvement is mainly attributable to the following combined factors:

- the 6.4% (+ MAD 3,129) increase in client resources, which stood at MAD 51,691 as of December 2023, explained by:
  - ✓ the increase in demand deposits (+MAD 1,886 million), due to the Bank's efforts to improve collection;
  - ✓ the 30.6% (+ MAD 957 million) rise in term deposits to MAD 4,090 million as of end-2023, thanks to the various commercial challenges launched during the financial year;
  - ✓ the 8.2% increase in “Other accounts payable” compared with the 2022 financial year, driven by the rise in outstanding debts on means of payment.
- The 58.7% drop in outstanding payables to credit institutions and similar entities, from MAD 2,689 million to MAD 1,113 million in 2023, following the decline in term deposits of over MAD 1,706 million, replaced by issues of certificates of deposit.

In terms of the structure of client deposits, there is a preponderance of demand credit accounts, which account for 68% of total resources, compared with 66.4% in 2022.

Savings accounts were down 0.4 pts on the previous year, accounting for 18.9% of total resources.

Term deposits accounted for 7.7%, up 1.6 pts compared with end-2022.

Non-remunerated resources rose by 5.5%, accounting for 72.4% of total client resources.

Interest-bearing funds rose by 8.7%, driven by increases in passbook accounts, term accounts and savings bonds.

2021 - 2022 analytical review

For the end of the 2022 financial year, Crédit du Maroc generates balance sheet resources of more than MAD 51,259 million, up 5.7% (+MAD 2,762 million) compared with the end of December 2021. This increase results mainly from the following combined effects:

- Amounts due to clients stood, as of end-December 2022, at MDH 48,562, up 5.4% (+MAD 2,477 million) compared with 2021. This increase is due to:
  - ✓ the 2.4% increase in demand deposits, from MAD 33,202 in 2021 to MAD 34,014 in 2022;
  - ✓ the 80% (+ MAD 1,392 million) increase in term deposits to MAD 3,133 million as of end-2022, thanks in particular to the launch of offers on attractive terms;
  - ✓ the 21.4% increase in “Other accounts payable” compared with the 2021 financial year;
  - ✓ the 23.9% increase in payables to clients on participatory products compared with the 2021 financial year.
- 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 client deposits, it shows the predominance of demand credit accounts, 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 accounted for 6.1% of total resources in 2022, i.e. an increase of 2.5 pts compared with the end of 2021.

Non-remunerated resources rose by 3.4%, representing 73.1% of total client resources.

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

PART III. FINANCIAL DATA - IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. IFRS consolidated income statement

Crédit du Maroc's consolidated income statement for the last three years is as follows:

IFRS Consolidated **(Amounts in MMAD)**	**2021**	**2022**	**Var. 22/21**	**2023**	**Var. 23/22**
Interest and similar income	2 243.2	2 336.3	4.2%	2 821.1	20.7%
Interest expense	288.1	340	18%	595.2	75.1%
Interest margin	**1 955.1**	**1 996.4**	**2.1%**	**2 225.9**	**11.5%**
Commissions received	433.4	454.5	4.9%	494.9	8.9%
Commissions paid	40.1	51.3	27.9%	58.5	14%
Commission margin	**393.3**	**403.2**	**2.5%**	**436.4**	**8.2%**
Net gains or losses on financial instruments at fair value through profit or loss	209.4	263.9	26%	355.4	34.7%
Net gains or losses on financial instruments at fair value through equity	-0.4	-0.1	65.5%	-	100%
Income from other activities	12.6	14.8	18%	20.7	39.3%
Expenses from other activities	110.1	109.6	-0.4%	111.5	1.7%
Net banking income	**2 459.9**	**2 568.7**	**4.4%**	**2 926.9**	**13.9%**
General operating expenses	1 156.8	1 309.8	13.2%	1 366	4.3%
Depreciation, amortization and impairment of intangible and tangible fixed assets	178.2	190.3	6.8%	232.9	22.4%
Gross operating income	**1 125**	**1 068.6**	**-5%**	**1 328**	**24.3%**
Cost of risk	-63.5	-309.9	>100%	-445.3	43.7%
Operating income	**1 061.5**	**758.6**	**-28.5%**	**882.7**	**16.4%**
Net gains or losses on other assets	-3.9	-15.4	>100%	-4.4	-71.3%
Income before tax	**1 057.6**	**743.2**	**-29.7%**	**878.3**	**18.2%**
Income taxes/Deferred taxes	426.3	345.1	-19%	380.1	10.1%
Net income	**631.4**	**398.1**	**-36.9%**	**498.2**	**25.2%**
Minority interests	4	-6.2	<-100%	-4.9	-21.4%
Net income, Group share	**627.4**	**404.3**	**-35.6%**	**503.1**	**24.4%**

Source: Crédit du Maroc

2. IFRS consolidated balance sheet

Crédit du Maroc has a majority share in the CREDIT DU MAROC Group's consolidated balance sheet. The balance sheet for the period 2021 – 2023 under IFRS is as follows:

Assets

Amounts in MMAD	2021	2022	Var. 22/21	2023	Var. 23/22
Cash in hand, Central banks, Treasury, Postal cheque service	1 925	1 867	-3%	2 266	21.3%
Financial assets at fair value through profit or loss	2 618	1 567	-40.1%	2 597	65.8%
Financial assets held for trading	2 240	1 367	-39%	2 367	73.1%
Other financial assets at fair value through profit or loss	378	199	-47.3%	230	15.4%
Financial assets at fair value through CP	2 932	2 948	0.5%	1 054	-64.2%
Debt instruments at fair value through equity - recyclable	2 932	2 948	0.5%	1 054	-64.2%
Securities at amortized cost	14	8	-42.9%	1 397	>100%
Loans and advances to banks and similar institutions, at amortized cost	3 335	5 231	56.9%	6 012	14.9%
Loans and advances to clients, at amortized cost	46 079	48 497	5.2%	51 062	5.3%
Current tax assets	75	148	97.3%	3	-97.8%
Deferred tax assets	154	152	-1.7%	160	5.5%
Accruals and other assets	340	366	7.9%	422	15.3%
Property, plant and equipment	1 410	1 478	4.8%	1 496	1.2%
Intangible assets	464	601	29.4%	796	32.5%
Total Assets	**59 346**	**62 863**	**5.9%**	**67 265**	**7%**

Source: Crédit du Maroc

Liabilities

Amounts in MMAD	2021	2022	Var. 22/21	2023	Var. 23/22
Central banks, Treasury, Post Office Cheque Service	-	*0.1*	>100%	0.9	*>100%*
Financial liabilities at fair value through profit or loss	5	14	>100%	16	15.1%
Financial liabilities held for trading	*5*	*14*	*>100%*	*16*	*15.1%*
Amounts owed to credit institutions and similar entities	3 092	2 881	-6.8%	1 137	-60.5%
Client deposits	46 239	48 582	5.1%	51 755	6.5%
Debt securities in issue	603	1 612	>100%	3 424	>100%
Current tax liabilities	124	58	-53.4%	125	>100%
Deferred tax liabilities	15	9	-39.1%	18	>100%
Accruals and other liabilities	1 144	1 496	30.7%	1 891.6	26.5%
Provisions	567	600	5.9%	566	-5.7%
Subordinated debt and special guarantee funds	1 252	1 251	0.0%	1 251	-0.01%
Shareholders' equity	6 304	6 360	0.9%	7 080	11.3%
Shareholders' equity, Group share	6 246	6 309	1%	7 034	11.5%
Capital and related reserves	3 860	3 854	-0.1%	4 347	12.8%
Consolidated reserves	1 749	2 097	19.9%	2 198	4.8%
Group share	*1 694*	*2 040*	*20.4%*	*2 147*	*5.3%*
Minority share	*55*	*57*	*4.2%*	*51*	*-10.9%*
Gains and losses recognized directly in equity	64	11	-83.6%	37	>100%
Group share	*64*	*11*	*-83.6%*	*37*	*>100%*
Minority share	-	-		-	
Net income for the financial year	631	398	-36.9%	498	25.2%
Group share	627	404	-35.6%	503	24.4%
Minority share	4	-6	<-100%	-5	-21.4%
Minority interests	-	-		-	
Total Liabilities	**59 346**	**62 863**	**5.9%**	**67 265**	**7%**

3. IFRS consolidated income statement as of June 30, 2024

The income statements from June 30, 2023 to June 30, 2024 are as follows:

IFRS Consolidated **(Amounts in MMAD)**	June-23	June-24	Var.
Interest, remuneration and similar income	1 311.6	1 544.0	17.7%
Interest, remuneration and similar expenses	228.8	357.6	56.3%
Interest margin	**1 082.8**	**1 186.5**	**9.6%**
Commissions received	247.7	270.8	9.3%
Commissions paid	21.9	24.5	11.8%
Commission margin	**225.8**	**246.3**	**9.1%**
Net gains/losses on financial instruments at fair value through profit or loss	168.2	218.9	30.2%
Net gains or losses on trading assets/liabilities	0.0	0.0	0.0%
Net gains/losses on other assets/liabilities at fair value through profit or loss	-	-	
Income from other activities	10.8	16.5	52.4%
Expenses from other activities	61.6	62.2	1.0%
Net banking income	**1 426.0**	**1 606.0**	**12.6%**
General operating expenses	627.2	650.0	3.6%
Depreciation, amortization and impairment of intangible and tangible fixed assets	98.5	132.3	34.3%
Gross operating income	**700.4**	**823.7**	**17.6%**
Risk cost	-166.1	-111.9	32.6%
Operating income	**534.32**	**711.84**	**33.2%**
Net gains or losses on other assets	-7.3	-3.5	51.2%
Income before tax	**527.1**	**708.3**	**34.4%**
Income taxes/Deferred taxes	239.6	317.5	32.5%
Net income from discontinued operations	-	-	-
Net income	**287.5**	**390.8**	**35.9%**
Minority interests	1.7	-	<-100%
Net income, Group share	**285.8**	**390.8**	**36.8%**

Source: Crédit du Maroc

4. IFRS consolidated balance sheet as of June 30, 2024

As of June 30, 2024, total assets stood at MAD 71 billion, an increase of 5.6% compared with December 31, 2023.

Amounts in MMAD	**Dec. 2023**	**June 2024**	**Var.**
Cash in hand, Central banks, Treasury, Postal cheque service	2 265.8	1 848.2	-18.4%
Financial assets at fair value through profit or loss	2 596.9	3 714	43%
Financial assets held for trading	*2 366.8*	*3 491.8*	*47.5%*
Other financial assets at fair value through profit or loss	*230.1*	*222.6*	*-3.27%*
Derivative hedging instruments	-	-	-
Financial assets at fair value through equity	1 054.3	*1 608.8*	*52.6%*
Debt instruments at fair value through equity - recyclable	*1 054.3*	*1 608.8*	*52.6%*
Securities at amortized cost	1 397.2	909.1	-34.9%
Loans and advances to credit institutions and similar entities, at amortized cost	6 012.4	5 099.5	-15.2%
Loans and advances to clients, at amortized cost	51 061 .7	54 911	7.5%
Current tax assets	3.3	4.8	47.7%
Deferred tax assets	159. 8	135.6	-15.2%
Accruals and other assets	422. 3	497.8	17.9%
Investment property	-	-	-
Property, plant and equipment	1 495.7	1 491.7	-0.3%
Intangible assets	796	825	3.6%
Total assets	**67 265.3**	**71 045.9**	**5.62%**

Source: Crédit du Maroc

Amounts in MMAD	**Dec. 2023**	**June 2024**	**Var.**
Central banks, Treasury, Post Office Cheque Service	0.9	0.8	-4.5%
Financial liabilities at fair value through profit or loss	16.0	6.9	-56.8%
Financial liabilities held for trading	*16.0*	*6.9*	*-56.8%*
Derivative hedging instruments	-	-	-
Amounts owed to credit institutions and similar entities	1 137.3	1 470.2	29.3%
Client deposits	51 755.4	54 778.2	5.8%
Debt securities in issue	3 424.4	3 501.6	2.25%
Current tax liabilities	125.1	100.4	-19.7%
Deferred tax liabilities	17.9	14.7	-18.0%
Accruals and other liabilities	1 891.6	2 292.8	21.2%
Provisions	566	555	-1.9%
Subordinated debt and special guarantee funds	1 251	1 275.9	2.0%
Shareholders' equity	7 079.9	7 049.0	-0.4%
Capital and related reserves	4 346.5	4 346.5	-
Consolidated reserves	2 197.9	2 272.9	3.4%
Group share	2 147.3	2 272.9	5.9%
Minority share	50.6	0	<-100%
Gains and losses recognized directly in equity	37.3	38.7	3.9%
Group share	37.3	38.7	3.9%
Minority share	0	0	-
Net income for the financial year	498.2	390.8	-21.6%
Group share	503.1	390.8	-22.3%
Minority share	-4.9	-	>100%
Total Liabilities	**67 265.3**	**71 045.9**	**5.62%**

Source: Crédit du Maroc

PART 4: RISK FACTORS

The Crédit 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 Crédit 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, Crédit 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 Corporate & 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.

- Market and Financial Risks Department:

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.

Interest-rate risk: 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, Crédit 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, 2023

Currencies	Currency position	Countervalue in KMAD	% Shareholders' equity
AED	236	635	0.010%
BHD	1	16	0.000%
CAD	199	1 483	0.023%
CHF	488	5 761	0.088%
DKK	154	226	0.003%
DZD	76	6	0.000%
EUR	10 237	112 045	1.705%
GBP	480	6 044	0.092%
GIP	0	12	0.000%
JPY	3 118	218	0.003%
KWD	18	595	0.009%
NOK	539	524	0.008%
QAR	11	31	0.000%
SAR	767	2 023	0.031%
SEK	1 225	1 210	0.018%
TND	7	- 21	0.000%
USD	7 152	70 759	1.077%

Source: Crédit du Maroc

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

The above table shows that Crédit du Maroc remains within the prudential limits set by Bank Al-Maghrib, which are set at 10% of shareholders' 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 (Delivery 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.

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 Crédit 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 Crédit 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.

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**

Crédit 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.
Crédit 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 Crédit 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 06/30/2023	Weighted risks exceeding 10% of net equity			
	Credits by disbursement	Credits by signature	Other commitments	TOTAL
7	4,648,443	1,414,141	-	6,062,584
Number of beneficiaries as of 12/31/2023	**Weighted risks exceeding 10% of net equity**			
	Credits by disbursement	**Credits by signature**	**Other commitments**	**TOTAL**
5	4,719,122	800,518	-	5,519,640

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 Crédit 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:

- 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

Crédit 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, Crédit 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 Crédit du Maroc as part of its equity management are the responsibility of the Treasury and ALM Department.

2020 - 2023 solvency ratio

Crédit du Maroc’s solid fundamentals enable it to meet all its commitments, as demonstrated by the solvency ratio for the period 2020 - 2023:

Corporate (MMAD)	June. -21	Dec-21	June-22	Dec-22	June-23	Dec-23
TIER 1 CAPITAL (T1)	4 861	4 922	5 111	5 005	5 053	5 478
TIER 2 CAPITAL (T2)	1 710	1 711	1 699	1 567	1 556	1 456
SHAREHOLDERS' EQUITY	6 571	6 633	6 811	6 572	6 609	6 934
Weighted credit, operational and market risks	41 846	42 016	44 955	44 951	46 029	47 587
Weighted credit risk	37 088	37 219	40 200	40 371	41 338	42 142
Weighted Operational Risk	4 196	4 268	4 336	4 464	4 514	4 689
Weighted Market Risk	562	529	419	116	177	756
Tier 1 capital ratio	11.62%	11.71%	11.37%	11.13%	10.98%	11.51%
Minimum Solvency Ratio (Tier 1+Tier 2)	15 .70%	15.79%	15.15%	14.62%	14.36%	14.57%

Source: Crédit du Maroc

Over the period 2020-2023, Crédit du Maroc meets regulatory requirements in terms of solvency and Tier One ratio, with a solvency ratio of 11.51% as of end of 2023.

The solvency ratio as of December 31, 2023, stands at 14.57%. 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

Crédit du Maroc’s forecast ratios on an individual and consolidated basis at the end of 2023 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 Crédit du Maroc's forecast solvency ratio over the next 18 months:

Corporate	June-24	Dec.-24	June-25	Dec.-25
CET 1 ratio	9.34%	9.59%	9.31%	9.11%
Tier 1 capital ratio	11.36%	11.78%	11.66%	11.17%
Minimum Solvency Ratio (Tier 1+Tier 2)	14.08%	14.06%	13.18%	12.87%

*Source: Crédit **du** Maroc*

Consolidated	June-24	Dec.-24	June-25	Dec.-25
CET 1 ratio	9.51%	9.94%	9.67%	9.42%
Tier 1 capital ratio	11.89%	12.10%	11.90%	11.45%
Minimum Solvency Ratio (Tier 1+Tier 2)	13.77%	13.54%	13.03%	12.36%

*Source: Crédit **du** Maroc*

Crédit 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)

(en milliers de dirhams)

		déc-22		déc-23		Variation	
		Actifs pondérés	Exigences en fonds propres	Actifs pondérés	Exigences en fonds propres	Actifs pondérés	Exigences en fonds propres
	Risque de crédit	41 091 647	3 287 332	42 375 958	3 390 077	1 284 311	102 745
Dont	Souverain	6 820	546	8 167	653	1 347	108
Dont	Établissements	2 914 980	233 198	2 870 776	229 662	-44 204	-3 536
Dont	Entreprises	25 218 503	2 017 480	26 987 922	2 159 034	1 769 418	141 553
Dont	Clientèle de détail	9 627 905	770 232	9 696 433	775 715	68 528	5 482
	Risque de Marché	115 891	9 271	755 608	60 449	639 717	51 177
	Risque Opérationnel	4 729 259	378 341	4 970 090	397 607	240 832	19 267
	Total	45 936 796	3 674 944	48 101 656	3 848 133	2 164 860	173 189

*Source: Crédit **du** Maroc*

Market risk details

In thousands of dirhams

	12/31/2021	12/31/2022	12/31/2023
Tier 1 capital (1)	5 550 085	5 540 206	5 986 956
Total shareholders' equity (2)	6 782 220	6 648 040	7 008 784
Risk-weighted assets (3)	43 851 582	45 936 796	48 101 656
Tier 1 capital ratio (1)/(3) (min.9%)	12.66%	12.06%	12.45%
Solvency ratio (2)/(3) (min.12%)	15.47%	14.47%	14.57%

*Source: Crédit **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

Crédit 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.
Crédit 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

Crédit du Maroc Group 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 events with a low probability of occurrence but a high risk of loss.
Operational risk, defined in this way, includes legal and compliance risks, but excludes strategic and reputational risks.

➢ **Operational risk management system in place**

Operational risk is inherent in all banking products, activities, processes and systems. Effective operational risk management is a fundamental component of the risk management system of the bank and its subsidiaries. Sound operational risk management reflects the effectiveness of the Executive Board's management of the risks associated with the bank's portfolio of products, activities, processes and systems.
It is divided into 7 risk categories as defined by Basel II, which are broken down into sub-categories in the internal risk event framework (level 2 and level 3):

1. Internal fraud;
2. External fraud;
3. Employment practices and workplace safety;
4. Clients, products and business practices;
5. Damage to tangible assets;
6. Business and systems malfunctions;
7. Process execution, delivery and management.

These various categories may fall within the scope of non-compliance risk: as a whole, the “Fraud” and “Clients, products and commercial practices” categories; on a case-by-case basis, the other categories.
Crédit du Maroc Group's operational risk management system is designed to meet the following objectives:

- assessment and prevention of operational risks;
- assessment of controls;
- implementation of preventive and/or corrective actions against major risks;
- integration of the triple regulatory impact of capital management, regulatory supervision and financial communication.

1. 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**

It enables risks to be assessed and prevented through the mapping of operational risks.
The operational risk mapping exercise consists of using a qualitative, forward-looking approach to assess the exposure of the Bank's departments to operational risks, taking into account the activities and functions performed (operational and support), in order to focus prevention and monitoring measures on the most sensitive processes/functions.
The regularly updated mapping, together with the proposed actions (action plans) and the envisaged prioritization, are validated and monitored by the Internal Control Committee.

- **Quantitative component**

It enables us to measure and monitor the cost of risk and incidents by tracking losses and setting up a warning system.
The collection of incidents is one of the main pillars of the operational risk management system, which feeds into the regulatory statements presenting the list of the most significant operational risks, as well as a certain number of indicators.
All internal alerts and reports to management bodies also depend on high-quality, regularly-updated data collection.

- **Capital allocation component**

The objectives of collecting operational incidents are fundamental, as they fall within the scope of regulatory requirements and contribute to the process of calculating capital requirements within the framework of the internal model adopted by the Crédit du Maroc Group.
For reasons of prudence, the bank has adopted a capital allocation based on the "basic indicators" method, with the aim of moving rapidly towards the "standard" method.

2. 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.

3. 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.

4. 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.

5. 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 Crédit 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 Crédit 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, 2023, no financial risks related to environmental issues have been recorded.

6. Management of risks identified by Crédit 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.

7. Risks related to perpetual subordinated bonds

1. General risks related to perpetual subordinated bonds

- **Interest-rate risk**: The risk of changes in interest rates may impact the yield on bonds, whose rate is reset every ten (10) years. An increase in interest rates would have the effect of reducing the value of the bonds held;
- **Risk of default on repayment**: The bonds covered by the securities note may present a risk that the issuer will not be able to meet its contractual obligations to bondholders, resulting in the non-payment of coupons and/or the non-repayment of principal.

2. Specific risks related to perpetual subordinated bonds

The risk factors listed below are not intended to be exhaustive and may not cover all the risks involved in investing in perpetual subordinated bonds.

Potential investors in the perpetual subordinated bonds described in this bond isue should note that an investment in such bonds is subject to the following principal risks:

- **Risk related to the introduction of a new instrument on the Moroccan financial market**: Perpetual subordinated bonds are considered as additional capital instruments, in accordance with the international standards of the Basel Committee and Bank Al-Maghrib's circular no. 14/G/2013. These instruments are regularly issued by international banks, but remain new to some Moroccan investors. Each potential investor should determine the suitability of this investment in light of his or her own circumstances, and should have sufficient financial resources and liquidity to bear the risks of such an investment, including the possibility of a depreciation in the nominal value of these securities (see risk related to the depreciation in the nominal value of the securities below) as well as the possibility of cancellation of the payment of the interest amount (see risk related to the possibility of cancellation of the payment of the interest amount below);

- **Risk related to the complexity of the instrument**: the bonds concerned by this issue are complex instruments in that the associated pay-offs are not entirely predictable. The issuer has full discretion to cancel interest payments for an indefinite period and on a non-cumulative basis.

  Also, the nominal value of the bonds may be impaired if the trigger threshold is reached. In addition, the nominal value may be increased, subject to the approval of Bank Al-Maghrib.

  Finally, a coupon increase is possible, but remains at the issuer's sole discretion, and there is no deterministic mechanism for its activation. These aspects mean that future cash flows from bonds are difficult to predict, as their forecasts call on a number of assumptions and parameters (financial health of the issuer, forecast level of prudential ratios, other commitments and obligations of the issuer, etc.).

  The nature of bonds means that their management, and in particular their valuation, is complex.

- **Risk related to the perpetual nature of these securities**: Perpetual subordinated bonds are issued for an indefinite maturity and, consequently, repayment of the capital can only be made at the initiative of the issuer and with the prior approval of Bank Al-Maghrib. Such repayment may not be made before a period of five (5) years from the issue date, subject to a minimum notice period of five (5) years.

- **Risk related to the subordination clause**: The principal and interest are subject to a subordination clause, under which, in the event of liquidation of the issuer, repayment will only take place after all traditional, preferential or unsecured creditors have been paid and after all other fixed-term subordinated loans that have been issued and that may be issued in the future by the issuer in Morocco or abroad.

- **Risk related to the depreciation of the nominal value of securities (loss absorption mechanism)**: 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% for the purposes of the securities note, in accordance with the provisions of Bank Al-Maghrib's technical notice setting out the terms and conditions for the application of circular no. 14/G/2013 on the capital of credit institutions), on an individual or consolidated basis, securities are written down by the amount corresponding to the difference between the theoretical Tier 1 capital (CET1) required to achieve a 6% CET1 ratio and the actual CET1 capital.

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

  However, after any depreciation in the nominal value of the securities, and if the financial situation of the issuer that necessitated the depreciation improves, Crédit du Maroc may, with the prior agreement of Bank Al-Maghrib, immediately trigger the mechanism for appreciating all or part of the nominal value that was depreciated.

Crédit du Maroc constantly monitors compliance with the international standards of the Basel Committee and the regulatory directives of Bank Al-Maghrib. To this end, the Group has a regulatory risk management policy that 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 cushion capable of absorbing the shocks of regulatory and internal stress tests and guaranteeing compliance with post-stress test thresholds, namely:
  - a CET1 ratio of at least 8%. As of June 30, 2024, this ratio stood at 9.51% on a parent company basis and 10.17% on a consolidated basis;
  - a Tier 1 capital ratio of at least 9%, i.e. a ratio of 10.79% on a parent-company basis and 11.42% on a consolidated basis for Crédit du Maroc as of June 30, 2024;
  - a Tier 1 and Tier 2 capital ratio of at least 12.0%, i.e. a ratio of 13.60% on a parent-company basis and 13.36% on a consolidated basis as of June 30, 2024.
- meet regulatory requirements in terms of reporting solvency ratios (half-yearly Pillar III publications designed to ensure transparency of financial information: details of prudential ratios, composition of regulatory capital, breakdown of weighted risks).

As a reminder, and as of December 31, 2024, Crédit du Maroc's prudential ratios[5] are summarized in the table below:

Amounts in MAD million	Corporate	Consolidated
CET1 ratio (min. 8%)	9.59%	9.94%
Tier 1 ratio (min. 9%)	11.78%	12.10%
Solvency ratio (min. 12%)	14.06%	13.54%

Source: Crédit du Maroc

- **Risk related to the possibility of interest payment cancellation**: The investor is subject to the risk of interest payment cancellation (in full or in part) for an indefinite period and on a non-cumulative basis. The decision to cancel remains at the issuer's discretion, subject to the prior approval of Bank Al-Maghrib, in order to meet its obligations.
- **Risk factors impacting the CET 1 ratio**: the deterioration of the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, to a level below 6%, triggering the write-down of the nominal value of the securities, could be caused by several factors, including mainly:

- the realization of substantial losses following a possible rise in claims or an adverse and material change in the interest rate environment;
- the introduction of new accounting standards
- the introduction of new regulatory requirements.

In the event of the occurrence of one or more of these risk factors, a deterioration in the level of the CET 1 ratio can only occur if Crédit du Maroc and its shareholders fail to implement all corrective measures enabling

[5] *Prudential ratios are set out in Crédit du Maroc's registration document for 2023 and the first half of 2024, registered with the AMMC on July 26, 2024 under number EN/EM/010/2024.*

it 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 relating to the liquidity and tradability of securities**: Due to their complexity, the bonds covered by the issue are not suitable for non-qualified investors. Accordingly, trading in the bonds is strictly limited to the qualified investors listed in the securities note, even on the secondary market. This limitation could reduce the liquidity of the bonds concerned by this issue compared with other bonds whose negotiability is not restricted.
- **Risk related to the presence of several options in favor of the issuer: The bonds covered by the issue note contain several options in favor of the issuer, namely:**
  - The option of early repayment;
  - The option to depreciate/appreciate the nominal value of the securities;
  - The option to cancel interest payments.

Potential investors must take these options into account when making investment decisions, according to their own objectives and constraints. The investor must also take these options into account when proposing the securities for auction, and when determining the fair value of the securities.

- **Risk of additional indebtedness**: The issuer may subsequently issue other debt ranking equal to or higher than the bonds covered by the issue. Such issues would reduce the amount recoverable by holders of the present bonds in the event of liquidation of the issuer.

DISCLAIMER

The aforementioned information constitutes only part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) on 11/20/2024 under reference no. VI/EM/034/2024.

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