


**CFG BANK**
**CFG BANK S.A**

**PROSPECTUS SUMMARY RELATING TO PERPETUAL SUBORDINATED BOND ISSUE WITH  
LOSS ABSORPTION AND COUPON PAYMENT CANCELLATION MECHANISM  
FOR A MAXIMUM TOTAL AMOUNT OF MAD 40,000,000**

AMMC's visa concerns the prospectus made up of the following documents:

- The Securities Note relating to the perpetual subordinated bond issue;
- The Reference Document relating to the 2021 financial year registered by the AMMC on September 8, 2022, under reference EN/EM/020/2022.

	Tranche A (Revisable every 5 years - listed)	Tranche B (Revisable every 5 years - unlisted)	Tranche C (Revisable annually - listed)	Tranche D (Revisable annually - unlisted)
Tranche ceiling	MAD 40,000,000	MAD 40,000,000	MAD 40,000,000	MAD 40,000,000
Maximum number of securities to be issued	400	400	400	400
Nominal value per unit	MAD 100,000	MAD 100,000	MAD 100,000	MAD 100,000
Tradability of securities	Casablanca Stock Exchange	Over-the-counter (off-market)	Casablanca Stock Exchange	Over-the-counter (off-market)
Face interest rate	<b>Revisable every 5 years</b> For the first 5 years, the face interest rate will be determined by reference to the 5-year rate determined from the reference rate curve of the secondary market of the Treasury bills as it will be published by Bank Al-Maghrib on 09/20/2022. This rate will be increased by a risk premium.		<b>Revisable annually</b> For the first year, the face interest rate will be the full 52-week rate (money market rate) determined from the reference yield curve of the secondary market of Treasury bills as it will be published by Bank Al Maghrib on 09/20/2022. This rate will be increased by a risk premium.	
	Between 260 and 270 bps		Between 250 and 260 bps	
Repayment guarantee	This issue is not subject to any particular guarantee			
Maturity	Perpetual (with the possibility of early repayment, beyond the 5th year from the dividend date, which can only be made at the initiative of the Issuer and upon agreement of Bank Al-Maghrib with a minimum notice period of five years)			
Allocation method	French auction with priority given to tranches A and B (revisable every 5 years), then to tranches C and D (revisable annually)			

**SUBSCRIPTION PERIOD: FROM 09/26/2022 TO 10/03/2022 INCLUSIVE**

**Subscription to these bonds as well as their trading on the secondary market are strictly reserved to qualified investors of Moroccan Law listed in the securities note.**

<b>Advisory Body</b>	<b>Placement Body</b>
 <b>CFG BANK</b> CORPORATE FINANCE	 <b>CFG BANK</b>

**Approval of the Moroccan Capital Market Authority (AMMC)**

In accordance with the provisions of the AMMC circular, issued pursuant to Article 5 of the Dahir Law No. 1 -12-55 dated December 28, 2012, promulgating Law No. 44-12 on public offerings and information required of legal entities and savings organizations, this prospectus was approved by the AMMC on September 15, 2022 under reference n° VI/EM/026/2022. The AMMC-approved prospectus consists of the following documents:

- The Securities Note relating to the perpetual subordinated bond issue;
- The Reference Document relating to the 2021 financial year registered by the AMMC on September 8, 2022, under reference EN/EM/020/2022.

**Disclaimer**

The Moroccan Capital Market Authority (AMMC) approved on September 15, 2022, under reference VI/EM/026/2022 a prospectus relating to the perpetual subordinated bond issue of a maximum amount of MAD 40,000,000 by CFG Bank.

The AMMC-approved prospectus is available at any time at CFG Bank registered office, on its website [www.cfgbank.com](http://www.cfgbank.com) and from its financial advisor.

The prospectus is made available to the public at the Casablanca Stock Exchange headquarters and on its website [www.casablanca-bourse.com](http://www.casablanca-bourse.com). It is also available on the AMMC website [www.ammc.ma](http://www.ammc.ma).

This summary has been translated by Lissaniat, under the joint responsibility of the said translator and CFG Bank. 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. STRUCTURE OF THE OFFER

CFG Bank intends to issue 400 perpetual subordinated bonds with a nominal value of MAD 100,000. The global amount of the operation is MAD 40,000,000, distributed as follows:

- A Tranche "A" with a perpetual maturity and a revisable rate every 5 years, listed on the Casablanca Stock Exchange, with a MAD 40,000,000 ceiling and a MAD 100,000 nominal value;
- A Tranche "B" with a perpetual maturity and a revisable rate every 5 years, unlisted on the Casablanca Stock Exchange, with a MAD 40,000,000 ceiling and a MAD 100,000 nominal value;
- A Tranche "C" with a perpetual maturity and an annually revisable rate, listed on the Casablanca Stock Exchange, with a MAD 40,000,000 ceiling and a MAD 100,000 nominal value;
- A Tranche "D" with a perpetual maturity and an annually revisable rate, unlisted on the Casablanca Stock Exchange, with a MAD 40,000,000 ceiling and a MAD 100,000 nominal value.

The total amount assigned to the four tranches may in no case exceed the sum of MAD 40,000,000. In case the bond issue is not totally subscribed for, the amount of the issue will be limited to the amount actually subscribed for.

## II. OBJECTIVES OF THE OPERATION

This issue has the main objective to:

- Reinforce the current regulatory capital and, consequently, strengthen CFG Bank's solvency ratio;
- Finance the development of its activity.

In accordance with Circular 14/G/2013 of Bank Al-Maghrib relating to the calculation of regulatory capital of credit institutions, as amended and supplemented, the funds raised by means of this Operation will be classified as additional Tier 1 capital.

### III. OPERATION SCHEDULE

No.	Steps	Date
1	Issue by the Casablanca Stock Exchange of the issue approval notice	09/15/2022
2	Approval of the prospectus by the AMMC	09/15/2022
3	Receipt by the Casablanca Stock Exchange of the AMMC-approved prospectus	09/15/2022
4	Publication of the prospectus extract on the Issuer's website	09/15/2022
5	Publication by the Casablanca Stock Exchange of the notice relating to the Operation	09/16/2022
6	Publication of the press release by the Issuer in a newspaper of legal announcements	09/16/2022
7	Observation of reference rates	09/20/2022
8	Publication of the reference rates and the face interest rates on the Issuer's website	09/21/2022
9	Publication of the reference and coupon rates in a newspaper of legal announcements	09/22/2022
10	Opening of the subscription period	09/26/2022
11	Closing of the subscription period	10/03/2022
12	Receipt by the Casablanca Stock Exchange of the issue results and of the rates retained per tranche before 10 a.m.	10/04/2022
13	Listing of the Bonds Registration of the Operation on the Stock Exchange Publication by the Casablanca Stock Exchange of the operation results	10/06/2022
14	Publication by the Issuer of the issue results and the retained interest rates in a newspaper of legal announcements and on its website	10/13/2022
15	Payment / Delivery	10/13/2022

#### IV. INFORMATION RELATING TO CFG BANK'S PERPETUAL SUBORDINATED BONDS

Perpetual subordinated bonds differ from traditional bonds, on the one hand by virtue of the order of creditor ranking contractually defined by the subordination clause, and on the other hand by its indefinite term. The effect of the subordination clause is to determine, in the event of winding-up of the issuer, the repayment of the loan that will be subject to the repayment of all other claims, including subordinated bonds with a fixed maturity, which have been issued and which may subsequently be issued.

The principal and interest relating to these securities constitute a last-rank commitment and will rank and rank higher only in relation to the equity securities of CFG Bank. Furthermore, the attention of potential investors is drawn to the fact that:

- This perpetual bond issue has no fixed maturity date but may be repaid at the issuer's discretion and with the agreement of Bank Al-Maghrib, which may have an impact on the expected maturity and reinvestment conditions;

Investment in perpetual subordinated bonds includes clauses for the depreciation of the nominal value of the securities and the cancellation of interest payments exposing investors to the risk presented in the heading "IV. Risks linked to perpetual subordinated bonds" of the securities note.

**Characteristics of Tranche A** (with a revisable rate every 5 years, a perpetual maturity and listed on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Perpetual subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	MAD 40,000,000
<b>Maximum number of securities to be issued</b>	400 subordinated bonds
<b>Nominal value per unit</b>	MAD 100,000
<b>Issue price</b>	At par, 100% of the nominal value, i.e. MAD 100,000
<b>Loan maturity</b>	Perpetual with the possibility of early repayment beyond the 5 <sup>th</sup> year of the dividend date, which can only be made at the initiative of CFG Bank and after agreement of Bank Al-Maghrib with a minimum notice of five years.
<b>Subscription period</b>	From 09/26/2022 to 10/203/022 inclusive
<b>Dividend date</b>	10/13/2022
<b>Allocation method</b>	French auction with priority given to tranches A and B (with a revisable rate every 5 years) then to tranches C and D (with an annually revisable rate)

**Face interest rate****Rate revisable every 5 years**

For the first 5 years, the face interest rate will be determined in reference to the 5-year rate determined from the reference rate curve of the secondary market of Treasury Bills as it will be published by Bank Al-Maghrib on September 20, 2022. This rate will be increased by a risk premium comprised between 260 and 270 basis points.

The reference rate and the face interest rates will be published by CFG Bank on its website on September 21, 2022, in a newspaper of legal announcements on September 22, 2022, and will be notified to the Casablanca Stock Exchange.

Beyond the first 5 years and for each period of 5 years, the reference rate is the 5-year rate observed or calculated from the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding by 5 trading days the last anniversary date of the coupon of each elapsed 5-year period.

The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium included between 260 and 270 basis points) and will be communicated to the bondholders by CFG Bank on its website and on the Casablanca Stock Exchange, 5 trading days before the anniversary date of each date of revision of the rate and on the same day as the date of observation of the reference rate.

The revised face interest rate will be published via a notice by the Casablanca Stock Exchange.

In case the 5-year rate of the Treasury bills is not directly observable on the curve, the determination of the reference rate by CFG Bank will be done by linear interpolation method using the two points framing the full 5-year maturity (actuarial basis).

**Risk premium**

Between 260 and 270 basis points

**Interests**

Interest will be paid annually on the anniversary of the date of the loan, i.e., on December October 13 of each year. Payment of interest shall be made on the same day or on the first business day following October 13 if that day is not a business day. Interest on the perpetual subordinated bonds will cease to accrue as of the date on which the principal is put up for repayment by CFG Bank.

CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount 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 cancelled interest amount is no longer payable by the issuer or considered as accrued or due to all holders of perpetual bonds issued by CFG Bank. Each cancellation decision will be for the coupon amount originally scheduled to be paid on the next anniversary date.

CFG Bank is required to apply the provisions of the circular no. 14/G/2013 of Bank Al-Maghrib dated August 13, 2013 relating to the calculation of the regulatory capital of the credit institutions,

including the article 10 of the said circular defining the core capital instruments as the shares and any other element composing the share capital as well as the endowment respecting a number of criteria (listed below), including mainly the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated notes which are the subject of the transaction note. All of the above criteria are as follows:

- the instruments are issued directly by the institution after prior approval by its administrative body;
- the instruments are perpetual;
- the principal of the instruments cannot be reduced or repaid, except in the event of liquidation of the institution or after prior approval of Bank Al-Maghrib;
- the instruments rank lower than all other claims in case of insolvency or liquidation of the institution;
- the instruments do not benefit from securities or guarantees from any of the related entities which have the effect of enhancing the rank of the claims;
- the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation;
- the instruments absorb the first and proportionately largest share of losses as they occur;
- the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a ceiling, except in the case of shares;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on the senior equity instruments have been made. Such distributions may only be made from distributable items. The level of distributions is not related to the price at which the instruments were acquired at issuance, except in the case of membership interests;
- the provisions to which core capital instruments are subject do not provide for (i) preferential rights to pay dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of members' shares, or (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not an event of default for the institution; and



- the cancellation of distributions does not impose any obligation on the institution.

In case of cancellation of the payment of the interest amount, the Issuer is bound to inform, within a period of at least sixty calendar days before the payment date, the holders of perpetual bonds, the AMMC and the Casablanca Stock Exchange, of this cancellation decision. The holders of perpetual bonds are informed by a notice published by CFG Bank on its website and in a newspaper of legal announcements specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the interest amount as well as the corrective measures which were implemented. The decision of cancellation of the interest payment will also be the subject of a notice published by the Casablanca Stock Exchange.

The distribution of interest can only come from distributable items and is not linked to the credit quality of CFG Bank.

CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the Issuer is bound to inform, at least sixty calendar days before the payment date, all holders of perpetual bonds issued by CFG Bank, AMMC and the Casablanca Stock Exchange, of this decision. The holders of perpetual bonds are informed via a notice published on the website of CFG Bank, the Casablanca Stock Exchange and in a newspaper of legal announcements.

In case of existence of other instruments having a coupon payment cancellation mechanism, the decision of cancellation / appreciation of the amount of the coupon to be paid will be made pro rata to the amount of the coupon between all these instruments.

Interest will be calculated according to the following formula:

**[Nominal x Face Interest Rate]**

Interests will be calculated based on the last nominal amount as defined in the "Absorption of Losses" clause or based on the outstanding principal as defined in the "Principal Repayment" clause.

<b>Listing of securities</b>	Tranche A perpetual subordinated bonds will be listed on the Casablanca Stock Exchange and will thus be the object of an application for admission to the compartment "Main E" of the Stock Exchange. Their listing date is planned on October 6, 2022, under the Ticker OCFGD.
<b>First listing procedure</b>	The listing of Tranche A will be made by direct listing in accordance with articles 2.4.13, 2.4.14 and 2.4.15 of the Stock Exchange General Rules.
<b>Principal repayment</b>	The capital repayment is subject to the agreement of Bank Al-Maghrib and is linear over a minimum period of 5 years (see "early repayment" clause).

## Early repayment

CFG Bank shall refrain from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the date of dividend. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the Issuer, subject to a minimum notice period of five years and after agreement of Bank Al-Maghrib.

Any prepayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject of the current issue in a linear way over a minimum term of 5 years. The holders of the perpetual bonds will be informed via notices of the early repayment, as soon as the decision of the early repayment is taken with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published in a newspaper of legal announcements, on the website of the Casablanca Stock Exchange and on the Issuer's website and will specify the amount, the duration and the starting date of repayment.

The Issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the redemption period, the latter will be made on the basis of the initial nominal value of the securities.

Any early repayment (total or partial), which takes place before the anniversary date, will be made on the basis of the amount of the remaining capital due and the accrued interest at the date of repayment.

CFG Bank shall refrain from redeeming the perpetual subordinated bonds, subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The Issuer is bound to inform the AMMC, the Casablanca Stock Exchange and all holders of perpetual subordinated bonds having subscribed to this issue, of any possible repurchase procedure, subject to a prior agreement of Bank Al-Maghrib, by a notice published on its website and in a newspaper of legal announcements specifying the number of bonds to be repurchased, the deadline and the price of repurchase. CFG Bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). The repurchased bonds will be cancelled.

In the event of a merger, demerger or partial contribution of assets of CFG Bank occurring during the term of the loan and resulting in the transfer of all assets and liabilities to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity that is substituted for the rights and obligations of CFG Bank.

## Loss absorption

The repayment of the capital is, in the event of the liquidation of CFG Bank, subordinated to all other debts (see "Loan rank").

Securities are subject to impairment when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated<sup>1</sup> by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET 1<sup>2</sup>) required to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the tax effect).

The said depreciation shall be made, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies, as amended and supplemented).

Within 30 days following each half-yearly period end (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the Issuer will have to verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, respects the minimum level of 6.0% of the weighted risks, on individual and consolidated basis. CFG Bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be carried out through CFG Bank's publications (available on its website). This publication will also take place, through a newspaper of legal announcements, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be sent to the proxy of the bondholders' pool, grouping together the holders of perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the detail of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory equity as well as the distribution of weighted risks.

In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the Issuer is bound to inform immediately Bank Al Maghrib, the AMMC and the Casablanca Stock Exchange, and to send to the holders of perpetual bonds, within a period of 5 trading days as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on

<sup>1</sup> A possible depreciation of the nominal value of the securities would allow CFG Bank to recognize an exceptional income, which would increase its net result and would allow an improvement of its equity.

<sup>2</sup> It should be noted that the historical prudential ratios are presented in the CFG Bank reference document for the year 2021. The said forecast ratios are presented in the updated reference document No. 1 of CFG Bank relating to the 2021 financial year.

individual or consolidated basis a notice published on its website and in a newspaper of legal announcements specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect.

After a possible depreciation of the nominal value of the Securities, and if the financial situation of the Issuer having required such depreciation improves, CFG Bank may immediately trigger, after prior approval of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The Issuer must inform the holders of perpetual subordinated bonds and the Casablanca Stock Exchange, within one month, by a notice published on its website and in a newspaper of legal announcements, of the decision of appreciation of the nominal amount, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments with a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism.

Interest will be calculated based on the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).

In the event of depreciation or appreciation of the nominal value of the Securities, the Issuer must immediately inform the AMMC.

**Body in charge of the operation  
registration on the Casablanca  
Stock Exchange**

CFG Marchés

**Tradability of securities**

The perpetual subordinated bonds of Tranche "A" are tradable on the Casablanca Stock Exchange.

The perpetual subordinated bonds covered by this operation can be traded only between qualified investors listed in the securities note. Each qualified investor holding the perpetual subordinated bonds covered by the securities note undertakes to transfer the said bonds only to the qualified investors listed in the securities note. Also, the account holders must not, under any circumstances, accept instructions of settlement and delivery of the perpetual subordinated bonds covered by the securities note from investors other than the qualified investors listed in the securities note.

The brokerage firms must also make sure that the principals belong to the qualified investors listed in the securities note.

**Assimilation clause**

There is no assimilation of the perpetual subordinated bonds, subject of the securities note, to the securities of a previous issue. In the event that CFG Bank subsequently issues new securities with rights identical in all respects to those of the present issue, it

	<p>may, without requiring the consent of the holders, provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the operations relating to their management and trading.</p>
<b>Loan rank / subordination</b>	<p>The capital is subject to a subordination clause.</p> <p>The application of this clause does not in any way affect the rules of law concerning the accounting principles of allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interest. In case of liquidation of CFG Bank, the perpetual subordinated securities of this issue will be repaid only after payment of all the classic, privileged or unsecured creditors. The present perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which have been issued and which could be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>This repayment will be made on the basis of the smaller of the following two amounts: (i) the initial nominal value reduced by the amount of any repayments previously made; (ii) the amount available after payment of all preferential or unsecured creditors and holders of fixed-term subordinated bonds which have been issued and may be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>These subordinated perpetual bonds will rank pari passu with the subordinated perpetual bonds of the same nature.</p>
<b>Repayment guarantee</b>	This issue is not covered by any specific guarantee.
<b>Rating</b>	This issue has not been the subject of a rating request.
<b>Representation of the bondholders' pool</b>	<p>The Board of Directors, held on June 10, 2022, appointed the firm Mouttaki Partners, represented by Karim Mouttaki in his capacity as managing partner, as provisional proxy. It is specified that the provisional proxy appointed is identical for tranches A, B, C and D, which are grouped together in a single pool.</p> <p>Moreover, the provisional proxy will proceed, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders for the purpose of electing the proxy of the bondholders' mass in accordance with the conditions of access and exercise and with the incompatibilities provided for in articles 301 and 301 bis of the law 17-95 relating to public limited companies, as amended and supplemented.</p> <p>In accordance with Article 301 bis of Law no. 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the remuneration of the provisional proxy holder and of the proxy holder of the bondholders' pool at MAD 25,000 (excl. tax) per annum for the pool.</p> <p>In accordance with article 302 of the above-mentioned law, the proxy of the pool has, except restriction decided by the general assembly of bondholders, the power to carry out in the name of</p>

the group all management acts necessary for the safeguarding of the common interests of the bondholders.

It should be noted that Mouttaki Partners is the final proxy for the bondholders of the two previous CFG Bank bond issues:

- Subordinated bond issue (MAD 120,000,000) in 2021;
- Perpetual subordinated bond issue (MAD 80,000,000) in 2021.

The firm is also the provisional proxy of the bondholders' pool of another subordinated bond issue that CFG Bank intends to carry out simultaneously with the issue covered by this securities note.

Furthermore, CFG Bank has no capital or business ties with the firm Mouttaki Partners.

<b>Applicable law</b>	Moroccan law.
<b>Competent jurisdiction</b>	Commercial Court of Casablanca.

**Characteristics of Tranche B** (with a revisable rate every 5 years, a perpetual maturity and unlisted on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Perpetual subordinated bonds unlisted on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	MAD 40,000,000
<b>Maximum number of securities to be issued</b>	400 subordinated bonds
<b>Nominal value per unit</b>	MAD 100,000
<b>Issue price</b>	At par, 100% of the nominal value, i.e. MAD 100,000
<b>Loan maturity</b>	Perpetual with the possibility of early repayment beyond the 5 <sup>th</sup> year of the dividend date, which can only be made at the initiative of CFG Bank and after agreement of Bank Al-Maghrib with a minimum notice of five years.
<b>Subscription period</b>	From 09/26/2022 to 10/03/2022 inclusive
<b>Dividend date</b>	10/13/2022
<b>Allocation method</b>	French auction with priority given to tranches A and B (with a revisable rate every 5 years) then to tranches C and D (with an annually revisable rate)
<b>Face interest rate</b>	<p><b>Rate revisable every 5 years</b></p> <p>For the first 5 years, the face interest rate will be determined in reference to the 5-year rate determined from the reference rate curve of the secondary market of Treasury Bills as it will be published by Bank Al-Maghrib on September 20, 2022. This rate</p>



will be increased by a risk premium comprised between 260 and 270 basis points.

The reference rate and the face interest rates will be published by CFG Bank on its website on September 21, 2022, in a newspaper of legal announcements on September 22, 2022, and will be notified to the Casablanca Stock Exchange.

Beyond the first 5 years and for each period of 5 years, the reference rate is the 5-year rate observed or calculated from the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding by 5 trading days the last anniversary date of the coupon of each elapsed 5-year period.

The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium included between 260 and 270 basis points) and will be communicated to the bondholders by CFG Bank on its website and on the Casablanca Stock Exchange, 5 trading days before the anniversary date of each date of revision of the rate and on the same day as the date of observation of the reference rate.

The revised face interest rate will be published via a notice by the Casablanca Stock Exchange.

In case the 5-year rate of the Treasury bills is not directly observable on the curve, the determination of the reference rate by CFG Bank will be done by linear interpolation method using the two points framing the full 5-year maturity (actuarial basis).

## Risk premium

Between 260 and 270 basis points

## Interests

Interest will be paid annually on the anniversary of the date of the loan, i.e., on October 13 of each year. Payment of interest shall be made on the same day or on the first business day following October 13 if that day is not a business day. Interest on the perpetual subordinated bonds will cease to accrue as of the date on which the principal is put up for repayment by CFG Bank.

CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount 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 cancelled interest amount is no longer payable by the issuer or considered as accrued or due to all holders of perpetual bonds issued by CFG Bank. Each cancellation decision will be for the coupon amount originally scheduled to be paid on the next anniversary date.

CFG Bank is required to apply the provisions of the circular no. 14/G/2013 of Bank Al-Maghrib dated August 13, 2013 relating to the calculation of the regulatory capital of the credit institutions, including the article 10 of the said circular defining the core capital instruments as the shares and any other element composing the share capital as well as the endowment respecting a number of criteria (listed below), including mainly the provision that distributions in the form of dividends or otherwise are made only

after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated notes which are the subject of the transaction note. All of the above criteria are as follows:

- the instruments are issued directly by the institution after prior approval by its administrative body;
- the instruments are perpetual;
- the principal of the instruments cannot be reduced or repaid, except in the event of liquidation of the institution or after prior approval of Bank Al-Maghrib;
- the instruments rank lower than all other claims in case of insolvency or liquidation of the institution;
- the instruments do not benefit from securities or guarantees from any of the related entities which have the effect of enhancing the rank of the claims;
- the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation;
- the instruments absorb the first and proportionately largest share of losses as they occur;
- the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a ceiling, except in the case of shares;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on the senior equity instruments have been made. Such distributions may only be made from distributable items. The level of distributions is not related to the price at which the instruments were acquired at issuance, except in the case of membership interests;
- the provisions to which core capital instruments are subject do not provide for (i) preferential rights to pay dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of members' shares, or (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not an event of default for the institution; and
- the cancellation of distributions does not impose any obligation on the institution.

In case of cancellation of the payment of the interest amount, the Issuer is bound to inform, within a period of at least sixty calendar days before the payment date, the holders of perpetual bonds and



the AMMC of this cancellation decision. The holders of perpetual bonds are informed by a notice published by CFG Bank on its website and in a newspaper of legal announcements specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the interest amount as well as the corrective measures which were implemented.

The distribution of interest can only come from distributable items and is not linked to the credit quality of CFG Bank.

CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the Issuer is bound to inform, at least sixty calendar days before the payment date, all holders of perpetual bonds issued by CFG Bank and the AMMC of this decision. The holders of perpetual bonds are informed via a notice published on the website of CFG Bank and in a newspaper of legal announcements.

In case of existence of other instruments having a coupon payment cancellation mechanism, the decision of cancellation / appreciation of the amount of the coupon to be paid will be made pro rata to the amount of the coupon between all these instruments.

Interest will be calculated according to the following formula:

$$[\text{Nominal} \times \text{Face Interest Rate}]$$

Interests will be calculated based on the last nominal amount as defined in the "Absorption of Losses" clause or based on the outstanding principal as defined in the "Principal Repayment" clause.

### Principal repayment

The capital repayment is subject to the agreement of Bank Al-Maghrib and is linear over a minimum period of 5 years (see "early repayment" clause).

### Early repayment

CFG Bank shall refrain from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the date of dividend. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the Issuer, subject to a minimum notice period of five years and after agreement of Bank Al-Maghrib.

Any prepayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject of the current issue in a linear way over a minimum term of 5 years. The holders of the perpetual bonds will be informed via notices of the early repayment, as soon as the decision of the early repayment is taken with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published in a newspaper of legal announcements and on the Issuer's website and will specify the amount, the duration and the starting date of repayment.

The Issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long

as their nominal value is depreciated in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the redemption period, the latter will be made on the basis of the initial nominal value of the securities.

Any early repayment (total or partial), which takes place before the anniversary date, will be made on the basis of the amount of the remaining capital due and the accrued interest at the date of repayment.

CFG Bank shall refrain from redeeming the perpetual subordinated bonds, subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The Issuer is bound to inform the AMMC and all holders of perpetual subordinated bonds having subscribed to this issue, of any possible repurchase procedure, subject to a prior agreement of Bank Al-Maghrib, by a notice published on its website and in a newspaper of legal announcements specifying the number of bonds to be repurchased, the deadline and the price of repurchase. CFG Bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). The repurchased bonds will be cancelled.

In the event of a merger, demerger or partial contribution of assets of CFG Bank occurring during the term of the loan and resulting in the transfer of all assets and liabilities to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity that is substituted for the rights and obligations of CFG Bank.

The repayment of the capital is, in the event of the liquidation of CFG Bank, subordinated to all other debts (see "Loan rank").

## Loss absorption

Securities are subject to impairment when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated<sup>1</sup> by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET 1<sup>2</sup>) required to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the tax effect).

The said depreciation shall be made, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article

<sup>1</sup> A possible depreciation of the nominal value of the securities would allow CFG Bank to recognize an exceptional income, which would increase its net result and would allow an improvement of its equity.

<sup>2</sup> It should be noted that the historical prudential ratios are presented in the CFG Bank reference document for the year 2021. The said forecast ratios are presented in the updated reference document No. 1 of CFG Bank relating to the 2021 financial year.

292 of Law 17-95 relating to public limited companies, as amended and supplemented).

Within 30 days following each half-yearly period end (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the Issuer will have to verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, respects the minimum level of 6.0% of the weighted risks, on individual and consolidated basis. CFG Bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be carried out through CFG Bank's publications (available on its website). This publication will also take place, through a newspaper of legal announcements, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be sent to the proxy of the bondholders' pool, grouping together the holders of perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the detail of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory equity as well as the distribution of weighted risks.

In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the Issuer is bound to inform immediately Bank Al Maghrib, the AMMC and to send to the holders of perpetual bonds, within a period of 5 business days as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis a notice published on its website and in a newspaper of legal announcements specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect.

After a possible depreciation of the nominal value of the Securities, and if the financial situation of the Issuer having required such depreciation improves, CFG Bank may immediately trigger, after prior approval of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The Issuer must inform the holders of perpetual subordinated bonds within one month, by a notice published on its website and in a newspaper of legal announcements, of the decision of appreciation of the nominal amount, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments with a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed, on the basis of the

	<p>last nominal value preceding the date of triggering of the loss absorption mechanism.</p> <p>Interest will be calculated based on the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).</p> <p>In the event of depreciation or appreciation of the nominal value of the Securities, the Issuer must immediately inform the AMMC.</p>
<b>Tradability of securities</b>	<p>Over-the-counter</p> <p>The perpetual subordinated bonds covered by this issue, can only be traded between qualified investors listed in the securities note. Each qualified investor holding the perpetual subordinated bonds, subject of the securities note, undertakes to transfer the said bonds only to the qualified investors listed in the securities note. Also, the account holders must not accept any instructions of settlement-delivery of the perpetual subordinated bonds subject of the securities note from investors other than the qualified investors listed in the securities note.</p>
<b>Assimilation clause</b>	<p>There is no assimilation of the perpetual subordinated bonds, subject of the securities note, to the securities of a previous issue. In the event that CFG Bank subsequently issues new securities with rights identical in all respects to those of the present issue, it may, without requiring the consent of the holders, provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the operations relating to their management and trading.</p>
<b>Loan rank / subordination</b>	<p>The capital is subject to a subordination clause.</p> <p>The application of this clause does not in any way affect the rules of law concerning the accounting principles of allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interest. In case of liquidation of CFG Bank, the perpetual subordinated securities of this issue will be repaid only after payment of all the classic, privileged or unsecured creditors. The present perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which have been issued and which could be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>This repayment will be made on the basis of the smaller of the following two amounts: (i) the initial nominal value reduced by the amount of any repayments previously made; (ii) the amount available after payment of all preferential or unsecured creditors and holders of fixed-term subordinated bonds which have been issued and may be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>These subordinated perpetual bonds will rank pari passu with the subordinated perpetual bonds of the same nature.</p>
<b>Repayment guarantee</b>	This issue is not covered by any specific guarantee.
<b>Rating</b>	This issue has not been the subject of a rating request.

### Representation of the bondholders' pool

The Board of Directors, held on June 10, 2022, appointed the firm Mouttaki Partners, represented by Karim Mouttaki in his capacity as managing partner, as provisional proxy. It is specified that the provisional proxy appointed is identical for tranches A, B, C and D, which are grouped together in a single pool.

Moreover, the provisional proxy will proceed, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders for the purpose of electing the proxy of the bondholders' mass in accordance with the conditions of access and exercise and with the incompatibilities provided for in articles 301 and 301 bis of the law 17-95 relating to public limited companies, as amended and supplemented.

In accordance with Article 301 bis of Law no. 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the remuneration of the provisional proxy holder and of the proxy holder of the bondholders' pool at MAD 25,000 (excl. tax) per annum for the pool.

In accordance with article 302 of the above-mentioned law, the proxy of the pool has, except restriction decided by the general assembly of bondholders, the power to carry out in the name of the group all management acts necessary for the safeguarding of the common interests of the bondholders.

It should be noted that Mouttaki Partners is the final proxy for the bondholders of the two previous CFG Bank bond issues:

- Subordinated bond issue (MAD 120,000,000) in 2021;
- Perpetual subordinated bond issue (MAD 80,000,000) in 2021.

The firm is also the provisional proxy of the bondholders' pool of another subordinated bond issue that CFG Bank intends to carry out simultaneously with the issue covered by this securities note.

Furthermore, CFG Bank has no capital or business ties with the firm Mouttaki Partners.

<b>Applicable law</b>	Moroccan law.
<b>Competent jurisdiction</b>	Commercial Court of Casablanca.

### Characteristics of Tranche C (with an annually revisable rate, a perpetual maturity and listed on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Perpetual subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
<b>Legal form</b>	Bearer bond

<b>Tranche ceiling</b>	MAD 40,000,000
<b>Maximum number of securities to be issued</b>	400 subordinated bonds
<b>Nominal value per unit</b>	MAD 100,000
<b>Issue price</b>	At par, 100% of the nominal value, i.e. MAD 100,000
<b>Loan maturity</b>	Perpetual with the possibility of early repayment beyond the 5 <sup>th</sup> year of the dividend date, which can only be made at the initiative of CFG Bank and after agreement of Bank Al-Maghrib with a minimum notice of five years.
<b>Subscription period</b>	From 09/26/2022 to 10/03/2022 inclusive
<b>Dividend date</b>	10/13/2022
<b>Allocation method</b>	French auction with priority given to tranches A and B (with a revisable rate every 5 years) then to tranches C and D (with an annually revisable rate)
<b>Annually revisable rate</b>	<p>For the first year, the face interest rate will be the full 52-week rate (money rate) determined from the reference yield curve of the secondary market of Treasury bills as it will be published by Bank Al Maghrib on September 20, 2022. This rate will be increased by a risk premium between 250 and 260 basis points.</p> <p>The reference rate and the facial interest rates will be published by CFG Bank on its website on September 21, 2022, in a newspaper of legal announcements on September 22, 2022, and will be communicated to the Casablanca Stock Exchange.</p>
<b>Face interest rate</b>	<p>At each anniversary date, the reference rate is the full 52 weeks rate (money market rate) determined by reference to the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding the anniversary date of the coupon by 5 trading days.</p> <p>The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium comprised between 250 and 260 basis points) and will be communicated by CFG Bank, via its website, to the bondholders and to the Casablanca Stock Exchange 5 trading days before the anniversary date of each rate revision date and on the same day as the observation date of the reference rate.</p>
<b>Reference rate calculation method</b>	<p>If the 52-week rate is not observable, the determination of the reference rate by CFG Bank will be done by the method of linear interpolation using the two points surrounding the full 52-week maturity (monetary basis).</p> <p>This linear interpolation will be done after converting the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate.</p> <p>The calculation formula is:</p> $(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360/k;$



where k: maturity of the actuarial rate to be transformed

\*Exact number of days: 365 or 366 days.

<b>Risk premium</b>	Between 250 and 260 basis points
<b>Interest rate determination date</b>	<p>The coupon will be revised annually on the anniversary dates of the maturity date of the loan, i.e. on October 13 of each year.</p> <p>The new rate will be communicated by the Issuer to the bondholders via its website and to the Casablanca Stock Exchange, 5 trading days before the anniversary date. The revised face interest rate will be published via a notice by the Casablanca Stock Exchange.</p>
<b>Interests</b>	<p>Interest will be paid annually on the anniversary of the date of the loan, i.e., on October 13 of each year. Payment of interest shall be made on the same day or on the first business day following October 13 if that day is not a business day. Interest on the perpetual subordinated bonds will cease to accrue as of the date on which the principal is put up for repayment by CFG Bank.</p> <p>CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount 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 cancelled interest amount is no longer payable by the issuer or considered as accrued or due to all holders of perpetual bonds issued by CFG Bank. Each cancellation decision will be for the coupon amount originally scheduled to be paid on the next anniversary date.</p> <p>CFG Bank is required to apply the provisions of the circular no. 14/G/2013 of Bank Al-Maghrib dated August 13, 2013 relating to the calculation of the regulatory capital of the credit institutions, including the article 10 of the said circular defining the core capital instruments as the shares and any other element composing the share capital as well as the endowment respecting a number of criteria (listed below), including mainly the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated notes which are the subject of the transaction note. All of the above criteria are as follows:</p> <ul style="list-style-type: none"> <li>▪ the instruments are issued directly by the institution after prior approval by its administrative body;</li> <li>▪ the instruments are perpetual;</li> <li>▪ the principal of the instruments cannot be reduced or repaid, except in the event of liquidation of the institution or after prior approval of Bank Al-Maghrib;</li> <li>▪ the instruments rank lower than all other claims in case of insolvency or liquidation of the institution;</li> </ul>

- the instruments do not benefit from securities or guarantees from any of the related entities which have the effect of enhancing the rank of the claims;
- the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation;
- the instruments absorb the first and proportionately largest share of losses as they occur;
- the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a ceiling, except in the case of shares;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on the senior equity instruments have been made. Such distributions may only be made from distributable items. The level of distributions is not related to the price at which the instruments were acquired at issuance, except in the case of membership interests;
- the provisions to which core capital instruments are subject do not provide for (i) preferential rights to pay dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of members' shares, or (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not an event of default for the institution; and
- the cancellation of distributions does not impose any obligation on the institution.

In case of cancellation of the payment of the interest amount, the Issuer is bound to inform, within a period of at least sixty calendar days before the payment date, the holders of perpetual bonds, the AMMC and the Casablanca Stock Exchange, of this cancellation decision. The holders of perpetual bonds are informed by a notice published by CFG Bank on its website and in a newspaper of legal announcements specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the interest amount as well as the corrective measures which were implemented. The decision of cancellation of the interest payment will also be the subject of a notice published by the Casablanca Stock Exchange.

The distribution of interest can only come from distributable items and is not linked to the credit quality of CFG Bank.

CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid



which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the Issuer is bound to inform, at least sixty calendar days before the payment date, all holders of perpetual bonds issued by CFG Bank, AMMC and the Casablanca Stock Exchange, of this decision. The holders of perpetual bonds are informed via a notice published on the website of CFG Bank, the Casablanca Stock Exchange and in a newspaper of legal announcements.

In case of existence of other instruments having a coupon payment cancellation mechanism, the decision of cancellation / appreciation of the amount of the coupon to be paid will be made pro rata to the amount of the coupon between all these instruments.

Interest will be calculated according to the following formula:

**[Nominal x Face interest rate x Exact number of days/360].**

Interests will be calculated based on the last nominal amount as defined in the "Absorption of Losses" clause or based on the outstanding principal as defined in the "Principal Repayment" clause.

<b>Listing of securities</b>	The subordinated bonds of Tranche "C" will be listed on the Casablanca Stock Exchange and will thus be the object of an application for admission to compartment "Main E" of the Stock Exchange. Their listing date is planned on October 6, 2022, under the Ticker OCFGE.
<b>First listing procedure</b>	The listing of Tranche C will be made by direct listing in accordance with articles 2.4.13, 2.4.14 and 2.4.15 of the Stock Exchange General Rules.
<b>Principal repayment</b>	The capital repayment is subject to the agreement of Bank Al-Maghrib and is linear over a minimum period of 5 years (see "early repayment" clause).
<b>Early repayment</b>	<p>CFG Bank shall refrain from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the date of dividend. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the Issuer, subject to a minimum notice period of five years and after agreement of Bank Al-Maghrib.</p> <p>Any prepayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject of the current issue in a linear way over a minimum term of 5 years. The holders of the perpetual bonds will be informed via notices of the early repayment, as soon as the decision of the early repayment is taken with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published in a newspaper of legal announcements, on the website of the Casablanca Stock Exchange and on the Issuer's website and will specify the amount, the duration and the starting date of repayment.</p>

The Issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the redemption period, the latter will be made on the basis of the initial nominal value of the securities.

Any early repayment (total or partial), which takes place before the anniversary date, will be made on the basis of the amount of the remaining capital due and the accrued interest at the date of repayment.

CFG Bank shall refrain from redeeming the perpetual subordinated bonds, subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The Issuer is bound to inform the AMMC, the Casablanca Stock Exchange and all holders of perpetual subordinated bonds having subscribed to this issue, of any possible repurchase procedure, subject to a prior agreement of Bank Al-Maghrib, by a notice published on its website and in a newspaper of legal announcements specifying the number of bonds to be repurchased, the deadline and the price of repurchase. CFG Bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). The repurchased bonds will be cancelled.

In the event of a merger, demerger or partial contribution of assets of CFG Bank occurring during the term of the loan and resulting in the transfer of all assets and liabilities to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity that is substituted for the rights and obligations of CFG Bank.

The repayment of the capital is, in the event of the liquidation of CFG Bank, subordinated to all other debts (see "Loan rank").

## Loss absorption

Securities are subject to impairment when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated<sup>1</sup> by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET 1<sup>2</sup>) required to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the tax effect).

The said depreciation shall be made, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities

<sup>1</sup> A possible depreciation of the nominal value of the securities would allow CFG Bank to recognize an exceptional income, which would increase its net result and would allow an improvement of its equity.

<sup>2</sup> It should be noted that the historical prudential ratios are presented in the CFG Bank reference document for the year 2021. The said forecast ratios are presented in the updated reference document No. 1 of CFG Bank relating to the 2021 financial year.

by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies, as amended and supplemented).

Within 30 days following each half-yearly period end (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the Issuer will have to verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, respects the minimum level of 6.0% of the weighted risks, on individual and consolidated basis. CFG Bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be carried out through CFG Bank's publications (available on its website). This publication will also take place, through a newspaper of legal announcements, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be sent to the proxy of the bondholders' pool, grouping together the holders of perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the detail of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory equity as well as the distribution of weighted risks.

In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the Issuer is bound to inform immediately Bank Al Maghrib, the AMMC and the Casablanca Stock Exchange, and to send to the holders of perpetual bonds, within a period of 5 trading days as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis a notice published on its website and in a newspaper of legal announcements specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect.

After a possible depreciation of the nominal value of the Securities, and if the financial situation of the Issuer having required such depreciation improves, CFG Bank may immediately trigger, after prior approval of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The Issuer must inform the holders of perpetual subordinated bonds and the Casablanca Stock Exchange, within one month, by a notice published on its website and in a newspaper of legal announcements, of the decision of appreciation of the nominal amount, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments with a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism.

Interest will be calculated based on the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).

In the event of depreciation or appreciation of the nominal value of the Securities, the Issuer must immediately inform the AMMC.

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**Body in charge of the operation  
registration on the Casablanca  
Stock Exchange**

CFG Marchés

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**Tradability of securities**

The perpetual subordinated bonds of Tranche "C" are tradable on the Casablanca Stock Exchange.

The perpetual subordinated bonds covered by this operation can be traded only between qualified investors listed in the securities note. Each qualified investor holding the perpetual subordinated bonds covered by the securities note undertakes to transfer the said bonds only to the qualified investors listed in the securities note. Also, the account holders must not, under any circumstances, accept instructions of settlement and delivery of the perpetual subordinated bonds covered by the securities note from investors other than the qualified investors listed in the securities note.

The brokerage firms must also make sure that the principals belong to the qualified investors listed in the securities note.

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**Assimilation clause**

There is no assimilation of the perpetual subordinated bonds, subject of the securities note, to the securities of a previous issue. In the event that CFG Bank subsequently issues new securities with rights identical in all respects to those of the present issue, it may, without requiring the consent of the holders, provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the operations relating to their management and trading.

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**Loan rank / subordination**

The capital is subject to a subordination clause.

The application of this clause does not in any way affect the rules of law concerning the accounting principles of allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interest. In case of liquidation of CFG Bank, the perpetual subordinated securities of this issue will be repaid only after payment of all the classic, privileged or unsecured creditors. The present perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which have been issued and which could be issued subsequently by CFG Bank both in Morocco and abroad.

This repayment will be made on the basis of the smaller of the following two amounts: (i) the initial nominal value reduced by

the amount of any repayments previously made; (ii) the amount available after payment of all preferential or unsecured creditors and holders of fixed-term subordinated bonds which have been issued and may be issued subsequently by CFG Bank both in Morocco and abroad.

These subordinated perpetual bonds will rank pari passu with the subordinated perpetual bonds of the same nature.

<b>Repayment guarantee</b>	This issue is not covered by any specific guarantee.
<b>Rating</b>	This issue has not been the subject of a rating request.
<b>Representation of the bondholders' pool</b>	<p>The Board of Directors, held on June 10, 2022, appointed the firm Mouttaki Partners, represented by Karim Mouttaki in his capacity as managing partner, as provisional proxy. It is specified that the provisional proxy appointed is identical for tranches A, B, C and D, which are grouped together in a single pool.</p> <p>Moreover, the provisional proxy will proceed, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders for the purpose of electing the proxy of the bondholders' mass in accordance with the conditions of access and exercise and with the incompatibilities provided for in articles 301 and 301 bis of the law 17-95 relating to public limited companies, as amended and supplemented.</p> <p>In accordance with Article 301 bis of Law no. 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the remuneration of the provisional proxy holder and of the proxy holder of the bondholders' pool at MAD 25,000 (excl. tax) per annum for the pool.</p> <p>In accordance with article 302 of the above-mentioned law, the proxy of the pool has, except restriction decided by the general assembly of bondholders, the power to carry out in the name of the group all management acts necessary for the safeguarding of the common interests of the bondholders.</p> <p>It should be noted that Mouttaki Partners is the final proxy for the bondholders of the two previous CFG Bank bond issues:</p> <ul style="list-style-type: none"> <li>• Subordinated bond issue (MAD 120,000,000) in 2021;</li> <li>• Perpetual subordinated bond issue (MAD 80,000,000) in 2021.</li> </ul> <p>The firm is also the provisional proxy of the bondholders' pool of another subordinated bond issue that CFG Bank intends to carry out simultaneously with the issue covered by this securities note.</p> <p>Furthermore, CFG Bank has no capital or business ties with the firm Mouttaki Partners.</p>
<b>Applicable law</b>	Moroccan law.
<b>Competent jurisdiction</b>	Commercial Court of Casablanca.

**Characteristics of Tranche D** (with an annually revisable rate, a perpetual maturity and unlisted on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Perpetual subordinated bonds unlisted on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	MAD 40,000,000
<b>Maximum number of securities to be issued</b>	400 subordinated bonds
<b>Nominal value per unit</b>	MAD 100,000
<b>Issue price</b>	At par, 100% of the nominal value, i.e. MAD 100,000
<b>Loan maturity</b>	Perpetual with the possibility of early repayment beyond the 5 <sup>th</sup> year of the dividend date, which can only be made at the initiative of CFG Bank and after agreement of Bank Al-Maghrib with a minimum notice of five years.
<b>Subscription period</b>	From 09/26/2022 to 10/03/2022 inclusive
<b>Dividend date</b>	10/13/2022
<b>Allocation method</b>	French auction with priority given to tranches A and B (with a revisable rate every 5 years) then to tranches C and D (with an annually revisable rate)
<b>Face interest rate</b>	<b>Annually revisable rate</b>
	For the first year, the face interest rate will be the full 52-week rate (money rate) determined from the reference yield curve of the secondary market of Treasury bills as it will be published by Bank Al Maghrib on September 20, 2022. This rate will be increased by a risk premium between 250 and 260 basis points.
	The reference rate and the facial interest rates will be published by CFG Bank on its website on September 21, 2022, and in a newspaper of legal announcements on September 22, 2022.
	At each anniversary date, the reference rate is the full 52 weeks rate (money market rate) determined by reference to the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding the anniversary date of the coupon by 5 business days.
<b>Reference rate calculation method</b>	The reference rate thus obtained will be increased by the risk premium fixed at the end of the auction (risk premium comprised between 250 and 260 basis points) and will be communicated by CFG Bank, via its website, to the bondholders 5 business days before the anniversary date of each rate revision date and on the same day as the observation date of the reference rate.
	If the 52-week rate is not observable, the determination of the reference rate by CFG Bank will be done by the method of linear



interpolation using the two points surrounding the full 52-week maturity (monetary basis).

This linear interpolation will be done after converting the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate.

The calculation formula is:

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

where k: maturity of the actuarial rate to be transformed

\*Exact number of days: 365 or 366 days.

<b>Risk premium</b>	Between 250 and 260 basis points
<b>Interest rate determination date</b>	<p>The coupon will be revised annually on the anniversary dates of the maturity date of the loan, i.e. on October 13 of each year.</p> <p>The new rate will be communicated by the Issuer to the bondholders via its website 5 business days before the anniversary date.</p>
<b>Interests</b>	<p>Interest will be paid annually on the anniversary of the date of the loan, i.e., on October 13 of each year. Payment of interest shall be made on the same day or on the first business day following October 13 if that day is not a business day. Interest on the perpetual subordinated bonds will cease to accrue as of the date on which the principal is put up for repayment by CFG Bank.</p> <p>CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount 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 cancelled interest amount is no longer payable by the issuer or considered as accrued or due to all holders of perpetual bonds issued by CFG Bank. Each cancellation decision will be for the coupon amount originally scheduled to be paid on the next anniversary date.</p> <p>CFG Bank is required to apply the provisions of the circular no. 14/G/2013 of Bank Al-Maghrib dated August 13, 2013 relating to the calculation of the regulatory capital of the credit institutions, including the article 10 of the said circular defining the core capital instruments as the shares and any other element composing the share capital as well as the endowment respecting a number of criteria (listed below), including mainly the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated notes which are the subject of the transaction note. All of the above criteria are as follows:</p> <ul style="list-style-type: none"> <li>▪ the instruments are issued directly by the institution after prior approval by its administrative body;</li> <li>▪ the instruments are perpetual;</li> </ul>

- the principal of the instruments cannot be reduced or repaid, except in the event of liquidation of the institution or after prior approval of Bank Al-Maghrib;
- the instruments rank lower than all other claims in case of insolvency or liquidation of the institution;
- the instruments do not benefit from securities or guarantees from any of the related entities which have the effect of enhancing the rank of the claims;
- the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation;
- the instruments absorb the first and proportionately largest share of losses as they occur;
- the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a ceiling, except in the case of shares;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on the senior equity instruments have been made. Such distributions may only be made from distributable items. The level of distributions is not related to the price at which the instruments were acquired at issuance, except in the case of membership interests;
- the provisions to which core capital instruments are subject do not provide for (i) preferential rights to pay dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of members' shares, or (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not an event of default for the institution; and
- the cancellation of distributions does not impose any obligation on the institution.

In case of cancellation of the payment of the interest amount, the Issuer is bound to inform, within a period of at least sixty calendar days before the payment date, the holders of perpetual bonds and the AMMC of this cancellation decision. The holders of perpetual bonds are informed by a notice published by CFG Bank on its website and in a newspaper of legal announcements specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the interest amount as well as the corrective measures which were implemented.

The distribution of interest can only come from distributable items and is not linked to the credit quality of CFG Bank.



CFG Bank may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the Issuer is bound to inform, at least sixty calendar days before the payment date, all holders of perpetual bonds issued by CFG Bank and the AMMC of this decision. The holders of perpetual bonds are informed via a notice published on the website of CFG Bank and in a newspaper of legal announcements.

In case of existence of other instruments having a coupon payment cancellation mechanism, the decision of cancellation / appreciation of the amount of the coupon to be paid will be made pro rata to the amount of the coupon between all these instruments.

Interest will be calculated according to the following formula:

**[Nominal x Face interest rate x Exact number of days/360].**

Interests will be calculated based on the last nominal amount as defined in the "Absorption of Losses" clause or based on the outstanding principal as defined in the "Principal Repayment" clause.

#### Principal repayment

The capital repayment is subject to the agreement of Bank Al-Maghrib and is linear over a minimum period of 5 years (see "early repayment" clause).

#### Early repayment

CFG Bank shall refrain from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the date of dividend. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the Issuer, subject to a minimum notice period of five years and after agreement of Bank Al-Maghrib.

Any prepayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject of the current issue in a linear way over a minimum term of 5 years. The holders of the perpetual bonds will be informed via notices of the early repayment, as soon as the decision of the early repayment is taken with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published in a newspaper of legal announcements and on the Issuer's website and will specify the amount, the duration and the starting date of repayment.

The Issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the redemption period, the latter will be made on the basis of the initial nominal value of the securities.

Any early repayment (total or partial), which takes place before the anniversary date, will be made on the basis of the amount of

the remaining capital due and the accrued interest at the date of repayment.

CFG Bank shall refrain from redeeming the perpetual subordinated bonds, subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The Issuer is bound to inform the AMMC and all holders of perpetual subordinated bonds having subscribed to this issue, of any possible repurchase procedure, subject to a prior agreement of Bank Al-Maghrib, by a notice published on its website and in a newspaper of legal announcements specifying the number of bonds to be repurchased, the deadline and the price of repurchase. CFG Bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). The repurchased bonds will be cancelled.

In the event of a merger, demerger or partial contribution of assets of CFG Bank occurring during the term of the loan and resulting in the transfer of all assets and liabilities to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity that is substituted for the rights and obligations of CFG Bank.

The repayment of the capital is, in the event of the liquidation of CFG Bank, subordinated to all other debts (see "Loan rank").

## Loss absorption

Securities are subject to impairment when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. Securities are depreciated<sup>1</sup> by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET 1<sup>2</sup>) required to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the tax effect).

The said depreciation shall be made, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies, as amended and supplemented).

Within 30 days following each half-yearly period end (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the Issuer will have to verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, respects the minimum level of 6.0% of the weighted risks, on individual and consolidated basis. CFG Bank will publish its CET 1 ratio as well as the forecasted

<sup>1</sup> A possible depreciation of the nominal value of the securities would allow CFG Bank to recognize an exceptional income, which would increase its net result and would allow an improvement of its equity.

<sup>2</sup> It should be noted that the historical prudential ratios are presented in the CFG Bank reference document for the year 2021. The said forecast ratios are presented in the updated reference document No. 1 of CFG Bank relating to the 2021 financial year.

levels of the said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be carried out through CFG Bank's publications (available on its website). This publication will also take place, through a newspaper of legal announcements, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be sent to the proxy of the bondholders' pool, grouping together the holders of perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the detail of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory equity as well as the distribution of weighted risks.

In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the Issuer is bound to inform immediately Bank Al Maghrib and to send to the holders of perpetual bonds, within a period of 5 business days as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis a notice published on its website and in a newspaper of legal announcements specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect.

After a possible depreciation of the nominal value of the Securities, and if the financial situation of the Issuer having required such depreciation improves, CFG Bank may immediately trigger, after prior approval of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The Issuer must inform the holders of perpetual subordinated bonds within one month, by a notice published on its website and in a newspaper of legal announcements, of the decision of appreciation of the nominal amount, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments with a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism.

Interest will be calculated based on the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).

In the event of depreciation or appreciation of the nominal value of the Securities, the Issuer must immediately inform the AMMC.

#### Tradability of securities

Over-the-counter

	<p>The perpetual subordinated bonds covered by this issue, can only be traded between qualified investors listed in the securities note. Each qualified investor holding the perpetual subordinated bonds, subject of the securities note, undertakes to transfer the said bonds only to the qualified investors listed in the securities note. Also, the account holders must not accept any instructions of settlement-delivery of the perpetual subordinated bonds subject of the securities note from investors other than the qualified investors listed in the securities note.</p>
<b>Assimilation clause</b>	<p>There is no assimilation of the perpetual subordinated bonds, subject of the securities note, to the securities of a previous issue. In the event that CFG Bank subsequently issues new securities with rights identical in all respects to those of the present issue, it may, without requiring the consent of the holders, provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the operations relating to their management and trading.</p>
<b>Loan rank / subordination</b>	<p>The capital is subject to a subordination clause.</p> <p>The application of this clause does not in any way affect the rules of law concerning the accounting principles of allocation of losses, the obligations of the shareholders and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interest. In case of liquidation of CFG Bank, the perpetual subordinated securities of this issue will be repaid only after payment of all the classic, privileged or unsecured creditors. The present perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which have been issued and which could be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>This repayment will be made on the basis of the smaller of the following two amounts: (i) the initial nominal value reduced by the amount of any repayments previously made; (ii) the amount available after payment of all preferential or unsecured creditors and holders of fixed-term subordinated bonds which have been issued and may be issued subsequently by CFG Bank both in Morocco and abroad.</p> <p>These subordinated perpetual bonds will rank pari passu with the subordinated perpetual bonds of the same nature.</p>
<b>Repayment guarantee</b>	<p>This issue is not covered by any specific guarantee.</p>
<b>Rating</b>	<p>This issue has not been the subject of a rating request.</p>
<b>Representation of the bondholders' pool</b>	<p>The Board of Directors, held on June 10, 2022, appointed the firm Mouttaki Partners, represented by Karim Mouttaki in his capacity as managing partner, as provisional proxy. It is specified that the provisional proxy appointed is identical for tranches A, B, C and D, which are grouped together in a single pool.</p> <p>Moreover, the provisional proxy will proceed, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders for the purpose</p>

of electing the proxy of the bondholders' mass in accordance with the conditions of access and exercise and with the incompatibilities provided for in articles 301 and 301 bis of the law 17-95 relating to public limited companies, as amended and supplemented.

In accordance with Article 301 bis of Law no. 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the remuneration of the provisional proxy holder and of the proxy holder of the bondholders' pool at MAD 25,000 (excl. tax) per annum for the pool.

In accordance with article 302 of the above-mentioned law, the proxy of the pool has, except restriction decided by the general assembly of bondholders, the power to carry out in the name of the group all management acts necessary for the safeguarding of the common interests of the bondholders.

It should be noted that Mouttaki Partners is the final proxy for the bondholders of the two previous CFG Bank bond issues:

- Subordinated bond issue (MAD 120,000,000) in 2021;
- Perpetual subordinated bond issue (MAD 80,000,000) in 2021.

The firm is also the provisional proxy of the bondholders' pool of another subordinated bond issue that CFG Bank intends to carry out simultaneously with the issue covered by this securities note.

Furthermore, CFG Bank has no capital or business ties with the firm Mouttaki Partners.

<b>Applicable law</b>	Moroccan law.
<b>Competent jurisdiction</b>	Commercial Court of Casablanca.

## V. DEFAULT EVENT

A default event ("Default Event") is the failure to pay all or part of the interest and/or principal amount due by the Issuer under any Bond unless payment is made within 14 business days after the due date thereof and unless the Issuer has decided, with the consent of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest in accordance with the provisions set forth in the characteristics of the perpetual subordinated bonds set forth above under "IV. Information relating to CFG Bank Perpetual Subordinated Bonds".

In the event of the occurrence of a Default event, the Representative of the Bondholders' pool must promptly send a notice of default to the Issuer to cure the Event of Default with an order to pay any amount of interest due by the Company within 14 business days following the notice of default.

If the Issuer has not remedied the Default Event within 14 business days following the date of receipt of the formal notice, the Representative of the bondholders' pool may, after convening the General Meeting of Bondholders, and upon a decision of the General Meeting of Bondholders acting in accordance with the conditions of quorum and majority provided by law and upon simple written notification to the Issuer, send a notice of default to the Company to remedy the Default event, with a copy to the Domiciliary and to the AMMC, make the entire issue payable, automatically entailing the obligation for the Company to repay the said Bonds up to the principal amount plus the interest accrued

since the last interest payment date and increased by the accrued interest not yet paid. The principal amount being the initial principal amount (initial par value x number of securities), or in the event of early redemption, the outstanding principal amount.

## PART II: ABOUT THE ISSUER



## I. GENERAL INFORMATION

<b>Corporate name</b>	CFG Bank
<b>Registered Office</b>	5-7, rue Ibnou Toufail – Palmier – 20100 Casablanca Maroc
<b>Telephone</b>	+212 5 22 98 26 66
<b>Fax</b>	+212 5 22 98 34 60
<b>Legal Form</b>	Public limited company with a Board of Directors
<b>Website</b>	www.cfgbank.com
<b>Date of Incorporation</b>	September 15, 1992
<b>Lifetime</b>	99 years
<b>Number and place of registration in the Commercial Register</b>	67421 – Casablanca
<b>Financial Year</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Corporate name</b>	CFG Bank
<b>Share Capital as of 09/01/2022</b>	MAD 563,173,300
<b>Consultation of Legal Documents</b>	The corporate, accounting and legal documents whose communication is provided for by law, in particular the articles of association, the minutes of the General Meetings and the reports of the Statutory Auditors, may be consulted at the Company's registered office at 5-7, rue Ibnou Toufail - Palmier - Casablanca 20100 - Morocco
<b>Corporate Purpose</b>	<p>According to article 4 of the articles of association, the Company's purpose, either on its own behalf or on behalf of third parties, in Morocco and in all other countries, is:</p> <ul style="list-style-type: none"> <li>• the realization of all banking, foreign exchange, treasury, guarantee, acceptance, discounting, rediscounting, current account overdraft, leasing and any other form of short- or medium-term credit operations;</li> <li>• the undertaking and execution of all financial engineering, intermediation and representation operations;</li> <li>• the study, the advice, the development and the realization of all investments as well as all technical, economic, financial, industrial, mining, commercial, tourist, agricultural and real estate projects;</li> <li>• the management on behalf of third parties in any form whatsoever;</li> <li>• the direct or indirect acquisition of interests, both by itself and on behalf of third parties or in participation with any natural or legal person in any form whatsoever, in all operations by way of the creation of new companies, contributions, subscriptions</li> </ul>



or purchases of securities or corporate rights, mergers, alliances, associations or otherwise;

- the activity of financial investment advice and the distribution of financial products, in particular any product contributing to the management of a financial account;
- to receive from the public deposits of funds on account or otherwise, whether interest-bearing or not, repayable at sight, in advance or at term;
- to grant credits in any form, with or without guarantees, to make advances on Moroccan and foreign annuities, on securities issued by the State, the Public or Semi-Public Collectivities and on securities issued by Moroccan or foreign industrial, agricultural, commercial or financial companies;
- to contract all loans, all commitments in all currencies;
- to buy, sell or transfer all movable or immovable property;
- to carry out all operations related to its main purpose, in particular:
  - ✓ the purchase and sale:
    - of securities, debt securities issued by the State or by private sector companies and organizations;
    - on the foreign exchange market (currency market);
    - mortgage loans, as well as mortgage securities;
    - all derivative products (futures and options), in organized markets or through "over-the-counter" contracts.
  - ✓ the custody of securities portfolios and all services related to this activity.
- and generally, all financial, commercial, industrial, securities or real estate transactions that may be directly or indirectly related to the aforementioned purposes, or likely to promote the Company's development;

The Company may carry out its purpose in any way and according to any modalities that it deems appropriate, either alone or with the State, public administrations or local authorities, companies or associations, groups or individuals.

## Legislative and regulatory texts

The Company is governed by Moroccan law, Act 17-95 (as supplemented and amended) relating to public limited companies, as well as by its articles of association.

The Company and its subsidiaries are also governed by:

- Dahir no. 1-14-193 of Rabii I 1436 promulgating law no. 103-12 relating to credit institutions and similar bodies (banking law);
- Dahir providing Law no. 1-93-213 of September 21, 1993 relating to Undertakings for Collective Investment in Transferable Securities, as supplemented and amended by Law 53-01;
- Dahir providing Law no. 1-02-238 of October 3, 2002 relating to the Insurance Code;



- The General Rules of the Stock Exchange approved by the Order of the Minister of Economy and Finance no. 2208-19 of July 3, 2019;
- Law 19-14 relating to the Casablanca Stock Exchange, brokerage companies and financial investment advisers Dahir providing Law no. 35-96 relating to the creation of the central depository and the institution of a general regime of book entry of certain securities as amended and supplemented by Law no. 43-02;
- The General Regulations of the Central Depository approved by Order of the Minister of Economy and Finance no. 932-98 of April 16, 1998 and amended by Order of the Minister of Economy, Finance, Privatization and Tourism no. 1961-01 of October 30, 2001 and Order 77-05 of March 17, 2005;
- Law no. 35-94, as amended and completed) relating to certain negotiable debt securities;
- BAM Circular no. 2/G/96 relating to certificates of deposit and its amendment;
- Law no. 44/12 relating to the public call for savings and the information required from legal entities and organizations making public calls for savings;
- Law no. 43/12 relating to the Moroccan Capital Market Authority (AMMC);
- AMMC circulars;
- The Order of the Ministry of Finance and External Investments No. 2560-95 of October 9, 1995, relating to negotiable debt securities, as amended and supplemented;
- The general regulation of the AMMC as approved by the decree of the Minister of Economy and Finance no. 2169-16 of Shawal 9, 1437.

#### Competent court in case of dispute

Commercial Court of Casablanca

#### Tax system

CFG Bank is subject, as a credit institution, to corporate income tax (37%) and VAT (10%)

Source: CFG Bank

## II. CFG BANK CAPITAL STRUCTURE

As of September 1<sup>st</sup>, 2022, the current shareholding of CFG Bank is as follows:

Shareholders	12/31/2021		09/01/2022	
	Number of securities held	% in capital and voting rights	Number of securities held	% in capital and voting rights
Amyr Alami	503 256	9.0%	503 256	8,9%
Adil Douiri	52 816	0.9%	52 816	0,9%
<b>Founders subtotal</b>	<b>556 072</b>	<b>9,9%</b>	<b>556 072</b>	<b>9,9%</b>
Younes Benjelloun	150 629	2.7%	150 629	2,7%
Souad Benbachir	123 984	2.2%	123 984	2,2%
Other associate employees <sup>1</sup>	304 915	5.5%	222 047	3,9%
<b>Associate employees subtotal</b>	<b>579 528</b>	<b>10,4%</b>	<b>496 660</b>	<b>8,8%</b>
Zouhair Bennani	262 688	4.7%	262 688	4,7%
Others <sup>2</sup>	98 952	1.7%	181 820	3,2%
<b>Miscellaneous subtotal</b>	<b>361 640</b>	<b>6,4%</b>	<b>444 508</b>	<b>7,9%</b>
<b>Total Natural Persons</b>	<b>1 497 240</b>	<b>26,8%</b>	<b>1 497 240</b>	<b>26,6%</b>
Amethis Alpha	537 888	9.6%	537 888	9,6%
Maghreb FS	537 888	9.6%	537 888	9,6%
Royale Marocaine d'Assurance (RMA)	505 385	9.0%	505 385	9,0%
Société Prev Invest SA	500 361	8.9%	500 361	8,9%
Mutandis SCA	306 795	5.5%	306 795	5,4%
Mutatis	301 489	5.4%	301 489	5,4%
Bank Of Africa	285 065	5.1%	285 065	5,1%
Majdaline Holding	239 846	4.3%	239 846	4,3%
Axa Assurance Maroc	227 741	4.1%	227 741	4,0%
Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	227 741	4.1%	227 741	4,0%
CFG Associés <sup>3</sup>	20 000	0.4%	20 000	0,4%
Régime Collectif d'Allocation de Retraite (RCAR)	1	0.0%	1	0,0%
Others <sup>4</sup>	404 293	7.3%	444 293	7,9%
<b>Total Legal Entities</b>	<b>4 094 493</b>	<b>73,2%</b>	<b>4 134 493</b>	<b>73,4%</b>
<b>Grand Total</b>	<b>5 591 733</b>	<b>100%</b>	<b>5 631 733</b>	<b>100,0%</b>

Source: CFG Bank

<sup>1</sup> The heading "Other associate employees" contains only the associate employees holding less than 3% of CFG Bank's capital

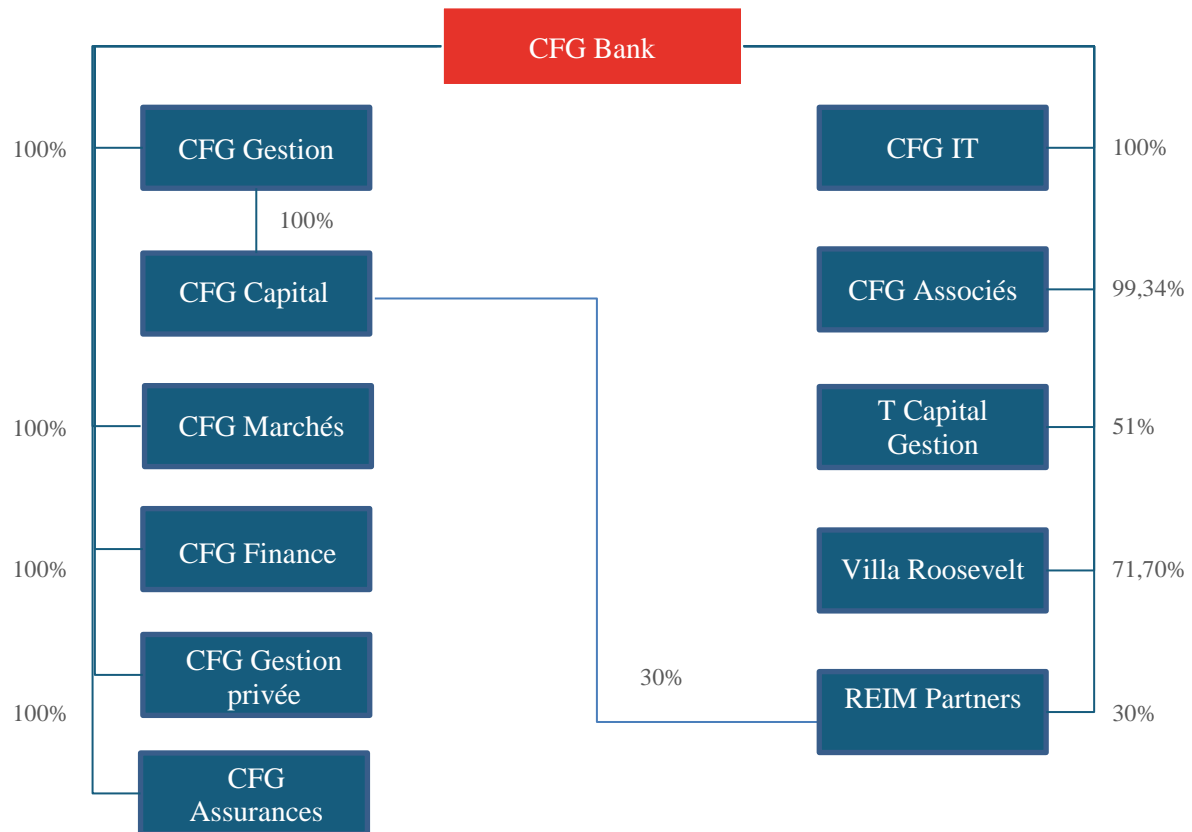
<sup>2</sup> The heading "Others" contains only the natural person shareholders holding less than 3% of CFG Bank's capital

<sup>3</sup> The shares held by CFG Associés correspond to the treasury shares indirectly held by CFG Bank

<sup>4</sup> The heading "Others" contains only the legal entity shareholders holding less than 3% of CFG Bank's capital

### III. LEGAL ORGANIZATION CHART

The legal organization chart of CFG Bank is as follows:



#### IV. PRESENTATION OF CFG BANK'S ACTIVITIES

##### Evolution of gross credits

In KMAD	2019	2020	Var 20/19	2021	Var 21/20
Cash flow and equipment loans	1 823 033	2 451 152	34.5%	3 368 187	37.4%
Real estate loans	1 555 490	2 083 039	33.9%	2 713 753	30.3%
Consumer loans	4 926	5 950	20.8%	8 417	41.5%
Other loans	140 917	494 040	>100.0%	21 941	-95.6%
Accrued interest receivable	28 622	32 638	14.0%	58 594	79.5%
Untreated outstanding loans	20 537	29 890	45.5%	52 532	75.8%
<b>Total customer loans</b>	<b>3 573 525</b>	<b>5 096 709</b>	<b>42.6%</b>	<b>6 223 424</b>	<b>22.1%</b>
Ordinary accounts receivable	295 597	509 460	72.3%	685 407	34.5%
Cash loans	78 780	26 714	-66.1%	-	-100.0%
Securities received on repo	74 445	-	-100.0%	-	-
Accrued interest receivable	5	501	>100.0%	-	-100.0%
<b>Total receivables from credit institutions</b>	<b>448 826</b>	<b>536 675</b>	<b>19.6%</b>	<b>685 407</b>	<b>27.7%</b>

Source: CFG Bank

Outstanding loans to customers amounted to MMAD 6,223 in 2021, up 22.1% compared to financial year 2020. This evolution is mainly explained by the increase of:

- Cash and equipment loans (+MMAD917, i.e. +37.4%) to reach MMAD 3,368;
- Real estate loans (+MMAD 630, i.e. +30.3%) to reach MMAD 2,713.

Outstanding receivables from credit institutions and similar institutions amounted to MMAD 685 in 2021, up 27.7% compared to financial year 2020. This evolution is mainly explained by the increase in ordinary accounts receivable which amounted to MMAD 685, i.e. an increase of 34.5%.

In 2020, outstanding loans to customers grew by 42.6% to MMAD 5,097. This is mainly due to the increase of:

- Cash and equipment loans (+MMAD 628, i.e. +34.5%) to MMAD 2,451;
- Real estate loans (+MMAD 528, i.e. +33.9%) to reach MMAD 2,083;
- Other loans (+MMAD 353, or >100%) to MMAD 494.

Outstanding receivables from credit institutions rose by 19.6% to MMAD 537. This change is mainly due to the increase in ordinary accounts receivable, which rose from MMAD 296 in 2019 to MMAD 509 in 2020, i.e. an increase of 72.3% compared to the previous financial year.

##### Evolution des dépôts

In KMAD	2019	2020	Var 20/19	2021	Var 21/20
Demand accounts in credit	1 825 975	2 577 281	41.1%	3 664 547	42.2%
Term deposits	1 121 283	1 225 514	9.3%	1 449 041	18.2%
Savings accounts	336 400	418 973	24.5%	585 829	39.8%
Accrued interest payable	10 899	15 289	40.3%	17 078	11.7%
Other accounts payable	211 176	98 611	-53.3%	128 697	30.5%
<b>Customer deposits</b>	<b>3 505 733</b>	<b>4 335 668</b>	<b>23.7%</b>	<b>5 845 191</b>	<b>34.8%</b>

Securities sold under repurchase agreements	237 316	465 029	96.0%	1 000 089	>100%
Cash borrowings	207 645	422 164	>100.0%	409 297	-3.1%
Accrued interest payable	1 175	1 553	32.2%	1 311	-15.6%
<b>Payables to credit institutions</b>	<b>446 136</b>	<b>888 746</b>	<b>99.2%</b>	<b>1 410 696</b>	<b>58.7%</b>

Source: CFG Bank

Customer deposits amounted to MAD 5,845 million in 2021, up 34.8% compared to 2020. This evolution is mainly explained by the combination of the following elements:

- the 42.2% increase in demand deposits to MAD 3,665 million in 2021;
- the increase in term deposits and savings accounts of 18.2% and 39.8%, to MMAD 1,449 and MMAD 586 respectively in 2021.

Amounts owed to credit institutions and similar institutions amounted to MMAD 1,411, up 58.7% compared to 2020. This evolution is mainly explained by the +100% increase of the values given in repurchase agreement to reach MMAD 1,000 in 2021.

In 2020, customer deposits increased by 23.7% compared to the previous year to reach MMAD 4,336. This increase is mainly due to:

- a significant increase in current accounts in credit, rising from MMAD 1,826 in 2019 to MMAD 2,577 in 2020, an increase of 41.1%;
- a 9.3% increase in time deposits to MMAD 1,226;
- an increase in savings accounts from MMAD 336 in 2019 to MMAD 419 in 2020, i.e. an increase of 24.5%.
- This is offset by a 53.3% decline in other credit accounts.

Amounts owed to credit institutions have almost doubled compared to the previous year, rising from MMAD 446 in 2019 to MMAD 889 in 2020. This evolution is explained by a significant increase in cash loans (>100%) and securities given in repo (+96%).

## PART III: CONSOLIDATED FINANCIAL DATA



## I. CONSOLIDATED FINANCIAL STATEMENTS AS OF 12/31/2021

### Consolidated Balance Sheet - Assets

In KMAD	2019 (IFRS 9)	2020 (IFRS 9)	2021 (IFRS 9)	Var 20/19	Var 21/20
Cash in hand, Central banks, Treasury, Postal Checks Service	156 183	435 854	221 239	>100%	-49.2%
Financial assets at fair value through profit or loss	1 000 717	1 220 018	1 862 253	21.9%	52.6%
<i>Financial assets held for trading</i>	<i>1 000 717</i>	<i>1 220 018</i>	<i>1 862 253</i>	21.9%	52.6%
<i>Other financial assets at fair value through profit or loss</i>	-	-	-	Ns	
Derivative hedging instruments	-	-	-	Ns	
Financial assets at fair value through equity	47 304	65 304	30 783	38.1%	-52.9%
<i>Debt instruments accounted for at fair value through equity - recyclable</i>	-	-	-	Ns	Ns
<i>Debt instruments accounted for at fair value through equity -non-recyclable</i>	<i>47 304</i>	<i>65 304</i>	<i>30 783</i>	38.1%	-52.9%
Securities at amortized cost	-	-	401 700	Ns	>100%
Loans and advances to credit institutions and similar entities at amortized cost	399 605	202 277	604 102	-49.4%	>100%
Loans and advances to customers at amortized cost	3 913 811	5 611 689	6 679 520	43.4%	19.0%
Interest rate hedge portfolio revaluation difference	-	-	-	Ns	Ns
Held-to-maturity investments	-	-	-	Ns	Ns
Current tax assets	155 693	147 458	128 233	-5.3%	-13.0%
Deferred tax assets	141 498	123 632	136 084	-12.6%	10.1%
Accruals and other assets	747 081	298 058	785 007	-60.1%	>100%
Non-current assets held for sale	-	-	-	Ns	Ns
Investments in companies at equity (equity method)	-	-	-	Ns	Ns
Investment property	-	-	-	Ns	Ns
Tangible assets	532 500	534 111	468 055	0.3%	-12.4%
Intangible assets	192 937	204 659	206 495	6.1%	0.9%
Goodwill on acquisition	10 142	10 142	124 142	-	>100%
<b>Total Assets</b>	<b>7 297 471</b>	<b>8 853 202</b>	<b>11 647 613</b>	<b>21.3%</b>	<b>31.6%</b>

Source: CFG Bank



**Consolidated Balance Sheet - Liabilities**

In KMAD	2019 (IFRS 9)	2020 (IFRS 9)	2021 (IFRS 9)	Var 20/19	Var 21/20
Central banks, Treasury, Post office banks	-	-	-	Ns	Ns
Financial liabilities at fair value through profit or loss	-	-	-	Ns	Ns
<i>Financial liabilities held for trading</i>	-	-	-	Ns	Ns
<i>Financial liabilities at fair value through profit or loss under option</i>	-	-	-	Ns	Ns
Derivative hedging instruments	-	-	-	Ns	Ns
Amounts owed to credit institutions and similar entities	454 926	900 435	1 484 423	97.9%	64.9%
Amounts owed to customers	3 505 661	4 283 805	5 823 490	22.2%	35.9%
Debt securities issued	2 184 416	2 406 260	2 806 601	10.2%	16.6%
Fair value adjustments to portfolios hedged against interest rate risks	-	-	-	Ns	Ns
Current tax liabilities	46 222	49 339	66 241	6.7%	34.3%
Deferred tax liabilities	30 955	43 534	55 639	40.6%	27.8%
Accruals and other liabilities	595 347	329 317	431 939	-44.7%	31.2%
Liabilities related to non-current assets held for sale	-	-	-	Ns	Ns
Technical provisions for insurance contracts	-	-	-	Ns	Ns
Provisions	376	376	2 375	-	>100%
Grants and similar funds	-	-	-	Ns	Ns
Subordinated debts and special guarantee funds	-	-	200 153	Ns	Ns
<b>Shareholders' equity</b>	<b>479 568</b>	<b>840 136</b>	<b>776 752</b>	<b>75.2%</b>	<b>-7.5%</b>
<b>Shareholders' equity, group share</b>	<b>458 070</b>	<b>819 729</b>	<b>745 391</b>	<b>78.9%</b>	<b>-9.1%</b>
Capital and related reserves	1 058 449	1 458 450	1 523 536	37.8%	4.5%
Consolidated reserves	-531 496	-604 067	-646 657	-13.7%	-7.1%
Unrealized or deferred gains or losses	7 375	7 375	-131 488	-	<100%
<b>Net result</b>	<b>-78 335</b>	<b>-43 120</b>	<b>31 361</b>	<b>44.9%</b>	<b>&gt;100%</b>
<b>Net result - Group share</b>	<b>-76 258</b>	<b>-42 029</b>	<b>28 551</b>	<b>44.9%</b>	<b>&gt;100%</b>
Minority interests (result + reserves)	21 498	20 407	14 553	-5.1%	-28.7%
<b>Total Liabilities</b>	<b>7 297 471</b>	<b>8 853 202</b>	<b>11 647 613</b>	<b>21.3%</b>	<b>31.6%</b>

Source: CFG Bank

## Consolidated Income Statement

In KMAD	2019	2020	Var.19-20	2021	Var.20-21	TCAM 19-21
Interest and similar income	173 955	245 809	41.3%	310 273	26.2%	33.6%
Interest and similar expenses	-97 684	-120 599	23.5%	-154 519	28.1%	25.8%
<b>Interest margin (1)</b>	<b>76 271</b>	<b>125 210</b>	<b>64.2%</b>	<b>155 754</b>	<b>24.4%</b>	<b>42.9%</b>
Commissions (income)	161 933	197 278	21.8%	250 825	27.1%	24.5%
Commissions (expenses)	-44 661	-57 342	28.4%	-58 022	1.2%	14.0%
<b>Commission margin (2)</b>	<b>117 272</b>	<b>139 936</b>	<b>19.3%</b>	<b>192 803</b>	<b>37.8%</b>	<b>28.2%</b>
Net gains or losses on financial instruments at fair value through profit or loss (3)	21 463	-5 039	<-100%	31 592	>100%	21.3%
Net gains or losses on available-for-sale financial assets (3)	-	-	Ns	-	Ns	
Net gains or losses on financial instruments at fair value through equity	-	-	Ns	-	Ns	
Net income from other activities (4)	12 455	25 392	>100%	20 205	-20.4%	27.4%
<b>Net banking income (5)</b>	<b>227 461</b>	<b>285 499</b>	<b>25.5%</b>	<b>400 354</b>	<b>40.2%</b>	<b>32.7%</b>
Retail Banking	132 883	167 475	26.0%	238 302	42.3%	33.9%
Corporate and investment banking	94 578	118 024	24.8%	162 052	37.3%	30.9%
Investment portfolio	-	-	Ns	-	Ns	
General operating expenses (6)	-229 790	-216 889	-5.6%	-293 585	35.4%	13.0%
Depreciation, amortization and impairment of tangible and intangible assets (7)	-42 780	-48 213	12.7%	-53 363	10.7%	11.7%
<b>Gross operating income (8)</b>	<b>-45 109</b>	<b>20 397</b>	<b>&gt;100%</b>	<b>53 406</b>	<b>&gt;100%</b>	
Risk costs (9)	-11 644	-18 248	56.7%	-35 965	97.1%	75.7%
<b>Operating result (10)</b>	<b>-56 753</b>	<b>2 149</b>	<b>&gt;100%</b>	<b>17 441</b>	<b>&gt;100%</b>	
Share of net income of companies accounted for by the equity method	-	-	Ns	-	Ns	
Net gains or losses on other assets (11)	-4 154	-777	81.3%	31 403	>100%	Ns
Changes in value of goodwill	-	-	Ns	-	Ns	
<b>Profit before tax (12)</b>	<b>-60 907</b>	<b>1 372</b>	<b>&gt;100%</b>	<b>48 844</b>	<b>&gt;100%</b>	<b>Ns</b>
Income taxes (13)	-17 428	-44 492	>100%	-17 483	60.7%	0.2%
Net income from discontinued operations	-	-	Ns	-	Ns	
<b>Net income (14)</b>	<b>-78 335</b>	<b>-43 120</b>	<b>44.9%</b>	<b>31 361</b>	<b>&gt;100%</b>	<b>Ns</b>
Minority interests (15)	-2 077	-1 091	47.5%	-2 810	>100%	16.3%
<b>Net income (group share) (16)</b>	<b>-76 258</b>	<b>-42 029</b>	<b>44.9%</b>	<b>28 551</b>	<b>&gt;100%</b>	<b>Ns</b>

Source: CFG Bank

## PART IV: RISK FACTORS



## I. RISKS RELATED TO THE ISSUER

The risk management governance structure implemented by CFG Bank is based on clearly defined internal rules and procedures and continuous monitoring. This system is in line with the regulatory provisions issued by Bank Al-Maghrib in this area.

This structure is composed of the following bodies:

- **Risk Committee:** examines and approves the strategy, policies and practices of global risk management;
- **General Management:** decides and validates the major strategic orientations relating to the Bank's risk management;
- **Global Risk Management Department:** is responsible for implementing and monitoring the global system for managing credit, market, liquidity and operational risks.

### 1. CREDIT RISK

Credit risk means the risk that a counterparty will not be able to meet its obligations to the Bank.

#### Organization and governance

The credit risk management and monitoring system is organized around several commercial and central structures dedicated to risk management and the control of regulatory aspects and internal procedures.

It is also organized around several operational committees:

- **The Credit Committee:** Comprising the Risk Management Department, General Management and the Credit Unit, it decides on credit applications in accordance with the credit policy. Three credit committees are held each week.
- **The monthly committee for monitoring delinquencies, the Watchlist and the Weaklist:** set up for each of the retail, corporate and private banking divisions, it is made up of the business line management concerned, the risk management department and, if necessary, the legal department. The business line manager decides on the status of outstanding debts and on the actions taken to recover them. The risk management department monitors overdue receivables, ensures that action plans are implemented and alerts each business line manager to receivables that will be placed on the Watchlist or the Weaklist. A report is then sent to the various operating entities and to General Management.
- **The half-yearly provisioning, sensitive risks and weaklist committee:** This committee, which is made up of senior management, the business lines and the risk management department, decides which receivables should be provisioned.
- **The Audit and Risk Committee.**

#### Credit granting policy and procedures

The CFG Bank credit offer has been refined and adapted during the year 2021. Several types of credit are now granted:

- Housing loans;
- Investment loans and MTC for companies;
- Guaranteed cash flow loans for companies or individuals;
- Loans for real estate development;
- Overdrafts and overdraft facilities;

- Lombard loans;
- Leasing loans;
- Consumer loans.

CFG Bank's risk management policy for loans is based on the following principles:

- Compliance with the regulations governing credit activity;
- Compliance with the internal rules and procedures governing the granting of loans: coverage ratios, guarantees, loan-to-value ratios, debt ratio, etc.
- The development and use of risk assessment and decision-making tools: "credit simulation" sheet, analysis and assessment grid, internal incident database, etc;
- Involvement of central and commercial entities in the granting decision;
- Monitoring and control of guarantees by the commercial and central functions on a regular basis;
- Analysis of the impact of CFG Bank's global exposures;
- Compliance with regulatory and internal credit limits;
- Compliance with the Bank AL Maghrib/GPBM code of ethics.

### **Granting procedure and delegation mechanism**

The credit granting procedure implemented within the institution is based on 3 principles:

#### **1. Constitution of the credit file**

This process is carried out by the advisors and involves gathering information about the loan and collecting the documents needed to analyze the file, and then issuing an initial opinion on the file, based on its compliance with the conditions and internal credit standards.

#### **2. Analysis of the credit file**

Based on the various data collected by the commercial entity, the analysis of the credit file is the responsibility of several of the Bank's central entities, such as the Risk Management Department and possibly the credit unit when it is a question of an initial examination of retail files. A credit risk assessment is carried out by the Risk Management department. This includes financial analysis, control of guarantees and assessment of credit risk, as well as analysis of its impact on CFG Bank's overall exposure.

Consumer loans not covered by an agreement or exceeding 150 KMAD are managed by Salafin. On the other hand, all the agreed credits inferior to 150 KMAD are managed and processed on the Avaloq software at CFG Bank level.

#### **3. Decision-making and delegation arrangements**

Credit applications are submitted to the Credit Committee and a delegation system that designates the levels of authority for credit granting authorizations by type of credit, depending on the amount requested was implemented during 2018. Today, all credit requests excluding consumer credits are submitted to the Credit Committee and are listed below:

- Housing credits;
- Investment loans and medium-term loans (MTC) for companies;
- Guaranteed cash flow loans for companies or individuals;
- Real estate development loans;
- Overdrafts and overdraft facilities;
- Lombard loans;
- Lease credits.

## **Credit risk assessment and monitoring system**

Credit risk monitoring is the responsibility of both the commercial entities and the risk management department.

In the case of real estate loans, the analysis is carried out based on a "credit simulation" sheet that summarizes all the acceptance criteria established by the Bank: age of the applicant, duration of the loan, loan-to-value ratio, debt ratio, etc. This sheet lists the loan conditions and checks compliance with internal and regulatory credit standards. This form lists the credit conditions and checks compliance with internal and regulatory credit standards.

As for corporate and VSE/professional loans, the analysis of the quality of credit commitments at the time of granting is now based essentially on the analysis and due diligence carried out by the risk management department in order to assess the credit risk relating to the project and the counterparty, but also to ensure compliance with the regulations in force and the internal rules in place.

## **Internal rating system**

In order to strengthen its credit risk management system, CFG Bank has started the project of setting up a rating system in compliance with the Basel II requirements for companies.

Given the shallowness of the history, this system will initially be based on an operational model using the corporate and retail risk analysis grids already in place.

An IRS based on the probability of default is being implemented for all clients with the help of an external provider. Project start date: January 2022. Delivery and implementation date: end of 2022 at the latest.

## **Guarantee follow-up**

Several types of guarantees are accepted by CFG Bank, depending on the type of credit requested:

- Pledging of securities, UCITS and life insurance products held by the borrower;
- The guarantee;
- Mortgage;
- Credit insurance.

Coverage ratios by type of guarantee are set up. Central monitoring is carried out automatically using the information system and on a daily basis when a financial portfolio is given as collateral. A margin call is then triggered following a drop in the value of this portfolio. This coverage ratio will be detailed and further refined according to other criteria, in particular the liquidity of the shares.

The Bank may also ask the client to modify the guarantees given in the event of the occurrence of an event involving the deterioration of one of the values given as collateral by the client, i.e. a sharp deterioration in the financial situation, liquidation of the company whose securities are pledged, expropriation of a property for public utility, among other things.

A transitional arrangement (Watchlist / Weaklist) has been put in place pending the entry into force of Circular 19/G. This system is based on the detailed criteria of the 19/G.

## **Watchlist**

As part of the ongoing process of strengthening credit risk monitoring tools, and in view of the expected development of credit activity in the coming years, the risk management department has set up a system for monitoring and supervising sensitive receivables, in the light of the draft reform<sup>1</sup> of circular 19/G/2002 currently being prepared by Bank Al Maghrib:

- A semi-annual study is carried out to identify receivables showing early signs of default,
- Their follow-up is carried out on a monthly basis.

The risk management department then informs the general management through the monthly summary that is sent to it, the monthly committee for monitoring unpaid debts and the Watchlist, as well as the half-yearly provisioning and sensitive risks committee.

The amount of provisioning for receivables classified in the Watchlist at the end of December 2021 amounts to MAD 13.6 million.

This amount includes provisions recorded on the outstanding amounts of counterparties in Watchlist level 1 (provision of 10%) and Watchlist level 2 (provision of 2.5%).

As part of the strengthening of credit risk monitoring tools and given the evolution of the credit portfolio, a semi-annual study is carried out to identify receivables showing signs of default. All the criteria of the draft Circular 19/G are studied in addition to internal criteria aimed at studying client behavior (monthly delinquency committee).

After classification of counterparties, the provisions recorded are as follows

- Level 1 watchlist: represents the highest risk provisioned at 10% (in the light of the draft reform of circular 19/G/2002 in progress at Bank Al Maghrib);
- Watchlist level 2: represents a lower risk provisioned at 2.5% (decision of the board of directors);
- Weaklist: counterparties deserving the attention of the commercial team and the overall risk management. The list is monitored internally and provisioned at 0%.

### **Weaklist**

As part of its efforts to strengthen its credit risk management system, the risk management department has set up an internal Weaklist to measure, anticipate and prevent any risk of loss:

- Based on stricter criteria than those that define sensitive receivables, it allows close monitoring of certain receivables that, without being classified as sensitive, deserve the attention of sales staff and overall risk management;
- Receivables to be downgraded to Weaklist are identified during the half-yearly inventory;
- They are monitored on a monthly basis.

### **Outstanding receivables**

<sup>1</sup> The reform project concerns the classification and provisioning of receivables to include the treatment of sensitive receivables. It has a twofold objective: (i) to ensure a homogeneous contribution in terms of identification, classification and provisioning of sensitive loans within the banking sector, (ii) to integrate new criteria in terms of default (overrunning, restructuring, etc.).



Due to the close monitoring of commitments by CFG Bank, the receivables eligible for provisioning under the regulations are systematically identified by the risk management, which informs the general management on a monthly basis through a monthly summary, the monthly committee for monitoring unpaid debts, Watchlist and Weaklist and the half-yearly committee for provisioning and sensitive risks. In accordance with the regulations in force, outstanding receivables must be classified as:

- "pre-doubtful debt", when the due date is not honored 90 days after the due date;
- Doubtful debt", when the due date is not honored 180 days after the due date;
- A "compromised receivable" is one that is not paid within 360 days of its due date.

In the case of restructured receivables, the following rules apply:

The following are classified as doubtful debts:

- Receivables restructured more than 2 times,
- Cases of third restructuring must be exceptional and duly justified by the institution
- Restructured loans with an outstanding balance of more than 90 days

The following are classified as compromised receivables:

- Restructured receivables that are > 180 days past due.

The amount of the provisions to be constituted is fixed by the risk management, knowing that the pre-doubtful, doubtful and compromised debts must give place to the constitution of provisions equal at least, respectively, to 20%, 50% and 100% of their amount, after deduction of the reserved agios and the guarantees backed by the credits as detailed at the level of the article 15 of the circular no. 19/G/2002

The repayment of the unpaid by the customer implies a systematic resumption of the provisions previously constituted.

The classification of a receivable in the category of irregular receivables or in one of the categories of outstanding receivables entails the transfer in this same category, of all the debts held on the concerned counterparty, when it is the company. This provision does not apply to receivables held by individuals.

In case of an irrecoverable receivable or in case of a justified arrangement with the customer for the partial settlement of the principal of the receivable, a total or partial write-off of the claim may take place after the consent of the Credit Committee.

## Collection

If the customer does not honor their commitments on the due date of the credit, CFG Bank must first make an amicable attempt to collect the debt.

Legal action becomes inevitable when the amicable collection procedure proves inconclusive.

A reaction from the client can occur at any stage and can eventually lead to an amicable settlement and thus to the abandonment of the legal proceedings. The collection process is currently operational on the system. Its implementation is effective since the second half of 2020.

## Internal limit system and stress test

An internal maximum loss limit is set for the credit portfolio. It is defined as the limit that must not be exceeded regardless of the evolution of risk factors in a worst-case scenario. The limit validated by the Board of Directors is determined as follows:  $0,47\% \times \text{the value of the credit portfolio} \leq 20\% \times \text{book value of equity}$ . This limit corresponds to a percentage of equity and gives rise to a maximum exposure amount, i.e. a commitment limit that is monitored and controlled on a daily basis by the central entities. The maximum loss limit is reviewed regularly and validated annually by the Board of Directors.

### **Information for the administrative and management bodies**

The executive management is regularly informed of the bank's exposure to credit risk through:

- The monthly summary of unpaid and sensitive receivables sent to the general management;
- The minutes of the monthly committees for monitoring unpaid debts;
- The half-yearly Watchlist and Weaklist provisioning committees;
- Corporate and retail risk analyses carried out prior to the granting of corporate and VSE loans;
- Ad hoc risk analyses when a problem is identified;
- Quarterly reporting prepared by the risk management department for general management and the business lines concerned. This reporting includes:
  - ✓ CMDR results on an individual and consolidated basis;
  - ✓ Simulations and projections for the following quarter to prevent potential overruns;
  - ✓ The recommendations of the risk management department and reminders of the guidelines.
- Regular reporting on the concentration of the Bank's commitments in the real estate development sector.

In addition, the Board of Directors is informed of the Bank's exposure to credit risk at the quarterly meeting of the Risk Committee.

## **2. CONCENTRATION RISK**

Concentration risk is the risk inherent in an exposure that could result in significant losses that could threaten an institution's financial soundness or its ability to continue its core business.

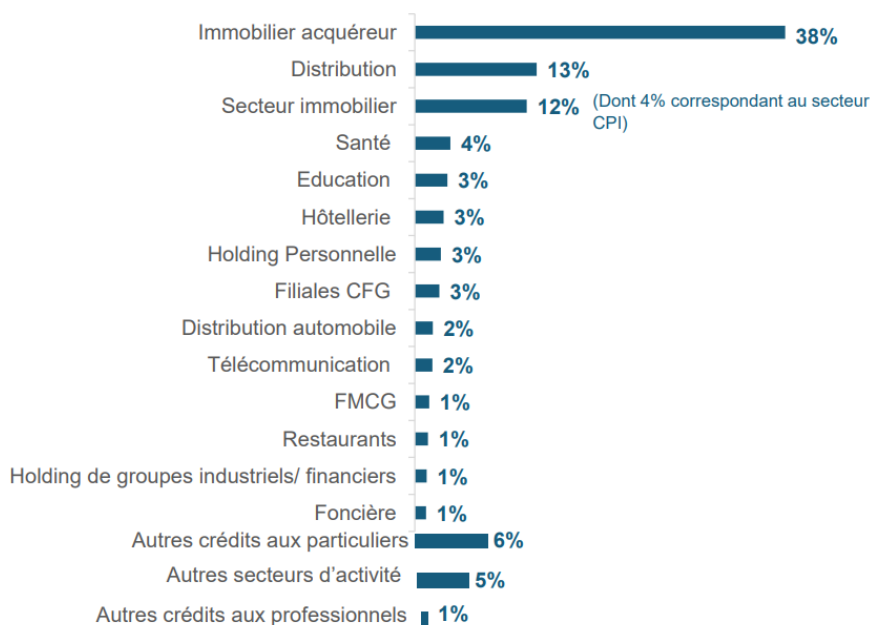
It refers to exposures of any kind, whether on or off the balance sheet, that may expose the institution to losses due to counterparty risk.

Concentration risk may arise from exposure to:

- counterparties belonging to the same sector of activity;
- categories of counterparties: GE, SME, VSE and individuals;
- counterparties belonging to the same geographical region;
- interest groups;
- individual counterparties.

### **Breakdown of the Bank's overall exposure by sector of activity**

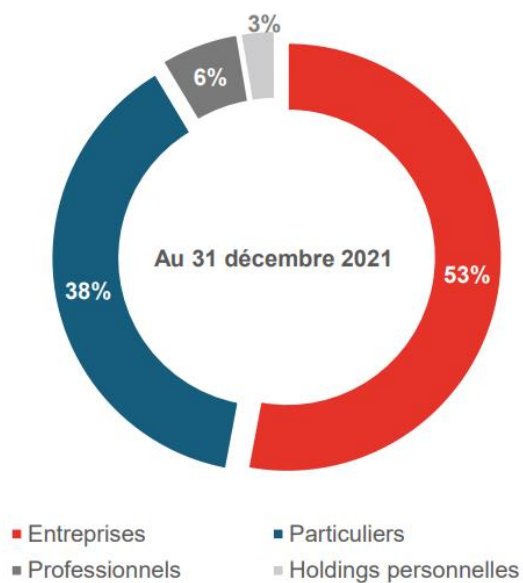
As of end-December 2021 the breakdown of the Bank's exposure to the various economic sectors is as follows:



Source: CFG Bank

### **Breakdown of commitments by category of counterparty**

The exposure of outstanding commitments at end-December 2021 to the various categories of counterparties is broken down as follows:



Source: CFG Bank

### **Geographical distribution**

CFG Bank's commitments are heavily concentrated in the two regions of greater Casablanca and Rabat.

At end-December 2021, the portfolio was satisfactorily diversified by sector and had a good distribution by category of counterparty, thus enabling good management of concentration risk.

### **Concentration risk monitoring system**

#### **Limit system**

- A concentration limit is set by the Bank for loans to real estate development and the hotel sector.
- Counterparty limits are set for interbank loans made by CFG Bank to local banks. In addition, the Bank refrains from lending to counterparties considered risky.
- A position limit for the private debt portfolio is also defined. It concerns non-financial private issuers, excluding credit institutions.
- For equities, a list of authorized exposures is defined according to economic criteria as well as a maximum position limit and a concentration limit per security.
- Counterparty limits have been defined for foreign exchange activities, both overall and by category and type of company, excluding credit institutions.
- These limits are reviewed and approved annually by the Board of Directors.

Finally, in accordance with Bank Al Maghrib's circular No. 8/G/2012 relating to the maximum risk division coefficient of credit institutions, a measurement of the exposure per beneficiary is carried out quarterly, through the calculation of the ratio between the total weighted risks incurred on the same beneficiary and the regulatory equity.

This ratio, which must not exceed 20%, is monitored regularly by the risk management department.

#### **Information for the administrative and management bodies**

Regular monitoring of concentration risk is reinforced by quarterly reporting to senior management and the business units. This reporting includes:

- CMDR results on an individual and consolidated basis;
- Simulations and projections for the following quarter to prevent potential overruns;
- The recommendations of the risk management department and the guidelines.

In addition, General Management and the business lines are regularly informed of the concentration of the Bank's exposure to the real estate development sector.

Finally, the Board of Directors is informed of the Bank's exposure to concentration risk at the quarterly Risk Committee meeting.

The concentration of risks on a single beneficiary, as of end-December 2021, is as follows:

In KMAD	Total risk amount <sup>1</sup>	Amount of risk exceeding 10% of equity		
		Credits by disbursement	Credit by signature	Amount of securities held in the capital of the beneficiary
Counterparty 1	148.655	127.290	0	21.365
Counterparty 2	136.844	136.200	0	644
Counterparty 3	135.289	83.366	51.923	0
Counterparty 4	125.573	117.305	0	8.268

<sup>1</sup> Net exposure after deduction of CRM (credit risk mitigation)

Source: CFG Bank

- Position limits by activity:
  - ✓ Two types of limits are defined for the equity portfolio position: on the one hand, a list of securities eligible for trading according to capitalization and liquidity criteria is defined. On the other hand, maximum limits in global position and per security are fixed;
  - ✓ Diversification of the equity portfolio is also monitored;
  - ✓ As for the interest rate activity, a position limit for the private debt portfolio has been defined. This concerns non-financial private issuers, excluding credit institutions. For the latter, the limits provided for are the regulatory limits (division of risks by beneficiary and by interest group);
  - ✓ Two position limits currently exist for foreign exchange activities: a global foreign exchange position limit and a position limit per currency;
- Counterparty limits:
  - ✓ In the money market, the counterparty risk differs depending on whether the interbank market or the repo market is involved. This risk exists in the case where CFG Bank is the lender, and could materialize through the default of the borrowing counterparty;
  - ✓ For the repo market, limits by type of counterparty and by type of securities accepted in repo are established;
  - ✓ For the interbank market, counterparty limits have been introduced. In the interbank market, counterparty limits have been established, based on the size and financial health of the institution, the existence of any market history and the quality of the relationship. CFG Bank has excluded certain counterparties that are considered high risk;
  - ✓ For the foreign exchange business, overall and counterparty limits are defined. The limits per counterparty are defined according to the rating of the counterparty.
- Maximum loss limits by activity:
  - ✓ The maximum loss limit is defined as the limit that must not be exceeded in the event of a catastrophe scenario;
  - ✓ The shock applied to CFG Bank's interest rate activity is defined by a sudden and instantaneous increase in interest rates and spreads;
  - ✓ For the equity portfolio, the stress-test scenario is represented by continuous bearish phases in the market;
  - ✓ For the foreign exchange activity, it is a question of evaluating a depreciation or appreciation of the dirham against the main currencies.

These capital consumption limits reflect the Board of Directors' appetite for market risks. This limit gives rise to a maximum amount of exposure per activity (i.e. a commitment ceiling per activity) which is monitored and controlled on a daily basis by the central entities.

- Risk indicators: the main risk indicators used by CFG Bank to assess its level of exposure to market risk are VaR, cumulative P&L and sensitivity in the case of the bond portfolio. These are logically compared with internal limits set in particular according to the maximum loss limit (VaR stop, stop loss) or the portfolio sensitivity limit for interest rate positions

This limit system is defined by General Management and Risk Management, and then validated by the Board of Directors. Limits are monitored through regular reports shared with the business lines and general management, and must not be exceeded regardless of market conditions and developments.

In addition to internal limits and other risk indicators, CFG Bank ensures compliance with the regulatory limits defined by Bank Al-Maghrib, such as:

- The limit on the solvency ratio and on the Tier One ratio;
- The 20% limit on the Maximum Risk Division Coefficient by counterparty and by interest group.

### **Stress tests**

In addition to the minimum stress tests defined by Bank Al Maghrib, the Bank has also developed historical and adverse stress test scenarios for the fixed income and equity portfolios that have been monitored as part of the market risk surveillance.

### **Information for the administrative and management bodies**

The executive management is now informed in real time of the nature and amount of any forecasted overruns before any transaction.

In order to strengthen its market risk monitoring and surveillance system, a new daily "market risk" reporting system has been designed by the Risk Management Department and is now applied by the middle office of the trading room.

In addition, the Board of Directors is informed of the Bank's exposure to market risks at the quarterly Risk Committee meeting.

### **Risk of a decline in business due to changes in the financial markets or the economic environment**

CFG Bank may be confronted with the risk of a decline in its activity due to changes in the financial markets or the economic environment.

In the first instance, CFG Bank is faced with interest rate and exchange rate risks, which arise respectively from changes in market interest rates and in the Bank's various activities (equity investments, foreign currency loans, etc.).

These two risks can, in the event of unfavorable fluctuations in interest rates or the dirham, result in losses on the Bank's various positions, a negative variation in the future cash flows of a financial instrument or a reduction in its forecast margin.

Also, in the event of structural upheavals, CFG Bank may be subject to liquidity risk, i.e., it may not be able to obtain liquidity under normal volume and interest rate conditions. The expected margins, due to the large refinancing requirement, may therefore decrease.

Secondly, CFG Bank is also confronted with country risk, which encompasses several dimensions, including the economy, politics and the environment.

From an economic standpoint, a slowdown in the real estate sector, which is highly interdependent with the banking sector, could have negative repercussions on CFG Bank's operations and on the projected margins of its lending activity. Also, the slowdown in Moroccan economic activity as a whole may influence customers, who may tend to adopt a wary behavior resulting in the withdrawal of a portion of their deposits.



An assessment of the impact on the Bank's deposits in scenarios of strong tensions has been carried out. It shows a lower forecast compared to the initial budget over a 6-month horizon. This decrease is explained by the slowdown of the Moroccan economic activity (current context of the Covid-19) which consequently causes an influence on the behavior of the customers resulting in the withdrawal of a part of the deposits.

Finally, from a political and regulatory point of view, new provisions concerning the banking sector may have a significant impact on CFG Bank's activity. For example, the solvency ratio requires banks to have a certain level of equity, which limits the volume of loans granted and therefore, by ricochet effect, the margins that could result.

#### 4. LIQUIDITY RISK

Liquidity risk is defined as the risk that an institution will not be able to meet its obligations as they fall due under normal conditions.

##### **Organization and governance**

The liquidity risk management and control system is organized around several structures dedicated to risk management and control of regulatory aspects and internal procedures:

The trading room participates in the development of the Bank's refinancing strategy. It is responsible for implementing the Bank's refinancing policy through the management of immediate and projected cash flows. It monitors the static liquidity gap by measuring liquidity needs or surpluses at future dates. In fact, it establishes:

- a daily dashboard allowing the calculation of the daily cash flow gap according to the required monetary reserve, the balance with Bank Al Maghrib, the incoming/outgoing flows and the loans on the money market;
- a forecasted cash flow schedule, updated on a regular basis.

This entity is also responsible for ensuring compliance with the regulatory limits relating to its activity.

The middle office is responsible for constantly monitoring the cash limit approved by the Board of Directors. It also keeps a daily table monitoring the Bank's cash flow schedule, enabling it to calculate the daily liquidity surplus or deficit.

The Risk Management Department is responsible for implementing the liquidity risk management system. In this capacity, it defines the risk management strategy, defined with General Management and approved by the Board of Directors, in terms of liquidity risk policies and limits. It implements the monitoring and surveillance indicators as recommended by Bank al Maghrib, i.e. the LCR and the monthly liquidity stress tests.

The Global Risk Management (GRM) is in charge of regulatory reporting (LCR, stress test) and regular monitoring of liquidity risk. Simulations and projections are carried out in advance and in the case of stress scenarios in order to anticipate any delicate liquidity situation. GGR participates in the Board of Directors' meetings by providing all the results and analyses carried out in the context of reducing liquidity risk and preventing any disaster situation. Global Risk Management also performs an ALM analysis of the balance sheet at the quarterly Board of Directors/Risk Committee meeting and calculates liquidity gaps by maturity band.

Lastly, it regularly monitors liquidity risk through monthly reporting to the trading room and to senior management, which also includes simulations over the next four months in the event of a stress scenario, in order to anticipate any liquidity needs.

### **The Bank's refinancing policy**

The objective of the Bank's liquidity risk management policy is to adapt the structure of its resources to enable the Bank to pursue the development of its business in a harmonious manner.

### **Sources of funding and maturities**

In the course of its business, CFG Bank finances investment loans, CMT Enterprise loans, short- and medium-term cash flow loans and long-term residential real estate loans.

In order to avoid exposure to liquidity risk due to an imbalance between the maturity of assets (loans) and liabilities (financing), CFG Bank seeks to optimize the management of its balance sheet by having recourse to financing whose duration is matched to that of the loans. For this purpose, several sources of financing allow the Bank to spread the resources obtained over different maturities corresponding to the maturity of the loans. These are as follows

- financing via the interbank market for assets with a maturity of less than one week: one of the major sources that can generate liquidity risk is the inability of an institution to raise the funds necessary to meet unexpected short-term needs. In order to limit this eventuality, CFG Bank has negotiated lines of credit on the money market with several local banks;
- financing via the repo market for assets with a maturity of between
- 7 days and 1 month;
- financing through term deposits or the issuance of certificates of deposit for credits with a maturity of at least 3 months. In order to diversify its sources of financing, the Bank has set up a program to issue certificates of deposit;
- financing via the collection of sight deposits and book accounts since the recent development of the banking activity by CFG Bank for credits with longer maturities;
- financing via the recourse to 7-day advances, granted by Bank Al Maghrib.

The matching of the maturity of the necessary financing to that of the credits allows CFG Bank to better manage the liquidity gaps.

### **Main counterparties**

The institution's inability to meet its commitments may also be generated by significant losses resulting from counterparty defaults. CFG Bank has therefore set up counterparty limits:

- interbank, relating to loans made by CFG Bank to local banks. These are based on the size and financial health of the institution, the existence of any previous market experience and the quality of the relationship. Certain counterparties deemed to be high risk are excluded;
- for the repo market, limits by type of counterparty and by type of securities accepted in repo are established.

### **Liquidity risk measurement and monitoring system**

#### **Monitoring of the cash flow schedule**

The evaluation and monitoring of the liquidity risk is ensured through the evaluation of the immediate cash flow and the forecasted cash flow:

- the dealing room establishes a daily dashboard that allows it to calculate the daily cash flow gap according to the required monetary reserve, the Bank's balance with Bank Al Maghrib, incoming and outgoing flows as well as borrowing/lending on the money market. The middle office also keeps a daily table for monitoring the Bank's cash flow schedule, which enables it to calculate the liquidity surplus or deficit on a daily basis;
- a cash flow forecast is drawn up and updated regularly by the trading room.

### Calculation of liquidity gaps by maturity band

Liquidity risk is measured by the liquidity gap (or liquidity impasse), obtained by the difference between incoming cash flows (customer deposits, loan repayments, debt redemption, outright sales, borrowings and loan repayments) and outgoing cash flows (customer withdrawals, loan disbursements, outright purchases, borrowings and loan repayments) by maturity band. Three maturity bands can be distinguished:

- Short-term:  $\leq 1$  year,
- Medium term: ] 1 year - 5 years [
- Long term:  $\geq 5$  years.

This technique makes it possible to assess the level of liquidity risk incurred by the Bank in the short, medium and long term and to estimate refinancing requirements over different time horizons, and thus to determine the appropriate hedging arrangements.

### Liquidity risk limits and indicators

Cash flow gaps are managed by limiting CFG Bank's daily funding requirement. This requirement is defined as the balance of positive and negative flows generated by daily transactions, i.e. purchases, sales, repurchase agreements, loans and borrowings.

Another indicator for measuring the Bank's liquidity risk is the LCR (Liquidity Coverage Ratio), which is the Basel III short-term liquidity ratio:

*High quality liquid assets they hold*

*> 100%*

*Their net cash outflows, over the next 30 calendar days, assuming a scenario of strong liquidity pressure*

As of end-December 2021, the LCR remained in compliance with the regulatory minimum on a consolidated basis:

Date	LCR
12/31/2021	114%
12/31/2020	201%

Source: CFG Bank

### Minimum stress tests

CFG Bank performs monthly minimum liquidity stress tests in accordance with the scenarios defined by Bank Al Maghrib.

The impact of these scenarios is evaluated in relation to the level of:

- The additional need of liquidity over 1 month;
- The ratio between the additional liquidity need and the discounted value of the available Treasury bills portfolio;
- The ratio of the additional liquidity requirement to the total liquid and realizable assets,
- The ratio between the additional liquidity requirement and the stand-by liquidity lines.

The results of the liquidity stress tests carried out in 2021 show that CFG Bank has the capacity to meet its liquidity needs, thanks in particular to the BDT, liquid and realizable assets and liquidity standby lines.

### **Information for the administrative and management bodies**

The Risk Management Department prepares a monthly report on liquidity for General Management and the trading room. This report includes:

- The LCR result for the month and its evolution over the last six months
- The results of stress tests;
- The analysis of these results;
- LCR projections for the next four months, in the case of a stress scenario, in order to anticipate possible liquidity needs;
- The recommendations of the Risk Management Department to the business lines to be taken into account in their liquidity management.

In addition, the Board of Directors is informed of the Bank's exposure to liquidity risk at the half-yearly Audit Committee and the quarterly Risk Committee.

## **5. OPERATIONAL RISKS**

These are risks of loss resulting from deficiencies or defects attributable to internal procedures, personnel and systems or to external events. Unlike market and credit risks, operational risks are incurred and are not the counterpart of an expected future gain or remuneration.

### **1. Definition and monitoring of the risk profile:**

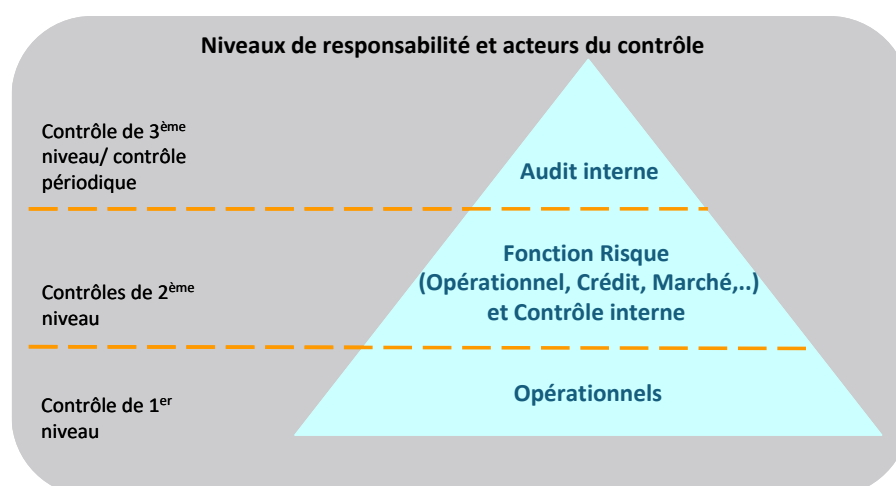
- The definition of the risk profile consists of identifying the operational risks inherent to the Bank's activities and measuring their probability of occurrence as well as their impact.
- The monitoring of the risk profile is an integral part of the bank's activity, It allows to:
  - Provide the governance bodies with an objective and global view of the Bank's potential threats and opportunities;
  - Continuously serve the Bank's business management objectives;
  - Guide the decision-making of the General Management in the allocation of human and financial resources.

### **2. Optimal risk coverage through a control system:**

- A risk management system is based on controls that ensure optimal and efficient risk coverage.
- However, these controls are part of an organized approach that takes into account the evolution of the Bank's risk profile through:
  - A formalized procedures manual covering all of the Bank's business activities;
  - New operational procedures are drafted as new products are developed;
  - Immediate and systematic controls carried out by operational staff in the front office, back office and support functions of CFG BANK. They are carried out on a permanent basis by the operator himself and by the hierarchy or automatically when they are integrated into the IT processes;
  - An internal control manual in which all identified operational risks related to the various business processes are listed;
  - An integrated Front to Back to 'accounting' information system with a "4 eyes" validation circuit.

### **3. Mobilization of CFG BANK employees around a risk vision:**

- Operational risk management concerns all employees at all levels of the hierarchy.
- General Management, as well as all operational and functional entities, must be involved in the management of operational risks as part of the regular review of the Bank's risk profile and the taking of structural decisions that will enable it to be maintained within the framework of satisfactory coverage.
- Employees and local managers must be involved on a daily basis in the management of operational risks, paying particular attention to the causes of risks as well as to proven risk situations.
- The operational risk management and control system is organized around several structures dedicated to risk management and control as well as business and support entities.
- For all of the Bank's activities, first-level controls are performed by operational staff (self-monitoring, line managers, middle office) and second-level controls are performed by those involved in risk management (Risk Management Department) and internal control (permanent monitoring). The Audit Department is responsible for third-level control:



Source: CFG Bank

CFG Bank has considerably reduced its exposure to operational risk through

- the implementation of a front to back information system which meets the best international standards and which allows a complete automation of the processing circuits (Avaloq system);
- the implementation of a procedures manual covering the majority of the Bank's activities;
- the implementation of an internal control manual which lists the controls implemented to control the first and main operational risks identified
- the participation of the risk and compliance function in the validation of new products and significant changes to existing processes, in order to ensure compliance with the regulatory framework and to identify the risks, particularly operational risks, inherent in new activities.

In 2021, the Bank continued to strengthen its risk management system by:

- developing procedures to cover the Bank's new activities as they are developed, in particular for risky processes
- the development of action plans to reduce these risks;
- the implementation of KRIs (key risk indicators);
  - ✓ the exposure to operational risks and its evolution;
  - ✓ the evolution of the control environment for these risks;
  - ✓ the identification of major risks;
  - ✓ action plans to control risks.
- the establishment of an incident database for the collection of incidents;
- the implementation of a reporting system to enable information to be passed on to senior management and the Board of Directors;
- the finalization of the operational risk mapping project currently underway, which will enable it to identify, assess and prioritize all risks relating to all business and support processes.

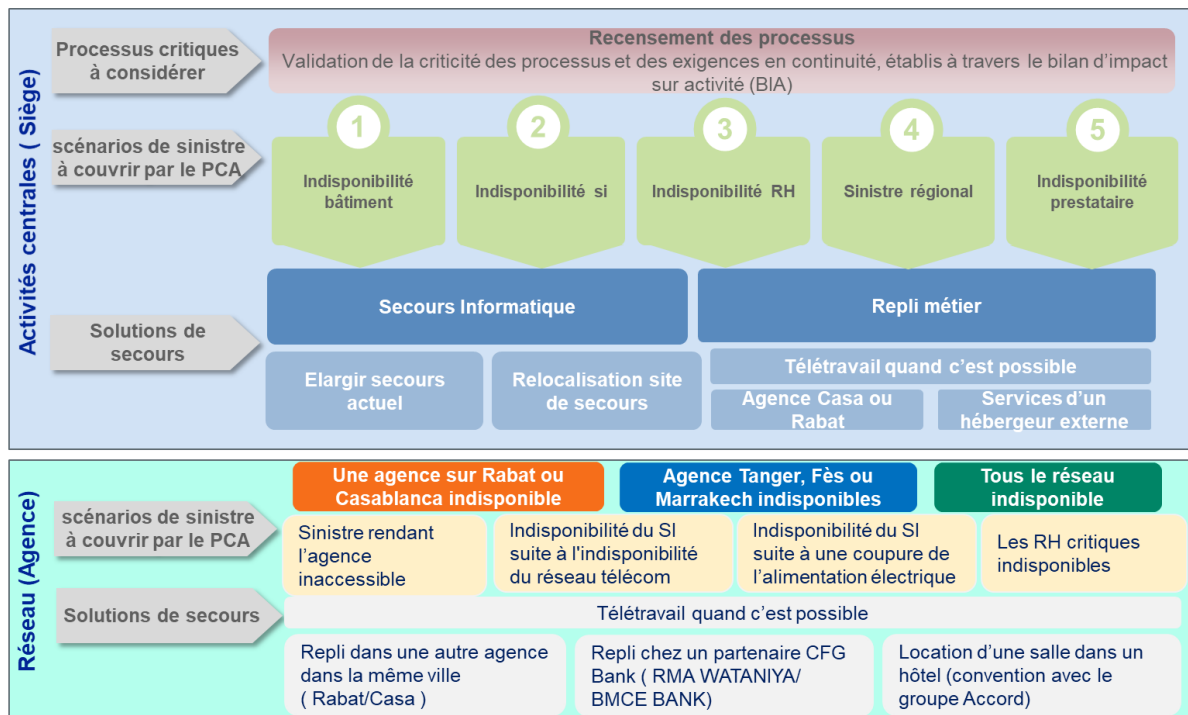
Furthermore, in 2021, CFG Bank has put in place a complete mapping of operational risks, enabling it to exhaustively identify, evaluate and prioritize the risks relating to all business and support processes.

### **Business continuity plan**

The Business Continuity Plan is a set of measures, procedures and systems necessary to maintain the Bank's essential operations and then to recover from operational disruptions.

CFG Bank's Business Continuity Plan covers the overall availability of CFG BANK's business and IT activities, taking into account the continuity requirements and the types of disasters to be covered. It covers the vital processes of the Bank and its subsidiaries. It is intended to identify and evaluate major threats to the business such as loss or unavailability of information system elements, computer data, power supply, fire, flood, etc., and to implement corrective measures in case of failure.

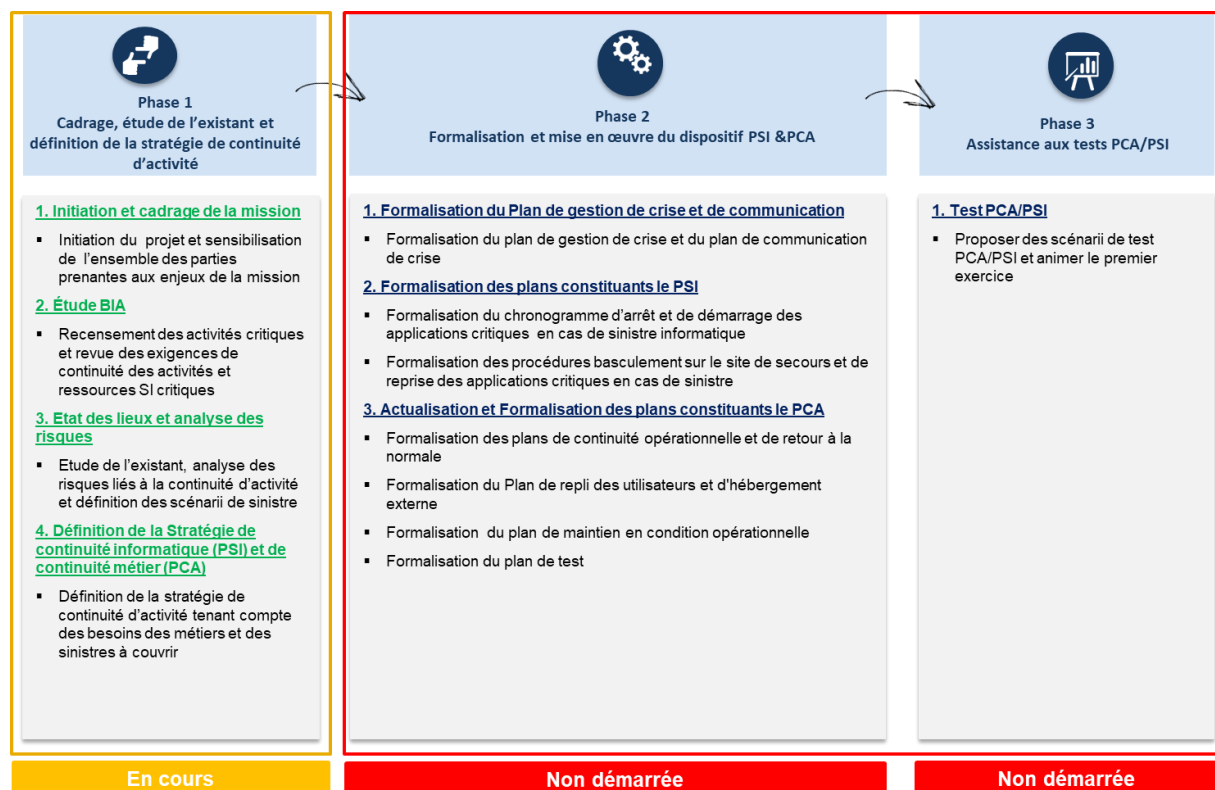
It is now composed as follows:



Source: CFG Bank

## CFG Bank Business Continuity Plan Steps:

The project includes 3 stages described below:





## **Risk-weighted assets and solvency ratios**

The measurement of the risks incurred by the Bank is done essentially according to the standard approach of the agreements of Basel II, as presented in the circular no. 26/G/2006 relating to the regulatory requirements in capital of the credit institutions and similar organizations.

The approach currently adopted by CFG Bank for the measurement of operational risk is BIA, i.e. Basic Indicator.

The capital requirements and weighted assets at the end of December 2021 are as follows:

<b>Risks as of 12/31/2021</b>	<b>Weighted assets exposure (in KMAD)</b>	<b>Capital requirements (in KMAD)</b>
Credit risk	5 127 906	410 233
Market risk	769 117	61 529
Operational risk	570 821	45 666

Source: CFG Bank

As of December 31, 2021, CFG Bank's regulatory capital is calculated according to the Basel III standards and in compliance with circular no. 14/G/2013 relating to the regulatory capital requirements of credit institutions and similar bodies. At the end of December 2021, they amount to MMAD 787 on an individual basis and MMAD 806 on a consolidated basis. In relation to the weighted assets for credit, market and operational risks of the bank, the solvency ratio amounts to 12.7% on an individual basis and to 12.5% on a consolidated basis.

The table below shows the evolution of CFG Bank's prudential indicators:

	<b>2020</b>	<b>2021</b>
Consolidated equity (MMAD)	726	806
Solvency ratio on a consolidated basis (%)	13.0%	12.5%
Tier 1 ratio on consolidated basis (%)	13.0%	10.6%
CET1 ratio on consolidated basis (%)	13.0%	9.4%
LCR on corporate basis (%)	201%	114%
Equity on an individual basis (MMAD)	661	787
Solvency ratio on individual basis (%)	12.5%	12.7%
Tier 1 ratio on individual basis (%)	12.3%	10.1%
CET1 ratio on individual basis (%)	12.3%	8.8%

Source: CFG Bank

The estimated prudential ratios for the parent company and consolidated companies over the next 18 months take into account any operations to strengthen regulatory capital and optimize weighted risks.

The table below shows the evolution of the main social prudential indicators over the next 18 months:

<b>In MMAD / %</b>	<b>S1 2022</b>	<b>2022</b>	<b>S1 2023</b>
Core Tier 1 capital (1)	490	559	607
Tier 1 capital (2)	570	699	747
Tier 2 capital (3)	162	302	302
Regulatory capital (4) = (2) + (3)	732	1 001	1 049
Risk-weighted capital (5)	6 105	6 652	7 530
<b>CET1 ratio (1) / (5)</b>	<b>8.0%</b>	<b>8.4%</b>	<b>8.1%</b>

<b>Tier 1 ratio (2)/(5)</b>	<b>9.3%</b>	<b>10.5%</b>	<b>9.9%</b>
<b>Solvency ratio (4) / (5)</b>	<b>12.0%</b>	<b>15.0%</b>	<b>13.9%</b>

Source: CFG Bank

The table below shows the evolution of the main consolidated prudential indicators over the next 18 months:

In MMAD / %	S1 2022	2022	S1 2023
Core Tier 1 capital (1)	584	624	685
Tier 1 capital (2)	664	764	825
Tier 2 capital (3)	120	260	260
Regulatory capital (4) = (2) + (3)	784	1 024	1 085
Risk-weighted capital (5)	6 758	7 302	8 173
<b>CET1 ratio (1) / (5)</b>	<b>8.6%</b>	<b>8.5%</b>	<b>8.4%</b>
<b>Tier 1 ratio (2)/(5)</b>	<b>9.8%</b>	<b>10.5%</b>	<b>10.1%</b>
<b>Solvency ratio (4) / (5)</b>	<b>11.6%</b>	<b>14.0%</b>	<b>13.3%</b>

Source: CFG Bank

## 6. RISK RELATED TO OUTSOURCED ACTIVITIES

CFG Bank outsources its electronic banking activity. The Bank has entrusted the entire electronic payment activity to S2M (transaction management and monitoring, infrastructure, security, etc.).

The electronic payment services provided by S2M are governed by an agreement, and the relationship with this supplier is managed directly by the Bank's IT department. In this context, steering committees are regularly organized with S2M to monitor the development of this activity and related issues.

In the case of consumer loans, these are carried on Salafin's balance sheet when the applicant is not a CFG Bank employee or when the amount requested is greater than KMAD 150. Otherwise, these credits are carried by the balance sheet of CFG Bank. However, for all consumer credits, it is CFG Bank's responsibility to gather the documents necessary for the study of the file and to process the credit file in a platform made available by Salafin dedicated to the processing of consumer credit files.

## 7. RISK RELATED TO NEW PRODUCTS

New products are systematically validated by the New Product Validation Committee, which was set up in 2016. Participants include the risk function, the compliance function, the legal function and the finance department. The risk function is responsible for identifying the risks inherent in the Bank's new processes and products/activities.

Procedures are defined and formalized for new products, and control points are identified by the Organization Department.

The compliance unit identifies the risk of non-compliance, which is handled by the permanent control and compliance departments.

## 8. RISK RELATED TO THE UNPREDICTABLE DURATION AND EFFECTS OF THE COVID-19 PANDEMIC

The consequences of the Covid-19 pandemic resulted in various requests for extensions and suspensions of allocated credits. However, in view of the quality of CFG Bank's portfolio and the dedicated monitoring, the cost of the related risk remains perfectly under control.

In addition, the Bank has contributed to the support of VSEs and SMEs through products dedicated to the support of companies during the health crisis and then to the economic recovery, afterwards.

Uncertainty about the duration and extent of the Covid-19 pandemic makes it difficult to predict the impact on the Moroccan economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by the government and Bank Al Maghrib, and the evolution of the health, economic, financial and social context.

The health crisis could therefore have lasting effects, particularly for certain sectors of the economy. A deterioration in economic conditions would affect the activities of CFG Bank's clients, resulting in a reduction in CFG Bank's revenues and an impact on the cost of risk linked to the increase in the default rate/insolvency on trade receivables; consequently, CFG Bank's activities, results and financial situation could be adversely affected in the coming periods.

Uncertainties therefore continue to weigh on developments in the health situation, with the appearance of variants of the virus and the possibility of a new wave in Morocco. Additional measures are therefore likely to be deployed depending on the evolution of the pandemic, despite the launch of the vaccination campaign, thus leading to uncertainties on the pace of recovery from the crisis.

## 9. FINANCIAL RISKS RELATED TO THE ENVIRONMENT

As part of the processing of the investment files submitted to it, CFG Bank analyses, assesses and covers the environmental impacts, among other things, by evaluating the financial risks that may result from them.

The mapping of risks will therefore be extended to include the environmental aspect.

The Bank also ensures compliance with national environmental standards both in the granting of loans and in the monitoring of commitments.

## II. RISKS RELATED TO PERPETUAL SUBORDINATED BONDS

### A- General risks related to subordinated bonds

#### Interest rate risk

The risk of changes in interest rates may affect the yield on bonds, the rate of which is reviewed every five years. An increase in interest rates would have the effect of reducing the value of the bonds held.

#### Risk of default

The bonds covered by the securities note may present a risk that the Issuer will not be able to meet its contractual obligations to the bondholders. This risk translates into a potential non-payment of coupons and/or non-repayment of principal.

### A- Risks specific to perpetual subordinated bonds

The risk factors listed below should not be considered as exhaustive and may not cover all the risks involved in an investment in perpetual subordinated bonds.

The attention of potential investors likely to subscribe to perpetual subordinated bonds, subject of the securities note, is drawn to the fact that an investment in this type of bonds is subject to the following main risks:

#### Risk related to the introduction on the Moroccan financial market of a new instrument

Perpetual subordinated bonds are considered, according to the international standards of the Basel Committee and to the circular no. 14/G/2013 of Bank Al-Maghrib, as additional capital instruments. These instruments are regularly issued by international banks, but remain new for some Moroccan investors. Each potential investor should determine the appropriateness of this investment in light of its own circumstances and should have sufficient financial resources and liquidity to bear the risks of such investment, including the possibility of depreciation of the nominal value of these securities (see risk linked to the depreciation of the nominal value of the securities below) as well as the possibility of cancellation of the payment of the interest amount (see risk linked to the possibility of cancellation of the payment of the interest amount below).

#### Risk related to the complexity of the instrument

The bonds subject to this issue are complex instruments insofar as the associated "pay-off" is not entirely predictable. Indeed, the Issuer has full discretion to cancel the payment of interest for an indefinite period and on a non-cumulative basis. Also, the nominal value of the bonds may be impaired in the event that the Trigger Level is reached. Moreover, an appreciation of the nominal value is provided for but it remains subject to the agreement 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 make the future cash flows of the bonds difficult to predict, their forecasting being based on several assumptions and parameters (financial health of the Issuer, forecast level of prudential ratios, other commitments and obligations of the Issuer, etc.).

The nature of the 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, the repayment of the capital can only be made at the initiative of the Issuer and after prior approval of Bank Al-Maghrib. Such redemption may not be made before a period of five years from the issue date, subject to a minimum notice period of five years.

### **Subordination clause risk**

The capital and interests are subject to a subordination clause, according to which, in case of liquidation of the Issuer, the repayment will take place only after payment of all the traditional, privileged or unsecured creditors and after all the other fixed-term subordinated loans which have been issued and which could be issued subsequently by the Issuer, both in Morocco and internationally.

### **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 6.0% within the framework of the securities note and this, in accordance with the provisions of the technical notice of Bank Al-Maghrib setting the application modalities of the circular no. 14/G/2013 relating to the capital of credit institutions) on an individual or consolidated basis, the securities are depreciated by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of CET1 ratio and the effective 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 a possible depreciation of the nominal value of the securities, and if the financial situation of the Issuer having required this depreciation improves, CFG Bank may immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. CFG Bank constantly monitors compliance with the international standards of the Basel Committee and the regulatory directives of Bank Al-Maghrib.

To this end, CFG Bank has a regulatory risk management policy that enables it to:

- Have a solid financial base allowing it to meet all its commitments;
- Respect all the regulatory ratios required by Bank Al-Maghrib;
- Build up an additional capital cushion enabling it to absorb the shocks of the regulatory and internal stress tests and to guarantee the respect of the post stress test thresholds, namely (i) a Tier 1 capital ratio at least equal to 9%, exceptionally reduced to 8.5% by Bank Al-Maghrib until June 2022, (ii) a Core Tier 1 capital ratio (CET1) at least equal to 8%, and (iii) a ratio on total Tier 1 and Tier 2 capital at least equal to 12%, exceptionally reduced to 11.5% by Bank Al-Maghrib until June 2022;
- Meet the regulator's requirements in terms of reporting solvency ratios (half-yearly publications of Pillar III intended to guarantee transparency of financial information: details of prudential ratios, composition of regulatory capital, distribution of weighted risks).

As of December 31, 2021<sup>1</sup>, CFG Bank's prudential ratios were as follows:

	Corporate base	Consolidated base
Tier 1 ratio	10.12%	10.6%
CET1 ratio	8.8%	9.4%
Solvency ratio	12.7%	12.5%

Source: CFG Bank

### **Risk related to the possibility of cancellation of the payment of the interest amount**

The investor is subject to the risk of cancellation of the payment of the interest amount (in whole or in part) for an indefinite period and on a non-cumulative basis. The decision of such cancellation remains at the discretion of the Issuer, after prior approval by Bank Al-Maghrib, in order to meet its obligations.

<sup>1</sup> The historical Tier 1 ratio and solvency ratio are presented in the CFG Bank reference document for the year 2020. The said forecast ratios are presented in the update no. 1 of the CFG Bank reference document for the year 2021.

**Risk related to the possibility of cancellation of the payment of the interest amount**

The investor is subject to the risk of cancellation of the payment of the interest amount (in whole or in part) for an indefinite period and on a non-cumulative basis. The decision of such cancellation remains at the discretion of the Issuer, after prior approval by 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 6.0%, thus triggering the depreciation of the nominal value of the securities, could be generated by several factors, among which mainly

- the realization of substantial losses following a possible increase in the claims ratio or an adverse and material evolution of the interest rate environment
- the introduction of new accounting standards
- the entry into force of new regulatory requirements.

In the event of the occurrence of one or more of these risk factors, the deterioration of the level of the CET 1 ratio can only occur if CFG bank and its shareholders do not implement all the corrective measures enabling it to comply with all the regulatory ratios required by Bank Al Maghrib, i.e. a minimum CET 1 ratio of 9.0% and a minimum solvency ratio of 12.0%.

**Risk related to the liquidity and negotiability of securities**

The bonds, subject of the securities note, by their complexity are not adapted to non-qualified investors. Therefore, the trading of the said bonds is strictly reserved to qualified investors listed in the securities note, even on the secondary market. This limitation could reduce the liquidity of the bonds subject of the current issue compared to other bonds whose negotiability is not restricted.

**Risk related to the presence of several options in favor of the Issuer**

The bonds, subject of the securities note, contain several options in favor of the Issuer, namely:

- Early redemption option;
- Option of depreciation/appreciation of the nominal value of the securities;
- Option to cancel the payment of the interest amount.

Any potential investor must take into account these options when making an investment decision according to their own objectives and constraints. The investor must also integrate these options in his bidding proposal as well as in the determination of the fair value of the securities.

**Risk related to additional indebtedness**

The Issuer may issue additional debt at a later date that ranks equal to or higher than the bonds that are the subject of the note. Such issuances would reduce the amount recoverable by the holders of these bonds in the event of liquidation of the Issuer.

## Disclaimer

The above-mentioned information constitutes only a part of the prospectus approved by the Moroccan Capital Market Authority on September 15, 2022, under reference no. VI/EM/026/2022.

The AMMC recommends reading the whole prospectus made available to the public in French.

