CFG BANK

Prospectus Summary relating to the Initial Public Offering by way of a Share Capital Increase Reserved for the Public through the Issue of 5,454,545 New Class "A" Shares, with Cancellation of Shareholders' Preferential Subscription Rights

The AMMC-approved prospectus comprises (i) the reference document for the 2022 financial year and the first half of 2023, registered by the AMMC on November 22, 2023, under reference no. EN/EM/029/2023, and (ii) the securities note.

Fixed Price Offering

Nature of security	Ordinary shares
Subscription price	MAD 110
Nominal value	MAD 20
Number of new shares to be issued	5,454,545 Class "A" Shares
Total amount of the operation (including issue premium)	MAD 599,999,950
Subscription period	from 11/30/2023 to 12/07/2023 at 3:30 p.m. inclusive

This offering is not intended for money-market and short-term bond UCITS

Financial Advisors

Leader of the Placement Syndicate

Co-Leaders of the Placement Syndicate

Members of the Placement Syndicate

Visa of the Moroccan Capital Markets Authority (AMMC)

In accordance with the provisions of the AMMC circular issued in application of article 5 of law 44-12 relating to public offerings and the information required from legal entities and organizations making public offerings, the prospectus was approved by the AMMC on November 22, 2023, under reference number no. VI/EM/031/2023.

The securities note constitutes only part of the AMMC-approved prospectus. The latter comprises the following documents: (i) the reference document for the 2022 financial year and the 1st half of 2023, registered by the AMMC on November 22, 2023, under reference no. EN/EM/029/2023 (ii) and the securities note.

Disclaimer

In view of CFG Bank's IPO, covered by the securities note, the Extraordinary General Meeting held on November 16, 2023, resolved to:

- *Maintain the existing share classes by renaming them as follows:*
    - *Current class "A" shares will become class "F" shares, held exclusively by the founders;*
    - *Current class "B" shares will become class "A" shares, held by all the Company's shareholders, including the investing public.*
- *Reduce the nominal value of the shares making up the Company's share capital from MAD 100 to MAD 20, with effect from the first day of listing on the Casablanca Stock Exchange, scheduled for December 18, 2023. In this context, all information presented in the securities note is based on a nominal value of 20 MAD per share (unless otherwise indicated).*

On November 22, 2023, the AMMC approved a prospectus relating to CFG Bank's Initial Public Offering (IPO) by way of a share capital increase reserved for the public through the issue of 5,454,545 new class "A" shares, with cancellation of shareholders' preferential subscription rights.

The AMMC-approved prospectus is available at any time at CFG Bank's head office, on the www.cfgbank.com website and from its financial advisors. It is also available within a maximum period of 48 hours from order-collecting institutions.

The AMMC visa applies to the prospectus comprising the following documents:

- The securities note relating to CFG Bank's IPO;
- The reference document relating to the 2022 financial year and the 1st half of 2023, registered by the AMMC on November 22, 2023, under reference no. EN/EM/029/2023.

The AMMC-approved prospectus is available at any time on:

- CFG Bank's website: www.cfgbank.com
- the AMMC website: www.ammc.ma
- the Casablanca Stock Exchange website: www.casablanca-bourse.com

This summary is translated by the firm 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.

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PART I – STRUCTURE OF THE OFFER

I. Structure of the offer

I.1. Amount of the Operation

CFG Bank plans to carry out an initial public offering of MAD 599,999,950 through a cash share capital increase by issuing 5,454,545 new class "A" shares at a subscription price of MAD 110 per share, i.e. MAD 20 in nominal value and MAD 90 in share premium. The total amount of the share capital increase will be MAD 599,999,950, of which MAD 109,090,900 as nominal value and MAD 490,909,050 as issue premium.

I.2. Structure of the offer

Order type	I	II	III
Subscribers	• Natural persons, resident or non-resident, of Moroccan or foreign nationality; • Legal entities governed by Moroccan or foreign law, not belonging to the categories of qualified investors as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, and having more than one year's existence as of the subscription date; • Qualified investors under Moroccan law as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, excluding money-market and short-term bond UCITS; • Qualified foreign investors as defined by article 1.30 paragraph (c) of AMMC circular no. 03/19.	• Natural persons, resident or non-resident, of Moroccan or foreign nationality; • Legal entities governed by Moroccan or foreign law, not belonging to the categories of qualified investors as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, and having more than one year's existence as of the subscription date; • Qualified investors under Moroccan law as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, excluding money-market and short-term bond UCITS; • Qualified foreign investors as defined by article 1.30 paragraph (c) of AMMC circular no. 03/19.	• Natural persons, resident or non-resident, of Moroccan or foreign nationality, employees and/or executives of CFG Bank and/or its subsidiaries in accordance with article 143 of law 17-95. • Employees and/or executives of the Group eligible to participate in the subscription to this order type are those present within the Group no later than June 30, 2023, and who have not resigned as of the subscription date.
Offering amount	MAD 300,000,030	MAD 214,970,250	MAD 85,029,670
In % of the total Operation amount	50.0%	35.8%	14.2%

Number of shares	2,727,273	1,954,275	772,997
Subscription price	MAD 110 per share	MAD 110 per share	MAD 110 per share
Minimum subscription per investor	27,273 shares, i.e., MAD 3,000,030	No minimum	No minimum
Subscription ceiling per investor	• For all investors other than UCITS, 10% of the total number of shares offered under the Operation, representing 545,454 shares, i.e., MAD 59,999,940; • For UCITS, the minimum between: ✓ 10% of the total number of shares offered under the Operation, representing 545,454 shares, i.e., 59,999,940 MAD and; ✓ 10% of the UCITS net assets corresponding to the net asset value as of November 29, 2023.	• For all investors other than UCITS, 10% of the total number of shares offered under the Operation, representing 545,454 shares, i.e., MAD 59,999,940; • For UCITS, the minimum between: ✓ 10% of the total number of shares offered under the Operation, representing 545,454 shares, i.e., 59,999,940 MAD and; ✓ 10% of the UCITS net assets corresponding to the net asset value as of November 29, 2023.	• 10% of the total number of shares offered under the Operation, representing 545,454 shares, i.e., MAD 59,999,940.
Placement	• For qualified investors under foreign law as defined by article 1.30 paragraph (c) of AMMC circular no. 03/19, excluding UCITS: Leader and co-leaders of the Placement Syndicate (PS); • For qualified investors under Moroccan law as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, excluding UCITS: Leader and co-leaders of the Placement Syndicate (PS); • For the other categories of investors, excluding money-market and short-term bond UCITS: All PS members.	• For qualified investors under foreign law as defined by article 1.30 paragraph (c) of AMMC circular no. 03/19, excluding UCITS: Leader and co-leaders of the Placement Syndicate (PS); • For qualified investors under Moroccan law as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, excluding UCITS: Leader and co-leaders of the Placement Syndicate (PS); • For the other categories of investors, excluding money-market and short-term bond UCITS: All PS members.	• CFG Bank

Subscription coverage	• For natural or legal persons under Moroccan or foreign law (non-qualified), subscriptions must be 100% covered by: ✓ an effective deposit (cheque, cash or bank transfer) on the subscriber's account, and/or; ✓ collateral consisting of securities as follows: · government bonds: taken at a maximum of 100% of the value on the subscription date; · money-market UCITS with daily net asset value: taken at a maximum of 100% of the value on the subscription date; · units of UCITS with daily net asset value (excluding money-market funds), term deposits, listed shares: taken at a maximum of 80% of the value on the subscription date. • For qualified investors under Moroccan law: no coverage at the time of subscription. • For qualified investors under foreign law (i) who have more than one year's existence as of the operation subscription date, or (ii) who have already carried out an operation on the primary or secondary market of	• For natural or legal persons under Moroccan or foreign law (non-qualified), subscriptions must be 100% covered by: ✓ an effective deposit (cheque, cash or bank transfer) on the subscriber's account, and/or; ✓ collateral consisting of securities as follows: · government bonds: taken at a maximum of 100% of the value on the subscription date; · money-market UCITS with daily net asset value: taken at a maximum of 100% of the value on the subscription date; · units of UCITS with daily net asset value (excluding money-market funds), term deposits, listed shares: taken at a maximum of 80% of the value on the subscription date. • For qualified investors under Moroccan law: no coverage at the time of subscription. • For qualified investors under foreign law (i) who have more than one year's existence as of the operation subscription date, or (ii) who have already carried out an operation on the primary or secondary market of	• For eligible employees and/or executives, subscriptions must be 100% covered by: ✓ an effective deposit (cheque, cash or bank transfer) on the subscriber's account, and/or; ✓ collateral consisting of securities as follows: · government bonds: taken at a maximum of 100% of the value on the subscription date; · money-market UCITS with daily net asset value: taken at a maximum of 100% of the value on the subscription date; · units of UCITS with daily net asset value (excluding money-market funds), term deposits, listed shares: taken at a maximum of 80% of the value on the subscription date. • Collateral coverage is subject to CFG Bank's discretion. Subscription coverage in cash, cheque, bank transfer and/or collateral must remain blocked until the securities are allocated on December 12, 2023. • The Operation may be financed by own equity, by a loan from CFG Bank, or by a combination of the two.

	the Casablanca Stock Exchange: no coverage at the time of subscription.
	• For foreign-qualified investors (i) who have no more than one year's existence at the date of subscription of this operation, and (ii) who have not already carried out an operation on the primary or secondary market of the Casablanca Stock Exchange: 30% coverage by an effective deposit (cheque, cash or bank transfer) or 100% coverage by a bank guarantee.
	• Collateral coverage is subject to the discretion of each PS member selected by the subscriber. Subscription coverage in cash, cheque, bank transfer and/or collateral must remain blocked until the securities are allocated on December 12, 2023.
		the Casablanca Stock Exchange: no coverage at the time of subscription.
		• For foreign-qualified investors (i) who have no more than one year's existence at the date of subscription of this operation, and (ii) who have not already carried out an operation on the primary or secondary market of the Casablanca Stock Exchange: 30% coverage by an effective deposit (cheque, cash or bank transfer) or 100% coverage by a bank guarantee.
		• Collateral coverage is subject to the discretion of each PS member selected by the subscriber. Subscription coverage in cash, cheque, bank transfer and/or collateral must remain blocked until the securities are allocated on December 12, 2023.
			• Eligible employees and/or executives wishing to subscribe to this type of order by taking out a loan with CFG Bank will benefit from the following terms and conditions:
			  • The amount of the loan granted to each subscriber covers the maximum number of shares held by the eligible employee and/or executive, as well as the subscription of the remainder;
			  • A two-year grace period (interest and capital), with interest capitalized quarterly.
			  • The loan can be fully or partially repaid at any time during the two-year period. At the end of the two-year period, each eligible employee and/or executive will have the option of either repaying their loan, mainly through the sale of their shares, or refinancing it via a medium-term loan with CFG Bank, the terms of which will be defined at a later date.
			  • If the employee / executive repays the loan at the end of the two-year period through the sale of their own securities, the capital gain corresponding to the difference between the share price at the time of the sale of the securities and the subscription price of the securities

			will revert to the employee. Consequently, in the event of a capital loss, the employee will bear the remainder of the loan.
Allocation terms	• Pro-rated allocation	• 1st allocation: by iteration up to 200 shares per subscriber; • 2nd allocation: allocation of the remainder in proportion to the number of applications exceeding 200 shares.	• 1st allocation: each eligible employee and/or executive may subscribe to a maximum number of shares as allocated (ranging from 3 to 27 months' net salary, depending on seniority and position held within the Group). In the event of a remainder, a 2nd allocation will be made as indicated below; • 2nd allocation: Each eligible employee and/or executive may request to participate in the allotment of the remainder, within the initial allotment ceiling, in the event that all the shares issued are not fully subscribed at the time of the 1st allocation. Allocations will be made iteratively, until the remainder has been used up.
Transfer rules	• If the number of shares requested under Order Type I is less than the corresponding offer, the difference is allocated to Order Type II and then III.	• If the number of shares requested under Order Type II is lower than the corresponding offer, the difference is allocated to Order Type I and then III.	• If the number of shares requested for order type III is lower than the corresponding offer, the difference is allocated to order type II then I.

II. Financial instruments offered

II.1 Characteristics of the securities offered

Type of securities	Class "A" ordinary shares
Legal form	The shares to be issued under this operation will all be bearer shares. These shares are fully dematerialized, registered with financial intermediaries and admitted to trading on Maroclear. All subscribers, irrespective of the number of shares they own, have the right to request the registration of their shares in the Company's register with their account keeper.
Amount of the operation	MAD 599,999,950
Total number of shares to be issued	5,454,545
Subscription price	MAD 110 per share
Initial listing procedure	Firm Price Offering
Nominal value	MAD 20 per share
Issue premium	MAD 90 per share
Share payment	The shares offered will be fully paid up and free of any commitment.
Listing line	1st line
Entitlement date	January 1, 2023 (the new shares will carry dividend rights and will be fully assimilated to the existing shares). The new shares will be entitled to any distributions of profits or distribution of reserves that may be decided by the Company as from the date of final completion of the Operation.
Subscription period	From 11/30/2023 to 12/07/2023 at 3:30 p.m. inclusive
Tradability of securities	The shares covered by this operation are freely tradable. There is no statutory clause restricting the free trading of the shares making up the Company's capital.
Share payment method	In cash
Listing of the shares covered by this operation	The shares to be issued under this IPO will be admitted to the Principal Market, Compartment "Principal F" of the Stock Exchange.
ISIN code	MA0000012627

Listing date of new shares	December 18, 2023
Rights attached to newly issued shares	All shares benefit from the same rights, both in the distribution of profits and in the distribution of liquidation surpluses. Each share carries one voting right at General Meetings. However, in accordance with Article 257 of Law 17-95, all fully paid-up shares in the Company that have been registered in the name of the same shareholder for at least two years will be entitled to double the voting rights conferred on other shares, in proportion to the percentage of share capital they represent. Double voting rights will be allocated to shareholders holding registered shares meeting the conditions set out in Article 257 of Law 17-95 on the last trading day of each month. Double voting rights will be published by the Company: • on its website, on the first trading day following the Allocation and following each change in said voting rights; and • in the official bulletin of the Casablanca Stock Exchange, no later than the second trading day following the Allocation and following each change in the number of said voting rights. The Company will send the Casablanca Stock Exchange a breakdown of voting rights on the first trading day following the Allocation and after each change in the number of voting rights. Account-keepers are required to send details of all purchases and sales of registered shares by their clients to the centralizing body. This information must be sent on the same day as the operations are settled. In accordance with article 258 of Law 17-95, any share entitled to double voting rights in accordance with the above stipulations loses this right in the event of transfer of ownership to third parties or conversion into a bearer share. However, double voting rights are retained in the event of the conversion of a class "F" share into a class "A" share, provided that such conversion does not result in a transfer of ownership of the said share. The transfer of ownership of shares by succession does not deprive them of double voting rights, nor does it suspend the two-year period provided for in article 257 of Law 17-95. In the event of a shareholder selling their registered shares, the shares to be sold first will be those acquired by the shareholder concerned at the most recent date. The rights of holders of registered shares derive solely from their entry in the transfer register. This register, listed and initialed by the president of the court, is kept by the Company at its registered office, and must record, in chronological order, subscriptions and transfers of Company shares.
Preferential subscription rights	The Extraordinary General Meeting held on November 16, 2023, decided to waive shareholders' preferential rights in favor of the investing public

	(i.e., any person entitled to subscribe to the share capital increase) for all the shares to be issued under the Operation.

II.2 Listing characteristics of Class "A" shares to be issued

1st listing date	December 18, 2023
Name	CFG BANK
Ticker	CFG
Listing compartment	Principal F
Sector of activity	Banking
Trading cycle	Continuous
MBS (Minimum Block Size)	94 000[1]
Listing line	1st line
Maximum number of shares to be issued	5,454,545 class "A" shares
Institution in charge of registering the Operation	CFG Marchés

It should be noted that, by virtue of the commitment given by the founding shareholders, i.e. Mr. Adil Douiri and Mr. Amyn Alami, to retain the "F" class shares for a period of 10 years, corresponding to the maximum life of the said class of shares, the "F" class shares will not be listed on a separate line and will be listed on the same line as the "A" class shares, i.e. the first line. The commitments of the founders are detailed in the appendix to the securities note.

II.3 Elements used to assess the terms of the offer

Subscription price determination

In accordance with the powers vested in it by the Extraordinary Shareholders' Meeting of November 16, 2023, the Board of Directors, meeting on November 16, 2023, notably decided to list the Company on the stock market through a share capital increase for an amount of MAD 599,999,950, (including issue premium) through the issue of 1,090,909 Class A shares at a subscription price of MAD 550 per share.

The Board also set the definitive characteristics of the operation.

Valuation methodology

Discarded valuation methods

Stock market comparables
The stock market comparables method is an analogous valuation method for estimating a company's equity value based on the valuation levels of comparable companies listed on the stock market. Once the sample of comparable companies has been determined, the principle consists in selecting the indicators to be used

[1] Based on a nominal value of MAD 20

as a basis for comparison, calculating the multiples induced by the market value and aggregates of the comparables, and then applying these multiples to the aggregates of the company being valued.

Given (i) CFG Bank's growth profile, (ii) its size and (iii) the weight of its core banking business compared with its other activities (financing and investment), which are significantly different from those of other banks listed on the Casablanca Stock Exchange, this valuation approach was not adopted.

Transactional comparables

This method involves valuing a company on the basis of the implied valuation multiples of a sample of transactions in its sector of activity, whose target companies have comparable financial and operating characteristics to the company being valued.

In the absence of publicly available and verified financial information (such as transaction amounts and implied multiples) relating to recent prior transactions involving companies comparable to CFG Bank, this method was not used.

Net Asset Value (NAV) or patrimonial method

Net asset value is an asset-based approach that consists in valuing a company's various assets and liabilities separately, without taking into account its future development prospects. This method is generally applied in a context of asset liquidation, or to value property and/or portfolio companies, which is neither the nature nor the situation of CFG Bank.

Consequently, this valuation method was not adopted.

Discounted Cash-Flows (DCF)

The Discounted Cash-Flow method is an intrinsic method for determining a company's enterprise value.

This method consists of calculating the value of a company's economic assets (enterprise value) using the sum of future cash flows generated by the company (free cash flow to the firm), discounted at the weighted average cost of capital. The weighted average cost of capital (WACC) represents the return required by providers of funds (shareholders and creditors) weighted by their respective levels of commitment to financing the company's economic assets. Once the enterprise value has been determined, the value of shareholders' equity is obtained by deducting net debt and minority interests.

As the concept of "Free Cash-Flow to the Firm" is not suitable for banking institutions, this valuation method was not used.

Retained valuation methods

Two valuation methods have been used to value CFG Bank shares in the context of this operation:

- The discounted value of surplus shareholders' equity;
- The transactional reference.

The discounted value of surplus shareholders' equity

The discounted value of surplus shareholders' equity method is one of the benchmark valuation methods used by banks in particular.

This method consists of discounting non-cash flows corresponding to the difference between:

- the bank's effective Core Equity Tier 1; and

- The theoretical Core Equity Tier 1 required to meet the minimum regulatory CET 1 ratio, as defined by Bank Al Maghreb, plus any additional conservation buffer estimated by the bank.

This reflects the future dividend flows potentially distributable by the bank, taking into account regulatory solvency requirements.

Transactional reference

The transactional reference method consists of valuing a company on the basis of the prices at which recent transactions involving its capital have taken place.

Key assumptions of the post-money business plan

The forecasts below are based on assumptions made by CFG Bank's management, the realization of which is by nature uncertain. Actual aggregates may differ significantly from the information presented. These forecasts are provided for information purposes only and may not be considered as a firm or implicit commitment on the part of the Issuer. It should also be noted that these forecasts are based on a post-money business plan reflecting the value of CFG Bank following the share capital increase described in the securities note.

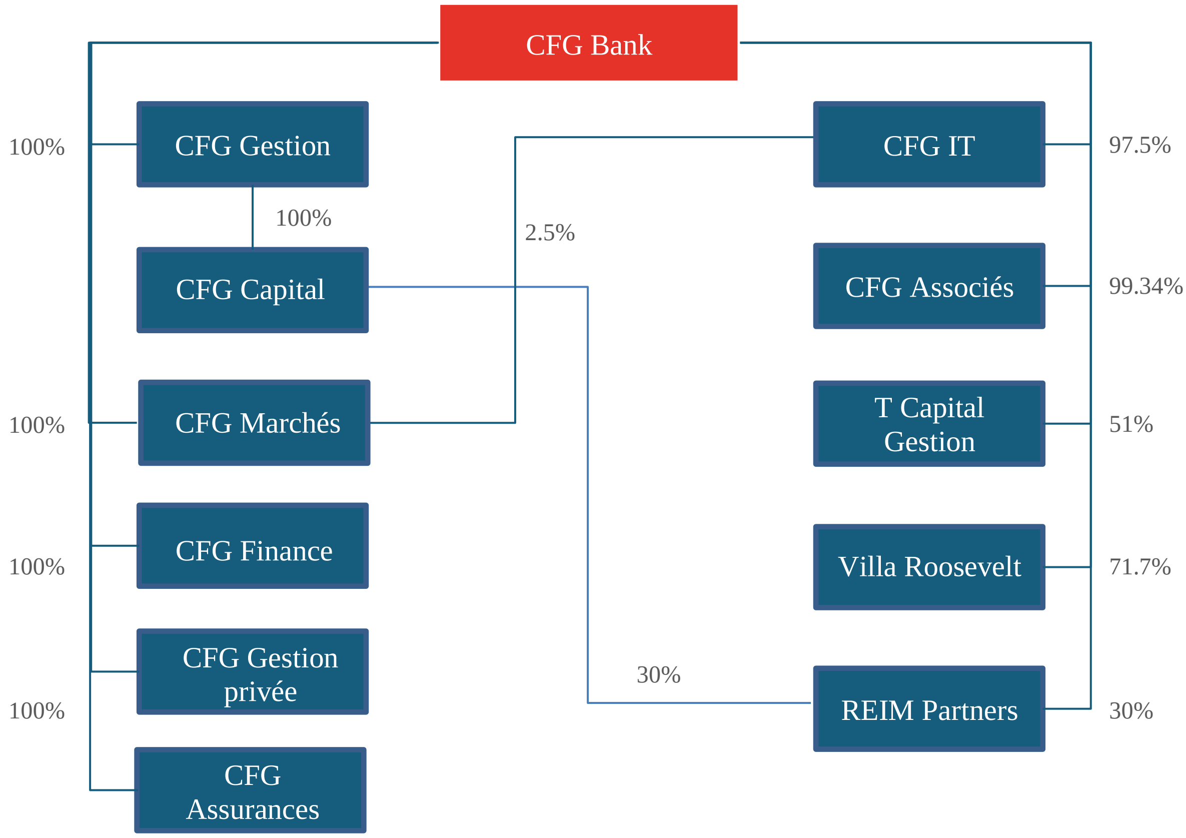
The post-money business plan is explained by the fact that this share capital increase will essentially enable CFG Bank to strengthen its equity capital, improve its prudential ratios and consequently increase its financing capacity and the granting of new loans to its clients. In addition, this share capital increase will immediately free up new financing capacity and is not intended exclusively to finance future investments which may not come to fruition.

General assumptions

The post-money business plan (i.e., taking into account the impact of the share capital increase covered by this operation), which served as the basis for the valuation using the discounted cash flow method, was prepared by CFG Bank's management for an explicit 5-year horizon: 2023e - 2027p.

The business plan presented below is limited to the scope of existing products and services and does not take into account potential opportunities arising from CFG Bank's future development projects.

Scope of the post-money business plan



The main assumptions of the post-money business plan are presented below:

Core Equity Tier 1 assumptions:

Core Equity Tier 1 is determined by applying regulatory deductions and restatements to book capital. Assumptions for changes in shareholders' equity over the period 2023^{e} - 2027^{p} are determined as follows:

- Continued growth in the Group's consolidated net banking income, which will increase by 17% over the period 2023^{e} - 2027^{p}, compared with almost 31% over the period 2020 - 2023, with the main assumptions being:
    - Growth in outstanding loans, which should reach MMAD 20,804 in 2027 versus MMAD 11,076 in 2023, i.e., a CAGR of 17% over the period 2023^{e} - 2027^{p}, versus almost 29% over the period 2020 - 2023. The increase in outstanding loans is based on loan production assumptions in line with current achievements in terms of team productivity. The increase in net new loans is due, among other things, to the expansion of the product range offered to the Bank's clients in its current segments, and essentially to the increase in regulatory capital, which improves lending capacity and average loan-to-value ratios, particularly for large corporates.
    - Given the difficulty of forecasting medium-term lending and deposit interest rates, the rates in force in the 2nd half of 2023 have been maintained over the business plan horizon, for both loan production and interest-bearing deposit collection rates.
    - Growth in outstandings on non-interest-bearing deposits, with average outstandings per client in line with current levels, and stable over the period 2023^{e} - 2027^{p}. Assumptions for the uptake of non-interest-bearing deposits are thus determined based on growth in the number of clients. In addition, growth in interest-bearing deposits depends on trends in outstanding loans and demand deposits.
    - Increased recurring fees generated by the diversity of the Group's businesses, notably banking fees that are growing in line with the increase in the number of clients, as well as asset management and rental property management fees, which generate recurring revenues.
    - As investment banking and capital markets activities are correlated with financial markets, the assumption adopted is to maintain current market shares in a market estimated to be flat.
- Good control of expenses, with a marked improvement in the cost/income ratio over the period, from 65% in 2023 to 47% in 2027. This improvement is largely due to the rise in net banking income, which grew faster than expenses over the period 2023^{e} - 2027^{p}, with net banking income up 17% and expenses up 7%. It should be noted that the cost/income ratio over the period 2023^{e} - 2027^{p} is gradually converging towards banking sector averages.

  Furthermore, the structure of operating expenses, considered as fixed costs, should increase slightly over the period 2023^{e} - 2027^{p}, mainly driven by the rise in personnel costs, which represent 54% of expenses on average over the Business Plan period. This rise is mainly due to the increase in payroll to support business growth. The remaining expenses mainly concern network operating costs, information systems and communications.

- Provisions for credit risk will grow by an average of 28% a year over the period 2023^{e} - 2027^{p}, due partly to the 17% increase in outstandings, and partly to forecasts of a gradual rise in claims experience and the coverage ratio over the period. ECL (Expected Credit Loss) on buckets 1 and 2 remain in line with historical levels.

Risk Weighted Asset (RWA) assumptions:

It should be noted that RWA is made up of:

- Credit risk;
- Market risk;
- Operational risk; and
- "Other assets" risk.

The main assumptions underlying the changes in CFG Bank's RWA components over the period under review are presented below:

Credit risk

Credit risk is calculated in accordance with regulatory requirements, by type of credit and client, in line with the assumptions set out in the Business Plan. RWA credit should reach MMAD 7,402 in 2023 and MMAD 13,971 in 2027, representing an average annual growth rate of 17.2%.

Market risk

The main assumptions used to estimate market risk are calculated by portfolio type and asset class, distinguishing between currency risk, interest-rate risk (general and specific) and equity risk. Market RWA is expected to remain stable over the period 2024p - 2027p, at MMAD 981 versus MMAD 1,119 in 2023.

Operational risk

Operational risk is calculated by applying the standard approach based on the 3-year average of net banking income, weighted in accordance with regulatory requirements. RWA would thus rise from MMAD 837 in 2023 to MMAD 1,080 in 2027, representing an average annual growth rate of 6.6%.

"Other Assets" risk

The main assumptions used to estimate "Other Assets" are essentially linked to net investments and business growth. The "Other Assets" risk would thus rise from MMAD 1,098 in 2023 to MMAD 1,139 in 2027, representing an average annual growth rate of 0.9%.

Investment policy over the business plan period

Capital investments planned for the period 2023e - 2027p break down as follows:

- Investments relating to the construction of the new headquarters and network development for a cumulative total of MMAD 280 over the explicit period of the business plan. It should be noted that the total investment envelope for the construction of the future headquarters amounts to MMAD 300, of which MMAD 100 remains to be disbursed over the period 2024 - 2027;
- Investments in information systems totaling almost MMAD 130 over the explicit business plan period.

Corporate income tax and social solidarity contribution assumptions:

Corporate income tax is calculated according to the standard tax rates applicable in Morocco in 2023.

It should be noted that the business plan takes into account the gradual convergence of the 37% corporate income tax rate applied to credit institutions towards the target rate of 40% during the transitional period from January 1, 2023, to December 31, 2026, as follows:

- 37.75%, for financial years beginning on or after January 1, 2023;
- 38.50%, for the financial year beginning on or after January 1, 2024;
- 39.25%, for the financial year beginning on or after January 1, 2025;
- 40%, for the financial year beginning on or after January 1, 2026.

The business plan takes into account the social solidarity contribution in accordance with the scale set out in the General Tax Code:

- 0% for profits under KMAD 1,000;
- 1.5% for profits between KMAD 1,000 and KMAD 5,000;
- 2.5% for profits between KMAD 5,000 and KMAD 10,000;
- 3.5% for profits between KMAD 10,000 and KMAD 40,000;
- 5.0% for profits in excess of KMAD 40,000.

It should be noted that the social solidarity contribution is calculated at the level of each Group entity over the period 2023e - 2027p.

Dividend assumptions

Subject to approval by the Annual General Meeting and the approval of Bank Al-Maghrib, CFG Bank plans to propose each year a dividend of between 50% and 60% of its social net income.

Valuation methods used

Valuation using the discounted value of surplus shareholders' equity method

Method presentation

The valuation of credit institutions using the discounted surplus capital method is carried out by discounting potentially distributable dividends at the cost of equity.

This involves quantifying the potential for dividend distribution (referred to as "potentially distributable dividends"), taking into account the bank's operating forecasts and regulatory requirements, notably in terms of the solvency ratio.

Indeed, given the nature of their business, banking institutions are required to comply with regulatory and prudential constraints, notably requiring them to maintain a certain level of equity to be able to cover their solvency ratio. Credit institutions are required to maintain a Core Equity Tier 1 ratio of 8.0% (ratio of Core Equity Tier 1 to risk-weighted assets) at all times.

The forecasts for potentially distributable dividends have been established taking into account prudential capital requirements (enabling compliance with the Core Equity Tier 1 ratio of 8.0%), plus an additional safety cushion of 100 bps for reasons of prudence, i.e., 9%.

The equity value corresponds to the sum of:

- The value of the 2023 flow and the present value of future dividend flows potentially distributable over an explicit four-year horizon (in respect of the years 2024 - 2027) in order to ensure the reliability of the assumptions underlying the preparation of the business plan; and
- The terminal value representing CFG Bank's value at the end of the explicit horizon. It is generally determined on the basis of the Gordon Shapiro method, by perpetually discounting an increasing normative cash flow at a rate g.

$$E_v = \sum_{i=1}^{n} \frac{DF_i}{(1+E_c)^i} + \frac{T_v}{(1+E_c)^n}$$

E_v: Equity value;
n : Explicit business plan horizon;
DF_i: Dividend flows potentially distributable over the explicit business plan horizon;
T_v: Terminal value;
E_c: Discount rate corresponding to the equity cost.

Terminal value is estimated using the Gordon Shapiro method and the following formula:

$$Terminal\ Value = \frac{Normative\ cash\ flow}{E_c - g}$$

***Normative cash flow*:** cash flow calculated on the basis of the latest available cash flow over the business plan horizon, and on the following elements:

- ✓ Perpetual growth rate of 2.11%, applied to estimated RWA in 2027p;
- ✓ Core Equity Tier 1 (group share) estimated on the basis of Core Equity Tier 1 (group share) and net income forecast for 2027p. A perpetual growth rate of 2.11% has been applied only to net income forecast for 2027p;
- ✓ Target Core Equity Tier 1 ratio maintained at 9.0%.

g: perpetual growth rate set at 2.11%[1];
E_c: Equity cost set at 8.95%.

Equity cost calculation

The discount rate corresponding to the equity cost (E_c) is calculated as follows:

$$E_c = r_f + (\beta \times m_r)$$

Where:

- r_f: Risk-free rate (secondary market 10-year Treasury bill rate as of September 25, 2023, i.e. 4.17%);
- β: Beta (i.e. 0.80[2]);
- m_r: Equity market risk premium in Morocco (i.e., 5.97%[3]).

Accordingly, the equity cost used to discount potentially distributable dividend flows over the explicit horizon of the business plan is determined as follows:

CFG Bank's equity cost		
r_f	Risk-free rate: 10-year TB as of September 25, 2023	4.17%
β	Beta	0.80x
m_r	Market risk premium	5.97%
Equity cost		**8,95%**

[1] Source: International Monetary Fund, World Economic Outlook Database, October 2023 (forecast inflation in 2028 for Morocco).
[2] Source: Emerging Market beta of 91 companies operating in the "Banks (Regional)" sector, as published by Damodaran in January 2023.
[3] Average risk premiums from CFG Research (at 4.2%, obtained using a prospective method) published in September 2023, Attijari Global Research (resulting in 6.0% and obtained by survey) published in July 2023 and BMCE Capital Research (resulting in 7.7% and obtained by a prospective method) published in September 2023.

Results of the discounted value of surplus shareholders' equity method

Based on the business plan prepared by CFG Bank for the period 2023e - 2027p, future dividend flows are as follows:

In MMAD	2023e	2024p	2025p	2026p	2027p	Normative flow
Core Equity Tier 1 - Theoretical						
RWA (risk-weighted assets) (1)	10 456	12 187	13 347	15 196	17 172	17 534
Core Equity Tier 1 ratio - Target (2)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Core Equity Tier 1 - Theoretical (1)x(2) = (3)	**941**	**1 097**	**1 201**	**1 368**	**1 545**	**1 578**
Potentially distributable dividends						
Share capital	*700*	*700*	*700*	*700*	*700*	*700*
Capital reserves	*654*	*654*	*654*	*654*	*654*	*654*
Consolidated reserves	*173*	*336*	*586*	*858*	*1 169*	*1 534*
Consolidated net income	*163*	*250*	*272*	*310*	*365*	*373*
Minority interests	*34*	*47*	*62*	*79*	*96*	*96*
Consolidated shareholders' equity	1 724	1 988	2 275	2 602	2 984	3 357
Equity attributable to Group shareholders	1 691	1 941	2 213	2 523	2 888	3 261
Regulatory restatements	-256	-242	-228	-214	-201	-201
Core Equity Tier 1 - Group share - Workforce (book value)	1 435	1 699	1 984	2 309	2 687	3 060
Core Equity Tier 1 - Group share - Net workforce* (4)	1 435	1 205	1 383	1 526	1 745	1 918
Core Equity Tier 1 - Theoretical (3)	941	1 097	1 201	1 368	1 545	1 578
Potentially distributable dividends (4)-(3)	**494**	**108**	**181**	**158**	**200**	**340**

Note: (*) Net equity attributable to Group shareholders corresponds to effective shareholders' equity (book value) net of dividends potentially distributable in respect of previous years.

Based on a discount rate of 8.95% and a perpetual growth rate of 2.11%, CFG Bank's group share of shareholders' equity is valued at MMAD 4,715, i.e., a value per share of MMAD 135 based on a nominal value per share of MMAD 20.

	In MMAD
2023e flows	494
Sum of discounted 2024p-2027p flows	539
Discounted terminal value	3 683
Equity value, Group share	**4 715**
Price per share (MAD/share)	**135**

The table below presents a sensitivity analysis of CFG Bank's group share of equity (in MMAD) to the cost of equity and the perpetual growth rate:

		Equity cost		
		8.70%	**8.95%**	**9.20%**
Perpetual growth rate	**1.86%**	4 747	4 616	4 494
	2.11%	4 855	4 715	4 585
	2.36%	4 971	4 822	4 683

The table below presents a sensitivity analysis of CFG Bank's share price (in MAD/share), based on a nominal value of 20 MAD/share, to the cost of equity and the perpetual growth rate:

		Equity cost		
		8.70%	**8.95%**	**9.20%**
Perpetual growth rate	**1.86%**	136	132	128
	2.11%	139	135	131
	2.36%	142	138	134

Valuation using the Transactional Reference method

Method presentation

This method involves valuing a company on the basis of the prices at which recent transactions involving its capital have taken place.

In November 2022, Amethis Alpha announced its total withdrawal from the capital of CFG Bank, through the sale of 537,888 shares representing 9.6% of the share capital and voting rights at a price of MAD 500 per share, i.e., a price of MAD 100 per share based on a nominal value of MAD 20.

Given the recent nature of the transaction and the significant proportion of the share capital sold by Amethis Alpha in November 2022, this transaction has been used as a transactional reference for the purposes of this Operation. Accordingly, the value of CFG Bank's equity calculated on the basis of this method amounts to MMAD 3,501.

It should be noted that the share sales and/or capital increases[1] carried out since the total sale of shares by Amethis respectively (i) concerned an insignificant number of shares or (ii) were intended to interest employees/executives in the Company's capital. Consequently, these operations do not reflect the true value of CFG Bank's shareholders' equity and have not been included in this valuation method.

Summary of valuation methods used

The table below shows the discount on the subscription price of the shares involved in this operation (i.e., MAD 110/share including issue premium) compared with the value per share resulting from the methods used:

Summary (MMAD, unless indicated)	Discounted value of surplus shareholders' equity	Transactional reference
Equity value	4 715	3 501
In MAD/share	135	100
Subscription price (MAD/share)	**110**	**110**
Discount (-) / premium (+) to subscription price	**-18.5%**	**10.0%**

Based on the price of MAD 110/share, corresponding to an equity value of MMAD 3,851, the resulting valuation multiple is as follows:

[1] Information on previous transactions involving CFG Bank's capital is provided in section "2.2. History of share capital" of the Reference Document.

Valuation summary	2024p
Induced P/E	15.3x
Induced P/B	2.0x

It should be noted that the value (i) of CFG Bank's shareholders' equity and (ii) per CFG Bank share resulting from the 2023 multiples have not been presented in the securities note, given that:

- The expected significant growth in business and balance sheet size between 2023 and 2024 (+51.4% in consolidated net income in 2024 compared with 2023);
- The amount of the capital increase, which is the subject of the current operation (i.e., MMAD 600, including issue premium), representing almost 70% of the Group's shareholders' equity at the end of 2023.

Induced multiples for the banking sector in 2024 are as follows:

	2024p
P/E	14.2x
P/B	1.5x

Induced market multiples[1] (all values combined) in 2024 are as follows:

	2024p
P/E	18.4x
P/B	2.4x

Risk factors relating to the financial instruments offered

Liquidity risk

Subscribers to CFG Bank shares may be subject to liquidity risk on the stock market. Depending on market conditions and share price trends, the stock's liquidity may be temporarily affected. Thus, a shareholder wishing to sell their shares may, to a certain extent, be unable to sell all or part of the shares held within a short timeframe, with or without a capital discount.

Price volatility risks

Listed shares are subject to the rules of supply and demand, which determine their value on the stock market. Share price trends are determined in particular by the achievements and financial performance of listed companies, and the development prospects anticipated by investors. As a result, investors may experience a significant rise or fall in the value of the listed securities they hold.

Capital loss risk

Participation in a company's capital involves the risks inherent in any investment. Should one or more of these risks materialize, losses may be incurred up to and including the total loss of the contribution and related transaction costs, and thus of the entire capital invested.

In addition, if the investor has borrowed external capital to pay for the investment, the maximum risk is even higher, since the obligations arising from the loan contract remain with the lender, regardless of the development of the investment in CFG Bank's capital, and the lender can recover from the investor an amount exceeding the capital invested.

<u>Risk of non-distribution of dividends following cancellation of coupons on perpetual subordinated bonds</u>

CFG Bank's issue of perpetual subordinated bonds of the Additional Tier 1 type requires it to apply the provisions of Bank Al-Maghrib's circular no. 14/G/2013 of August 13, 2013 on the calculation of regulatory capital for credit institutions, including article 10 of said circular, which defines core capital instruments as shares and any other component of share capital, as well as the endowment meeting a certain number of criteria, most notably the provision stipulating that distributions in the form of dividends or otherwise are only made once all legal and contractual obligations have been honored and payments on higher-ranking equity instruments, including perpetual subordinated bonds, have been made.

Distributions in the form of dividends or otherwise are only made once all legal and contractual obligations have been honored and payments on senior equity instruments have been made. Investors may therefore be exposed to a risk of non-distribution of dividends.

III. Operation framework

III.1 General framework

CFG Bank's Board of Directors, meeting on September 21, 2023, decided in principle to list the Company's shares on the Casablanca Stock Exchange under the following terms and conditions:

- The IPO will be carried out on the main market of the Casablanca Stock Exchange;
- the IPO will be carried out through a share capital increase reserved for the public[1] up to a maximum amount of MAD 600,000,000 (including issue premium).

In this respect, the Board of Directors has proposed a capital increase reserved for the public as part of the Company's IPO, for a maximum amount of MAD 600,000,000, through the issue of new shares with a par value of MAD100 each, at a subscription price (including issue premium) of between MAD500 and MAD600 per share. On September 21, 2023, the Board of Directors proposed to the Annual General Meeting that the par value of the Company's shares be reduced from MAD100 to MAD20, with effect from the first day on which the shares are listed on the Casablanca Stock Exchange.

The Extraordinary General Meeting of November 16, 2023, having considered the Board of Directors' report and the Statutory Auditors' report on the cancellation of shareholders' preferential subscription rights, notably authorized:

- an initial public offering by way of a share capital increase of up to MAD 600,000,000 including issue premium, reserved for the public, it being specified that the new shares will carry current dividend rights so as to be fully assimilated to the Company's existing shares as from January 1 of the year in which the said shares are issued, and will give entitlement to any distributions of profits or allocations of reserves that may be decided by the Company as from the date of final completion of the Operation.
- the cancellation of shareholders' preferential subscription rights in favor of the public in connection with the Company's initial public offering;
- the completion of the Operation at a subscription price (including issue premium) of between MAD500 and MAD600 per share. The new shares will be subscribed and fully paid up in cash.

The Extraordinary General Meeting of November 16, 2023, also resolved to:

- deduct the costs of the capital increase from the amount of the issue premium;
- reduce the nominal value of the shares making up the Company's capital from MAD100 to MAD20, with effect from the first day on which the shares are listed on the Casablanca Stock Exchange;
- maintain the existing classes of shares by changing the names of these classes as follows:
    - Current class "A" shares will become class "F" shares, held exclusively by the founders (Adil Douiri and Amyn Alami);
    - Current class "B" shares will become class "A" shares, held by all the Company's shareholders, including the public.
- the amendment of the Company's Articles of Association in order to bring them into line with the legal provisions governing companies making public offerings (the "Revised Articles of Association"), with effect from the first day on which the shares are listed on the Casablanca Stock Exchange;
- the delegation to the Board of Directors of the broadest powers, in particular to:

    ✓ set the overall amount of the Company's initial public offering;

[1] The term "public" refers to any person entitled to subscribe for or acquire shares in the company as part of the company's initial public offering.

- ✓ decide to increase the Company's capital stock up to the authorized amount, and to set the amount of the issue premium within the above-mentioned range;
- ✓ set the terms and conditions for the capital increase, record its completion and amend the bylaws accordingly;
- ✓ take all necessary steps to complete the capital increase, record the subscription, payment and final completion of the capital increase, and take all measures and carry out all formalities required for the final completion of the capital increase and the listing of the Company's shares on the Casablanca Stock Exchange;
- ✓ carry out the operations necessary for the reduction in par value from MAD 100 to MAD 20, and to complete all formalities required for the finalization of the par value reduction;
- ✓ and, in general, carry out all operations required in connection with the Company's IPO, set all the terms and conditions of the IPO and its final characteristics, and take all decisions required for the final completion of the operation.

The Board of Directors, acting under the authority delegated to it by the Extraordinary General Meeting of November 16, 2023:

- decided to increase the share capital by MAD 109,090,900 through the issue of 1,090. 909 new class "A" shares, at a subscription price of MAD 550 per share, comprising a MAD 100 par value and MAD 450 additional paid-in capital, representing a total contribution of MAD 599,999,950, of which MAD 109,090,900 par value and MAD 490,909,050 additional paid-in capital;
- set the definitive characteristics of the Transaction as detailed in the securities note;

The Company's share capital will be increased from MAD 591,068,300 to MAD 700,159,200.

In addition, on November 16, 2023, the Board of Directors decided to call an Ordinary Shareholders' Meeting for January 5, 2024, with a view to appointing a 2nd independent director.

In accordance with Article 188 of Law no. 17-95, the share capital increase must be fully subscribed. Failing this, the capital increase will be deemed null and void.

III.2 Operation objectives

Given the Company's size and development prospects, the operation would make it possible to achieve the following main objectives:

- Strengthen shareholders' equity to support rapid balance sheet growth and improve the Bank's prudential ratios;
- Increase the Bank's reputation and proximity to its partners and the general public;
- Lower the Bank's cost of capital;
- Open up the capital to CFG Bank's employees and clients and involve them in the Bank's future growth.

It should be noted that, given the nature of the Company's business, the capital increase covered by the offering memorandum will be injected directly into shareholders' equity, thereby enabling the Company to strengthen its financing capacity and grant new loans to its clients. In addition, this capital increase will instantly free up new financing capacity and is not intended to finance future investments either primarily or exclusively.

III.3 Shareholders' and executives' intentions

CFG BANK

To the best of the Company's knowledge, the shareholders and officers of the Company may subscribe to the Operation.

III.4 Operation impact

Impact of the Operation on the Company's consolidated shareholders' equity

Following completion of the Operation, CFG Bank's consolidated shareholders' equity will be as follows:

kMAD unless indicated	Pre-operation position 06/30/2023	Pre-operation position 12/31/2023e	Operation impact	Post-operation position	Post-operation position and reduction in nominal value
Number of shares (unit)	5 910 683	5 910 683	1 090 909	7 001 592	35 007 960
Share capital	591 068	591 068	109 091	700 159	700 159
Capital-linked premiums, reserves and minority interests	163 584	184 782	490 909	675 691	675 691
Consolidated reserves	181 745	173 435	-	173 435	173 435
Consolidated net income	70 835	175 034	-	175 034	175 034
Consolidated shareholders' equity	**1 007 232**	**1 124 319**	**600 000**	**1 724 319**	**1 724 319**

Operation impact on the Company's shareholders' equity

Following completion of the Operation, CFG Bank's shareholders' equity will be as follows:

kMAD unless indicated	Pre-operation position 06/30/2023	Pre-operation position 12/31/2023e	Operation impact	Post-operation position	Post-operation position and reduction in nominal value
Number of shares (unit)	5 910 683	5 910 683	1 090 909	7 001 592	35 007 960
Share capital	591 068	591 068	109 091	700 159	700 159
Reserves and capital-linked premiums	163 584	163 584	490 909	654 493	654 493
Retained earnings	208 499	208 499	-	208 499	208 499
Net income	45 944	86 899	-	86 899	86 899
Equity share capital	**1 009 095**	**1 050 050**	**600 000**	**1 650 050**	**1 650 050**

Operation impact on the Company's shareholder structure

Following completion of the Operation, CFG Bank's shareholder structure will be as follows:

Shareholders	*Pre-operation*		*Post-operation*					
			Nominal value of MAD 100 per share			*Nominal value of MAD 20 per share*		
	No. of shares	*% of capital and voting rights*	*No. of shares*	*% of capital*	*% of voting rights*	*No. of shares*	*% of capital*	*% of voting rights*
Amyn Alami	603 256	10,2%	603 256	8,6%	9,8%	3 016 280	8,6%	9,8%
Adil Douiri	112 568	1,9%	112 568	1,6%	1,5%	562 840	1,6%	1,5%
Founders subtotal	**715 824**	**12,1%**	**715 824**	**10,2%**	**11,3%**	**3 579 120**	**10,2%**	**11,3%**
Younes Benjelloun, spouse and descendants	200 629	3,4%	200 629	2,9%	2,1%	1 003 145	2,9%	2,1%
Souad Benbachir	173 984	2,9%	173 984	2,5%	2,6%	869 920	2,5%	2,6%
Other employee shareholders	419 851	7,1%	419 851	6,0%	4,9%	2 099 255	6,0%	4,9%
Associate employees subtotal	**794 464**	**13,4%**	**794 464**	**11,3%**	**9,6%**	**3 972 320**	**11,3%**	**9,6%**
Zouhair Bennani	337 688	5,7%	337 688	4,8%	5,3%	1 688 440	4,8%	5,3%
Others	108 380	1,8%	108 380	1,5%	1,9%	541 900	1,5%	1,9%
Miscellaneous subtotal	**446 068**	**7,6%**	**446 068**	**6,4%**	**7,3%**	**2 230 340**	**6,4%**	**7,3%**
Total natural persons	**1 956 356**	**33,1%**	**1 956 356**	**27,9%**	**28,2%**	**9 781 780**	**27,9%**	**28,2%**
Maghreb FS	537 888	9,1%	537 888	7,7%	9,6%	2 689 440	7,7%	9,6%
Royale Marocaine d'Assurance (RMA)	505 385	8,6%	505 385	7,2%	9,0%	2 526 925	7,2%	9,0%
Société Prev Invest SA	500 361	8,5%	500 361	7,1%	4,4%	2 501 805	7,1%	4,4%
Majdaline Holding	324 734	5,5%	324 734	4,6%	5,0%	1 623 670	4,6%	5,0%
Mutandis SCA	306 795	5,2%	306 795	4,4%	5,5%	1 533 975	4,4%	5,5%
Mutatis	301 489	5,1%	301 489	4,3%	5,4%	1 507 445	4,3%	5,4%
REIM International Limited	292 834	5,0%	292 834	4,2%	2,6%	1 464 170	4,2%	2,6%
Bank Of Africa	285 065	4,8%	285 065	4,1%	5,1%	1 425 325	4,1%	5,1%
Axa Assurance Maroc	227 741	3,9%	227 741	3,3%	4,0%	1 138 705	3,3%	4,0%
Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	227 741	3,9%	227 741	3,3%	4,0%	1 138 705	3,3%	4,0%
Others	444 294	7,5%	444 294	6,3%	7,5%	2 221 470	6,3%	7,5%
Total legal entities	**3 954 327**	**66,9%**	**3 954 327**	**56,5%**	**62,1%**	**19 771 635**	**56,5%**	**62,1%**
Floating	-	-	1 090 909	15,6%	9,7%	5 454 545	15,6%	9,7%
Grand total	**5 910 683**	**100%**	**7 001 592**	**100%**	**100%**	**35 007 960**	**100%**	**100%**

It should be noted that the breakdown of capital and voting rights after the Operation does not take into account the participation of the historical shareholders and employees in the current Operation.

Operation impact on indebtedness

As the Operation described in the offering memorandum is a capital increase, it has no impact on CFG Bank's indebtedness.

Operation impact on governance

The Operation described in the securities note is not expected to have any impact on the governance of CFG Bank.

CFG Bank, as it complies with the provisions of law 17-95.

It should be noted that, in accordance with regulations, the Board of Directors decided on November 16, 2023, to call an Ordinary Shareholders' Meeting for January 5, 2024, with a view to appointing a 2nd independent director. In selecting the second independent director, CFG Bank will apply the independence criteria set out in banking regulations.

The rights and prerogatives of holders of class "F" shares are described in articles 13.1 and 13.7 of the revised Articles of Association.

It should also be noted that the investor shareholders' agreement will no longer be in force from the company's first day of listing on the Casablanca Stock Exchange.

Operation impact on strategic orientations

The Operation described in the securities note will enable the Company to pursue its development strategy and achieve its objectives, as set out in the " Operation Objectives " section of the securities note.

A detailed presentation of CFG Bank's strategic orientations can be found in the section "CFG Bank's strategic orientations" of the Reference Document for the financial year 2022 and the 1st half of 2023.

Completion guarantee

The Operation covered by the securities note does not benefit from any completion guarantee.

Target investors

With the exception of money-market and short-term bond UCITS, this operation is aimed at all categories of investors, i.e.:

- Resident or non-resident natural persons of Moroccan or foreign nationality;
- Eligible employees and/or executives of CFG Bank and/or its subsidiaries;
- Legal entities governed by Moroccan or foreign law not belonging to the categories of qualified investors as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, and having more than one year's existence at the date of subscription;
- Qualified investors under Moroccan law, as defined by article 3 of law no. 44-12 and article 1.30 of AMMC circular no. 03/19, excluding money-market and short-term bond UCITS;
- Qualified foreign investors as defined by article 1.30 paragraph (c) of AMMC circular no. 03/19.

CFG BANK

III.5 Operation-related expenses

Miscellaneous commissions

Expenses relating to the Operation that will be borne by the Issuer are estimated at approximately 2.5% of the amount of the capital increase. These expenses include in particular commissions paid to:

- financial advisors;
- legal advisors;
- statutory auditors;
- communication agencies;
- AMMC;
- the Casablanca Stock Exchange;
- Maroclear central depository;
- the translation firm.

In accordance with the decision of the Extraordinary General Meeting of CFG Bank held on November 16, 2023, all costs arising from the capital increase will be deducted from the issue premium resulting from the capital increase.

Commissions charged to subscribers

In connection with this Placement Operation, each PS member explicitly and irrevocably undertakes, vis-à-vis the Issuer, the Financial Advisors, the PS Leader, the PS Co-Leaders and the other PS members, to charge subscribers to Order Types I and II, for all orders registered on the Casablanca Stock Exchange, the following commissions:

- 0.1% (excl. tax) for the Casablanca Stock Exchange in respect of the listing fee payable to it on registration on the stock exchange;
- 0.2% (excl. tax) for settlement and delivery fees;
- 0.6% (excl. tax) for the brokerage company. It is applied to the amount corresponding to the actual allocation at the time of settlement/delivery.

For subscribers to Order Type III, CFG Bank will charge the following commission:

- 0.1% (excl. tax) for the Casablanca Stock Exchange in respect of the listing fee payable to it on registration on the stock exchange.

Value-added tax (VAT) at the rate of 10% will be applied in addition.

In order to ensure equal treatment of subscribers wherever they subscribe, each PS member formally and expressly undertakes not to make any rebates or repayments of any kind to subscribers either simultaneously with or subsequent to the subscription.

Placement fees charged to the Issuer

PS members will receive a commission of:

- 0.9% excluding tax on amounts allocated corresponding to orders submitted by natural persons or legal entities governed by Moroccan or foreign law;
- 0.6% excluding tax on amounts allocated corresponding to orders submitted by qualified investors under foreign law;

- 0.4% excluding tax on amounts allocated corresponding to orders submitted by qualified investors under Moroccan law.

The commission payable by the Issuer will be collected by CFG Marchés, which will transfer its share to Bank Al-Maghrib accounts of each PS member within 30 days following receipt by CFG Marchés of the PS member's invoice. At the end of the allocation, the Casablanca Stock Exchange will communicate the results of the subscriptions and the amounts raised by each PS member and by investor category to CFG Marchés and AMMC.

PART II – CONDUCT OF THE OPERATION

I. Conduct of the Operation

I.1 Operation timetable

The table below sets out the Operation's timetable:

Order	Steps	Date
1	Issuance by the Casablanca Stock Exchange of the Operation approval notice AMMC visa on the prospectus	11/22/2023
2	Publication of the prospectus on the Issuer's website	11/22/2023
3	Publication by the Casablanca Stock Exchange of the Operation notice	11/23/2023
4	Publication of the press release by the Issuer in a legal announcements gazette	11/23/2023
5	Opening of the subscription period	11/30/2023
6	Closing of the subscription period at 3:30 p.m. inclusive	12/07/2023
7	Receipt of subscriptions by the Casablanca Stock Exchange before 6:30 p.m.	12/07/2023
8	Centralization and consolidation of subscriptions by the Casablanca Stock Exchange	12/08/2023
9	Processing of rejects by the Casablanca Stock Exchange	12/11/2023
10	Allocation of subscriptions and submission by the Casablanca Stock Exchange of the subscription list to the Issuer. Submission by the Casablanca Stock Exchange of allocations by account holder to CFG Marchés before 12:00 p.m. Casablanca Stock Exchange to deliver allocations of securities to PS members before 12:00 p.m.	12/12/2023
11	Meeting of the Issuer's body to record the definitive completion of the Operation	12/13/2023
12	Receipt by the Casablanca Stock Exchange of the minutes of the Issuer's body having recorded the completion of the Operation before 12:00 p.m.	12/14/2023
13	Initial listing, reduction in nominal value from MAD 100 to MAD 20 and registration of the Operation on the Stock Exchange Publication by the Casablanca Stock Exchange of the Operation results	12/18/2023
14	Publication of the Operation results in a legal announcements gazette and on the Issuer's website	12/20/2023
15	Settlement / Delivery	12/21/2023

I.2 Placement Syndicate and financial intermediaries

Type of financial intermediary	Name	Address
Financial Advisors	CFG Finance	5-7, rue Ibnou Toufail, Casablanca
	Upline Corporate Finance	162, Boulevard d'Anfa, Angle Rue Molière, Casablanca
	BMCE Capital Conseil	63, Boulevard Moulay Youssef - Casablanca
	CDG Capital	Place Moulay El Hassan, Tour Mamounia – Rabat
	Attijari Finances Corp.	163, avenue Hassan II – Casablanca
Leader of the Placement Syndicate	CFG Marchés	5-7, rue Ibnou Toufail, Casablanca
Co-leaders of the Placement Syndicate	Upline Securities	101, Boulevard Zerktouni à Casablanca
	BMCE Capital Bourse	140, avenue Hassan II à Casablanca
	CDG Capital Bourse	9, bd Kennedy, Anfa Sup à Casablanca
	Attijari Intermediation	163, avenue Hassan II à Casablanca
	Valoris Securities	Angle Route El Jadida et Rue Abou Dhabi, Oasis, 20410, Casablanca
Placement Syndicate members	Al Barid Bank	798, bd Ghandi - Angle Boulevard Ghandi Et Boulevard Brahim Roudani à Casablanca
	Alma Finance Groupe	92, boulevard d'Anfa, Casablanca
	Artbourse	7, bd. Abdelkrim Al Khatabi, Casablanca
	Atlas Capital Bourse	88, rue Benbrahim El Marrakchi, quartier Hippodrome, Casablanca
	Attijariwafa Bank	2, bd. Moulay Youssef, Casablanca
	Wafabourse	416, rue Mostapha El Maâni à Casablanca
	Banque Centrale Populaire	101, bd. Zerktouni, Casablanca

	Bank Of Africa	140, avenue Hassan II, Casablanca
	BMCI	26, place des Nations Unies, Casablanca
	BMCI Bourse	Bd. Bir Anzarane, imm. Romandie I, Casablanca
	Capital Trust Securities	50. bd. Rachidi, Casablanca
	CFG Bank	5-7, rue Ibnou Toufaïl, Casablanca
	Crédit Agricole du Maroc	Place des Alouyine, Rabat
	Crédit du Maroc	211, bd. d'Anfa, Casablanca
	CIH Bank	187, avenue Hassan II, Casablanca
	ICF Al Wassit	Espace Porte d'Anfa, 29, rue Bab El Mansour, Casablanca
	M.S.IN	Imm. Zénith, Rés. Tawfiq, Sidi Maârouf, Casablanca
	Redmed Securities	23, rue Ibnou Hilal Quartier Racine, Casablanca
	Société Générale	55, bd Abdelmoumen, Casablanca
	Sogecapital Bourse	55, bd Abdelmoumen, Casablanca
Organization providing securities financial services	CFG Bank	5-7, rue Ibnou Toufail, Casablanca
Organization in charge of registering securities on the stock exchange (sell-side)	CFG Marchés	5-7, rue Ibnou Toufail, Casablanca

I.3 Capital links with financial intermediaries participating in the Operation

CFG Finance and CFG Marchés are 100%-owned subsidiaries of CFG Bank. BMCE Capital Conseil and BMCE Capital Bourse are 100% subsidiaries of the Bank of Africa group, which is a shareholder in CFG Bank.

Also, CDG Capital and CDG Capital Bourse are 100% subsidiaries of CDG, the latter being an indirect shareholder of CFG Bank through its subsidiary Prev Invest.

Upline Corporate Finance, Attijari Finances Corp and the other members of the investment syndicate, with the exception of those mentioned above, have no capital ties with CFG Bank.

I.4 Subscription terms

Circulation threshold

In accordance with the provisions of article 1.35 of the AMMC circular, a minimum circulation threshold has been set for this Operation:

- the circulation threshold in terms of target audience is 500 people;
- the minimum number of subscribers is 100.

In accordance with the provisions of article 2 of instruction No. IN-2020-006 relating to the creation of a new compartment of the "Principal F" principal market, the minimum amount to be distributed to the public has been set by the Casablanca Stock Exchange at MAD 200,000,000 for this operation.

Subscription period

The CFG Bank shares covered by the securities note may be subscribed from November 30, 2023, to December 7, 2023, inclusive at 3:30 pm.

Subscription conditions

(a) Opening accounts

With the exception of minors and incapacitated adults, subscription operations are recorded in a securities and cash account in the name of the subscriber, opened with the same PS member responsible for the subscription. If this member does not have account-keeper status, the account may be opened with an institution that does have account-keeper status.

Any person wishing to subscribe with an PS member must have or open an account with that PS member. The PS member will comply with current legislation when opening accounts, and will require at least the following documents:

- Copy of the client's identification document (national identity card (CIN), residence permit, commercial register, passport, etc.);
- Account opening contract duly signed by the subscriber and the PS member, if not already signed by the client.

Accounts may only be opened by the subscriber themselves.

Accounts for minors and incapacitated adults may only be opened by the father, mother, guardian or legal representative of the minor or incapacitated adult.

It is strictly forbidden to open an account by proxy.

Subscriptions on behalf of third parties are authorized within the framework of a portfolio management mandate containing an express clause permitting this.

For minors and incapacitated adults, subscriptions may be registered either on their accounts or on those of persons authorized to subscribe on their behalf, i.e., the father, mother, guardian or legal representative of the minor or incapacitated adult.

(b) Subscription terms

All subscriptions must be expressed in number of shares. Each subscriber may submit only one subscription order.
Subscriptions will be made using the subscription form available from the PS members and included in the offering memorandum. A copy of the subscription form must be given to the subscriber with acknowledgement of receipt.

Subscription forms must be signed by the subscriber (or the subscriber's representative in the case of a portfolio management mandate), validated and time-stamped by the PS member.

Subscriptions are irrevocable after the close of the subscription period.

All PS members, including those collecting orders via an internet platform, undertake to comply with the subscription collection procedure.

Prior to accepting a subscription, PS members must ensure that the subscriber has the financial capacity to honor their commitments. They are therefore obliged to accept subscription orders from any person entitled to participate in the Operation, provided that said person provides the necessary financial guarantees. PS members are obliged to keep in the file relating to their client's subscription the documents and evidence that enabled them to ascertain the said financial capacity.

Each PS member undertakes to require its clients to cover their subscriptions according to the category to which they belong:

- **For resident or non-resident natural persons, and legal entities incorporated under Moroccan or foreign law not belonging to the categories of qualified investors as defined by Article 3 of Law 44-12 and Article 1.30 of AMMC Circular No. 03/19, and having more than one year's existence as of the subscription date:**

  Subscriptions must be 100% covered as follows:

  - ✓ an effective deposit (cheque, cash or bank transfer) on the subscriber's account, and/or;
  - ✓ collateral consisting of securities as follows:
    - government bonds: taken at a maximum of 100% of the value on the subscription date;
    - money-market UCITS with daily net asset value: taken at a maximum of 100% of the value on the subscription date;
    - units of UCITS with daily net asset value (excluding money-market funds), term deposits, listed equities: taken at a maximum of 80% of the value on the subscription date.

- **For qualified investors under Moroccan law:**
  - ✓ No coverage

- **For qualified foreign investors (i) who have more than one year's existence as of the date of subscription of this operation or (ii) who have already carried out an operation on the primary or secondary market of the Casablanca Stock Exchange:**
  - ✓ No coverage

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- **For qualified foreign investors (i) who have no more than one year's existence as of the date of subscription of this operation, and (ii) who have not already carried out an operation on the primary or secondary market of the Casablanca Stock Exchange:**
    - ✓ 30% coverage by an effective deposit (cheque, cash or bank transfer) or 100% coverage by a bank guarantee.

- **For eligible employees and/or executives of CFG Bank and/or its subsidiaries:**

    Subscriptions must be 100% covered as follows:

    - ✓ an effective deposit (cheque, cash or bank transfer) on the subscriber's account, and/or;
    - ✓ collateral consisting of securities as follows:
        - government bonds: taken at a maximum of 100% of the value on the subscription date;
        - money-market UCITS with daily net asset value: taken at a maximum of 100% of the value on the subscription date;
        - units of UCITS with daily net asset value (excluding money-market funds), term deposits, listed equities: taken at a maximum of 80% of the value on the subscription date.
    - ✓ Bank financing from CFG Bank covering the full amount of the subscription for employees who request it.

For all coverages, cheques deposited to cover effective deposits must be presented for collection before the subscription is validated, transfers must be received before the subscription is validated, and the effective deposit must be debited from the subscriber's account and blocked immediately after the subscription.

PS members who collect orders via an Internet platform must comply with the following rules:

- the client must be clearly identified, and the act of subscription must be documented (time-stamping and archiving of subscription orders);
- the prospectus must be made available to the subscriber;
- all information on the subscription form must be sent to the client prior to subscription;
- the subscription must be validated only if the cash account has a sufficient balance to cover it according to the terms of cover defined in the securities note, or if the guarantee or collateral covers it in full according to the terms of cover defined in the securities note;
- the amount of coverage must be blocked immediately after subscription;
- the client must be informed that their subscription will be rejected in the event of a formal defect;
- PS members who collect orders via an internet platform must close the subscription period at the same time as the other PS members, i.e., on December 7, 2023, at 3:30 pm;
- SP members who collect orders via an internet platform must ensure that subscription ceilings are respected;
- PS members who collect orders via an internet platform must, before validating the subscription, receive the subscriber's acceptance of the terms of the Operation, or have the subscriber validate a definitive subscription confirmation form summarizing the characteristics of the Operation and the subscription order (a copy of said confirmation must be archived by the PS member).

It should be noted that PS members who collect orders via an Internet platform will reject subscriptions in the event of lack of coverage in accordance with the terms and conditions set out in the securities note, or in the event of incomplete applications (e.g., absence of proof of acceptance of the terms of the Operation, absence of family record book for subscriptions by minors, etc.).

Subscriptions by PS members or their employees for their own accounts must be made on the first day of the subscription period.

(a) Subscription on behalf of third parties

Subscriptions on behalf of third parties are authorized in the following cases:

- subscriptions on behalf of minors under the age of 18, or on behalf of incapacitated adults, are authorized provided they are made by the father, mother, guardian or legal representative of the minor or incapacitated adult. PS members are required, if they do not already have one, to obtain a copy of the page of the family record book showing the date of birth of the minor child, or to obtain proof for the incapacitated adult, when opening the account, or when subscribing on behalf of the minor or incapacitated adult in question, as the case may be, and to attach it to the subscription form. In this case, movements are made either to an account opened in the name of the minor or incapacitated adult, or to the securities or cash account opened in the name of the father, mother, guardian or legal representative;
- subscriptions on behalf of minors or incapacitated adults must be made with the same PS member with whom the father's, mother's, guardian's or legal representative's subscription was made;
- in the case of a portfolio management mandate, the manager may only subscribe on behalf of the client whose portfolio they manage by presenting a power of attorney duly signed and authenticated by their principal, or the management mandate if this is expressly provided for. Authorized Moroccan or foreign management companies are exempted from presenting these supporting documents for the UCITS they manage;
- under a portfolio management mandate, no representative may transmit more than one order on behalf of the same third party.

Subscriptions from qualified foreign investors may be communicated (i) directly to an PS member or (ii) via an international intermediary (broker) approved by a market authority member of the International Organization of Securities Commissions (IOSCO) and holding an account with an PS member. The PS member acts solely as a business introducer, with delivery settlements made directly between the foreign-qualified investors and the PS member.

(b) Multiple subscriptions

Multiple subscriptions are authorized in the following cases:

- A (non-salaried) natural person may subscribe to order type I on their own behalf and order type II on behalf of their minor children, or vice versa;
- An eligible employee and/or executive (in addition to Order Type III) may complete their subscription for their own account within Order Type I or II;
- An eligible employee and/or executive (in addition to order type III) may subscribe on behalf of their minor children in order type I or II.

Each subscriber may transmit only one order on behalf of each minor child or incapacitated adult. Subscriptions on behalf of minors may only be made through one parent. Any subscription on behalf of minors by both parents will be null and void.

Individuals subscribing on behalf of minors and incapacitated adults must subscribe through a single PS member. Subscriptions made on behalf of minors through several PS members will be null and void.

Subscriptions made to several PS members, including those made on behalf of minors or incapacitated adults, are prohibited.

Subscriptions by each employee (as an individual employee and on behalf of their minor children) may only be made through CFG Bank, the entity authorized to collect employee subscriptions.

All subscription orders not complying with the above conditions will be rendered null and void in their entirety (see Casablanca Stock Exchange control and registration procedure).

(c) Subscriber identification

PS members must ensure that the subscriber belongs to one of the categories defined below. To this end, they must obtain a copy of the document attesting to the subscriber's membership of the category and attach it to the subscription form.

In addition, each placement body must ensure that the subscriber's representative has the capacity to act on behalf of the subscriber, either in their capacity as legal representative or by virtue of a proxy they hold.

Subscriber category	Documents to attach
Resident natural persons of Moroccan nationality	Photocopy of national identity card or driving license or passport
Moroccan natural persons residing abroad	Photocopy of national identity card or driving license or passport
Resident and non-Moroccan natural persons	Photocopy of residence permit or passport
Non-resident and non-Moroccan natural persons	Photocopy of passport
Eligible employees and/or executives of CFG Bank and/or its subsidiaries, of Moroccan nationality	Photocopy of national identity card or driving license or passport
Eligible employees and/or executives of CFG Bank and/or its subsidiaries, of foreign nationality	Photocopy of residence permit or passport
Minor child	Photocopy of family record book page showing child's date of birth
Incapacitated adult	Any document proving incapacity, at the discretion of the PS member
Legal entities under Moroccan law	Photocopy of commercial register showing more than one year of existence at date of subscription
Legal entities under foreign law	Photocopy of commercial register or equivalent document authentic in the country of origin, attesting to membership of the category, and justifying more than one year of existence at date of subscription
Moroccan associations	Photocopy of articles of association and photocopy of receipt for filing of application proving that the company has been in existence for more than one year at the date of subscription
UCITS governed by Moroccan law (excluding money-market and short-term bond UCITS)	Photocopy of the approval decision and additionally: Photocopy of the approval decision and additionally : For mutual funds (FCP): the certificate of deposit with the court clerk's office;

	For open-ended investment companies (Sociétés d'Investissement à Capital Variable - SICAV): the certificate of filing with the court clerk's office and the model of the entries in the commercial register.
Qualified investors under Moroccan law (excluding UCITS)	Photocopy of articles of incorporation and any other documents and evidence of compliance with the requirements for accredited investor status. The legal entities referred to in paragraph (e) of article 1.30 of AMMC Circular no. 03/19 must provide proof of the AMMC's approval of their status as a qualified investor.
Banks under Moroccan law	Photocopy of approval decision issued by Bank Al-Maghrib
Qualified investors under foreign law	Photocopy of the commercial register or equivalent in the country of origin and copy of the approval attesting to compliance with the conditions required for approved investor status.

All subscriptions that do not comply with the above conditions will be null and void.

The subscription form must be used by all PS members. Subscription orders are irrevocable after the closing of the subscription period.

Should the PS members already have these documents in the client's file, subscribers are exempted from producing them. If the investor concerned is a legal entity as referred to in paragraph (e) of article 1.30 of AMMC Circular no. 03/19, the PS member(s) must attach the above-mentioned documents to the subscription form.

I.5 Order processing

Attribution rules

At the end of the subscription period, CFG Bank shares will be attributed as follows:

Order type I

The number of shares allocated to this type of order is 2,727,273.

If the number of shares offered "NSO" is less than the number of shares requested "NSR", then the NSO will be allocated in proportion to the demand. Otherwise, the demand will be served in full.

The allocation ratio will be calculated as follows: NSO/NSR. If the number of shares calculated by multiplying the number of shares requested by the subscriber by the allocation ratio for order type I is not a whole number, this number of shares will be rounded down to the nearest whole number. Fractions will be allocated in increments of one share per subscriber, with priority given to the highest requests.

Depending on overall demand, some subscriptions may not be filled.

Order type II

The number of shares allocated to this type of order is 1,954,275.

1st allocation

For the first allocation, 200 shares per subscriber will be allocated by iteration. Shares will be allocated on the basis of one share per subscriber, with priority given to the highest demand.

The mechanism of allocating one share per subscriber, within the limit of their demand, will be carried out by iteration until reaching a maximum of 200 shares per subscriber within the limit of the number of shares allocated. It is specified that, depending on the number of subscribers served, the said maximum may not be reached.

2nd allocation

Following the 1st allocation, if the balance of securities offered ("RSO") resulting from this allocation is less than the balance of securities requested ("RSR"), then the "RSO" will be allocated pro rata to the request. Otherwise, the request will be served in full.

The allocation ratio will be calculated as follows : RSO/ RSR.

If the number of shares calculated by multiplying the remaining shares requested by the subscriber by the allocation ratio is not a whole number, this number of shares will be rounded down to the nearest whole number. Fractional shares will be allocated in increments of one share per subscriber, with priority given to the largest requests.

Depending on overall demand, some subscriptions may not be filled.

Order type III

The number of shares allocated to this type of order is 772,997.

1st allocation

Each eligible employee and/or executive may subscribe to a maximum number of shares as allocated (ranging from 3 to 27 months' net salary, depending on seniority and position held within the Group). If there are any remaining shares, a 2nd allocation will be made as described below.

2nd allocation

Within the limit of the initial allocation ceiling, each eligible employee and/or executive may express the wish to participate in the allocation of the remainder, in the event that all the shares issued are not fully subscribed at the time of the 1st allocation. Allocations will be made iteratively, until the remainder is used up.

Transfer clauses

- If the number of shares requested for order type I is less than the corresponding offer, the difference is allocated to order type II and then III.
- If the number of shares requested at order type II level is lower than the corresponding offer, the difference is allocated to order type I and then III.
- If the number of shares requested at order type III level is inferior to the corresponding offer, the difference is allocated to order type II then I.

In accordance with the provisions of article 188 of law 17-95, the amount of the capital increase must be fully subscribed. Failing this, the capital increase is deemed null and void.

I.6 Casablanca Stock Exchange control and registration procedure

Centralization

During the subscription period, PS members will transmit daily to the Casablanca Stock Exchange, by 10:00 a.m. at the latest, via the subscription centralization tool (SCT), all subscriptions received during the previous days. Otherwise, they must enter consolidated subscription statistics on the SCT.

The PS members must transmit on December 07, 2023, before 6:30 pm to the Casablanca Stock Exchange, through the SCT, all subscriptions collected within the framework of the Operation. After this deadline, subscriptions will be rejected.

The Casablanca Stock Exchange will communicate consolidated subscription statistics on a daily basis to CFG Marchés and the Issuer on a daily basis.

The Casablanca Stock Exchange will consolidate the various subscription files and reject subscriptions that do not comply with the subscription conditions predefined in the securities note.

On December 12, 2023, before 12:00 p.m., the Casablanca Stock Exchange will inform the PS members of the allocation results.

The following table summarizes the cases leading to the rejection of subscriptions:

Case scenario	Rejected subscription(s)
Individuals who have subscribed on their own behalf and on behalf of their children with different PS members	All subscriptions
Subscriber who has subscribed more than once, with the exception of the cases listed below	All subscriptions
Moroccan or foreign natural persons subscribing on their own behalf or on behalf of adult children	All subscriptions in the name of this natural person, including those for minor and adult children
Subscriptions not complying with the subscription ceiling	Subscriptions concerned
Subscriptions not complying with the minimum subscription provided for in order type I	Subscriptions concerned
Subscriptions with several PS members	All subscriptions
Subscription made with an PS member not authorized to receive it	The subscription concerned

As a reminder, the following cases of multiple subscriptions do not constitute cases of rejection:

- As a reminder, the following cases of multiple subscriptions do not constitute cases of rejection:
- An (non-salaried) natural person may subscribe to order type I for their own account and order type II on behalf of their minor children, or vice versa;
- An eligible employee and/or executive (in addition to Order Type III) may complete their subscription for their own account within Order Type I or II;
- An eligible employee and/or executive (in addition to Order Type III) may subscribe on behalf of their minor children within Order Type I or II.

The multiple subscriptions authorized above must be made with the same PS member.

I.7 Registration entities

The registration of transactions under this Operation (on the sell-side) will take place on December 18, 2023, through the brokerage firm CFG Marchés.

All PS members with brokerage company status will register the allocations they have collected (buy-side) on December 18, 2023, while PS members without brokerage company status are free to designate the brokerage company PS member that will register their subscriptions with the Casablanca Stock Exchange.

PS members must inform the chosen brokerage firm in writing, with a copy sent to the Casablanca Stock Exchange, before the start of the subscription period.

The registration of transactions resulting from this operation will be carried out at a price of MAD 110 per share. This price will serve as the reference price of the CFG Bank share on the first day of listing.

The Casablanca Stock Exchange will transmit to each brokerage firm the transactions that concern it, broken down by account holder.

I.8 settlement / delivery of securities

Settlement and delivery of the securities covered by this operation will take place on December 21, 2023, in accordance with the procedures in force on the Stock Exchange.

In accordance with the procedures in force at the Stock Exchange, Bank Al-Maghrib accounts of the account-holding institutions will be debited with funds corresponding to the value of the shares allocated to each PS member, plus commissions.

CFG Bank has also designated CFG Bank as the exclusive account holder of the CFG Bank shares issued in connection with this operation.

I.9 Restitution of the remainder

The PS members undertake to pay back to clients within a period not exceeding 3 working days from the date of delivery of the securities allocations to the PS members, i.e., December 15, 2023, the cash remainder resulting from the difference between the net amount paid by clients at the time of subscription and the net amount corresponding to their actual allocations.

Repayment of the remainder is to be made either by transfer to a bank or post office account, or by delivery of a cheque, subject to effective collection by the intermediary of the amount deposited for the subscription.

In the event of failure of the Operation, subscriptions must be repaid within 3 working days of the decision to cancel, subject to the effective receipt by the intermediary of the amount deposited for the subscription.

I.10 Publication of results

The results of this operation will be published by the Casablanca Stock Exchange on December 18, 2023, and by CFG Bank in a legal announcements gazette and on its website https://www.cfgbank.com/ no later than December 20, 2023.

I.11 Information

Upon completion of the Operation, and within a maximum of 3 days from publication of the results by the Casablanca Stock Exchange, i.e., December 21, 2023, each PS member will send subscribers a notice containing the following minimum information:

CFG BANK

- Subscription date
- Instrument name
- Quantity requested
- Allocated quantity
- Unit price
- Gross amount allocated
- Net amount after deduction of commissions and VAT on these commissions
- Balance to be paid to the subscriber, if any
- Commissions payable to the PS member, the account holder and the Casablanca Stock Exchange

I.12 Voting rights

Voting rights attached to shares are proportional to the percentage of capital they represent, and each share carries one vote.

However, in accordance with Article 257 of Law 17-95, all fully paid-up shares in the Company which have been held in registered form for at least two years in the name of the same shareholder will carry double voting rights in relation to the percentage of share capital they represent.

Double voting rights will be allocated to shareholders holding registered shares meeting the conditions of Article 257 of Law 17-95 on the last trading day of each month (the Attribution).

A breakdown of these double voting rights will be published by the Company:

- on its website, on the first trading day following the Attribution and after each modification of said voting rights; and
- in the official bulletin of the Casablanca Stock Exchange, no later than the second trading day following the Attribution and following each change in the number of said voting rights.

The Company will send the Casablanca Stock Exchange a breakdown of voting rights on the first trading day following the Attribution and after each change in the number of voting rights.

Account-keepers are required to transmit details of all acquisitions and disposals of registered shares by their clients to the centralizing body. This information must be sent on the same day as the said operations are settled.

In accordance with Article 258 of Law 17-95, any share entitled to double voting rights pursuant to the above provisions loses such rights in the event of transfer of ownership to third parties or conversion into a bearer share. However, the double voting right remains acquired in the event of conversion of a class "F" share into a class "A" share, provided that such conversion does not result in a transfer of ownership of the said share.

The transfer of ownership of shares by inheritance does not deprive them of double voting rights and does not suspend the two-year period provided for in article 257 of Law 17-95.

In the event of a shareholder selling their registered shares, the shares to be sold first will be those acquired by the shareholder concerned at the most recent date.

PART III – ABOUT THE ISSUER

I. General information

Corporate name	CFG Bank
Registered office	5-7, rue Ibnou Toufail – Palmier – 20100 Casablanca Maroc
Phone	+212 5 22 98 26 66
Fax	+212 5 22 98 34 60
Legal form	Public limited company with a Board of Directors
Website	www.cfgbank.com
Date of incorporation	September 15, 1992
Service life	99 years
Commercial register no. and place of registration	67421 – Casablanca
Financial year	January 1 to December 31
Share capital as of 11/01/2023	MAD 591,068,300
Consultation of legal documents	Corporate, accounting and legal documents required by law, in particular the Articles of Association, minutes of General Meetings and Auditors' reports, may be consulted at the Company's registered office at 5-7, rue Ibnou Toufail – Palmier – Casablanca 20100 – Maroc
Corporate purpose	Under 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 all other countries, is: • the performance of all banking, foreign exchange, treasury, guarantee, acceptance, discounting, rediscounting, current account overdraft, leasing and any other form of short-, medium- and/or long-term credit; • the undertaking and execution of all financial engineering, intermediation and representation transactions; • the study, advice, development and implementation of all investments and technical, economic, financial, industrial, mining, commercial, tourism, agricultural and real estate projects; • the management on behalf of third parties in any form whatsoever; • the acquisition of interests, directly or indirectly, by itself or on behalf of third parties, or in participation with any natural or legal person in any form whatsoever, in all transactions involving the creation of new companies, contributions, subscriptions or purchases of securities or corporate rights, mergers, alliances, associations or otherwise; • financial investment advice and the distribution of financial products, in particular any product used to manage a financial

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account;

- the conduct of all banking, foreign exchange, treasury, guarantee, acceptance, discounting, rediscounting, current account overdraft, leasing and all other forms of short, medium and/or long-term credit transactions;
- the undertaking and execution of all financial engineering, intermediation and representation operations;
- the study, advice, development and implementation of all investments and technical, economic, financial, industrial, mining, commercial, tourism, agricultural and real estate projects;
- management on behalf of third parties in any form whatsoever;
- the acquisition of interests, directly or indirectly, by itself or on behalf of third parties, or in participation with any natural or legal person in any form whatsoever, in all transactions involving the creation of new companies, contributions, subscriptions or purchases of securities or corporate rights, mergers, alliances, associations or otherwise;
- financial investment advice and the distribution of financial products, in particular any product used to manage a financial account;
- Receive deposits of funds from the public, on account or otherwise, interest-bearing or non-interest-bearing, repayable at sight, in advance or at term;
- Grant loans in any form, with or without guarantees, make advances on Moroccan and foreign annuities, on securities issued by the State, Public or Semi-Public Collectivities and on securities issued by Moroccan or foreign industrial, agricultural, commercial or financial companies;
- receive on deposit all securities, valuables and objects; to accept or make all payments and recoveries of bills of exchange, promissory bills, checks, warrants, interest or dividend coupons, and to act as intermediary for the purchase or sale of all types of public funds, shares, bonds or profit shares;
- Contract all loans, all commitments in all currencies;
- Purchase, sell or transfer all movable and immovable property;
- Carry out all operations related to its main purpose, in particular:
    - ✓ buying and selling of:
        - o transferable securities, debt securities issued by the State or by private sector companies and organizations;
        - o on the foreign exchange market;
        - o mortgages and mortgage-backed securities;
        - o all derivatives (futures and options), on organized markets or over-the-counter.
    - ✓ custody of securities portfolios and all related services.
- and generally, any 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 corporate purpose in any way and on any terms and conditions it sees fit, either alone or in conjunction with the State,

	government agencies or public authorities, companies or associations, groups or individuals.
Legislative and regulatory texts	The Company is governed by Moroccan law, Law 17-95 (as amended and supplemented) relating to public limited companies, and by its Articles of Association. The activities of the Company and its subsidiaries are also governed by: • Law no. 103-12 on credit institutions and similar bodies (Banking Law); • Law no. 1-93-213 of September 21, 1993, on Undertakings for Collective Investment in Transferable Securities, as supplemented and amended by Law no. 53-01; • Law no. 17-99 on the Insurance Code; • The General Regulations of the Stock Exchange, approved by Ministerial Order no. 2208-19 of July 3, 2019; • Law 19-14 on the Casablanca Stock Exchange, brokerage firms and financial investment advisors; • Law no. 35-96 relating to the creation of the central depository and the institution of a general regime for the registration of certain securities in accounts, as amended and supplemented; • the General Regulations of the Central Depository approved by Order no. 932-98 of the Minister of the Economy and Finance on April 16, 1998, and amended by Order no. 1961-01 of the Minister of the Economy, Finance, Privatization and Tourism on October 30, 2001, and Order no. 77-05 of March 17, 2005; • law no 35-94 (as amended and supplemented) relating to certain negotiable debt securities; • law no. 44/12 relating to public offerings and the information required from legal entities and organizations making public offerings; • Law no. 43/12 on the Moroccan Capital Market Authority (AMMC); • AMMC circulars; • AMMC's general regulations, as approved by Ministerial Order no. 2169-16 of Chaoual 9, 1437. Due to its future listing on the Casablanca Stock Exchange, the Company will also be subject to Law no. 26-03 on public offerings on the Moroccan stock market, as amended and supplemented.
Competent court in case of dispute	Casablanca Commercial Court
Tax system	As a credit institution, CFG Bank is subject to corporate income tax (37% in 2022 and 40% by 2026) and VAT (10%).

Source: CFG Bank

II. Description of CFG BANK's activities

CFG Bank, a universal bank since December 2012, was a pioneer in investment banking in Morocco. It was founded in 1992 by Amyn Alami, Adil Douiri and Moroccan and foreign institutional investors, including Compagnie Financière Edmond de Rothschild, Paribas and Royale Marocaine d'Assurances (RMA).

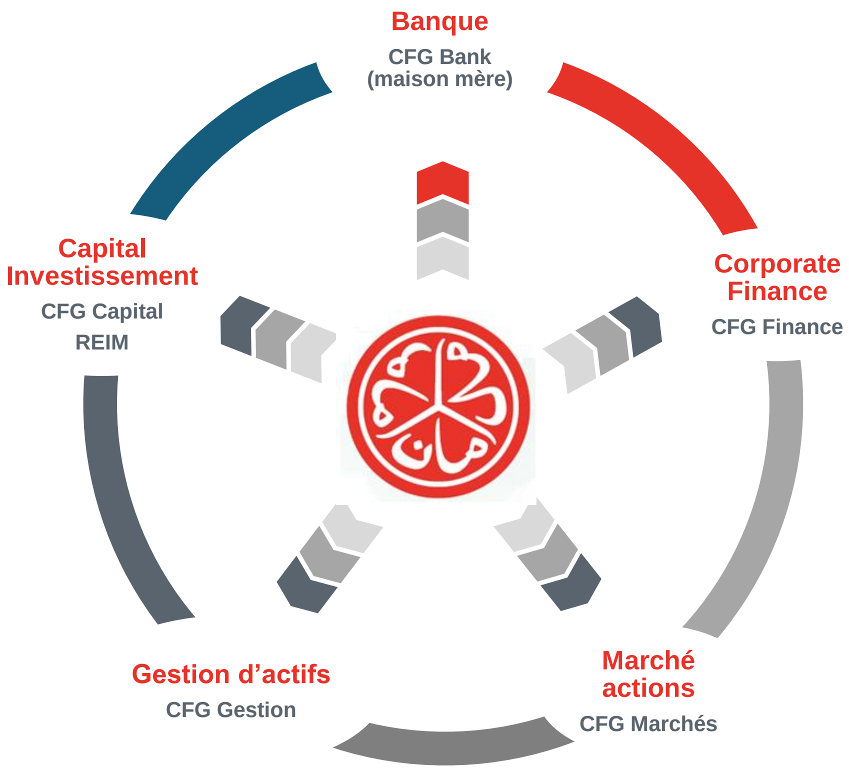
Since 1992, CFG Bank has been actively involved with the Moroccan government and its administration in designing the architecture and building the regulatory and operational framework for the country's capital markets.

It is well positioned in several market segments that have built its reputation (foreign investors, retail investors, infrastructure, tourism, industry, etc.).

Following the granting of its banking license by Bank Al-Maghrib in December 2012, CFG Bank's retail banking activity was officially launched in November 2015 with the opening of its first branch on Boulevard Al Massira in Casablanca, as well as the change of its corporate and commercial name (from CFG Group to CFG Bank) and its visual identity.

Through the legal entities and specialized divisions, it operates, CFG Bank holds a banking license, a brokerage company license and several UCITS (Undertakings for Collective Investment in Transferable Securities) approvals.

The diagram below illustrates the current organization of CFG Bank's business lines:



Source: CFG Bank

Since 2015, CFG Bank has been organized around two divisions: retail banking and corporate and investment banking.

- **Commercial banking activity**

Thanks to its banking license obtained in 2012, CFG Bank is expanding its range of banking products and services. In addition to its traditional savings and investment products, since January 2013 CFG Bank has been offering the following products and services (non-exhaustive list): deposits (demand and term), loans (traditional and structured), means of payment (cheque and bank card) and e-banking (transactional website with 24/7 access and a state-of-the-art mobile application).

2015 also saw the launch of the retail banking business with the opening of the first branch on Boulevard Al Massira in Casablanca.

The savings offering includes passbook accounts, term deposits and savings-insurance contracts. The retail credit offer is structured around (i) housing credit, (ii) Lombard credit, (iii) one-shot credit and (iv) consumer credit. CFG Bank also offers dedicated services for businesses, ranging from day-to-day banking, through international operations (import/export), to the financing of operating or investment lines: overdraft facilities, investment credits, leasing, etc.

- **Corporate and investment banking activities**

Through its subsidiaries specializing in these business lines, CFG Bank offers first-rate financial solutions for two types of clients: corporate and institutional.

Client credit trend over the period under review

In KMAD	12/31/2020	12/31/2021	Var 21-20	12/31/2022	Var 22-21	06/30/2023	Var 22-H1 23
Cash credit	2 436 152	3 368 187	38.3%	4 514 975	34.0%	5 133 152	13.7%
Equipment loans	15 000	-	-100.0%	-	-	-	-
Real estate loans	2 083 039	2 713 753	30.3%	3 280 186	20.9%	3 532 216	7.7%
Consumer credit	5 950	8 417	41.5%	10 098	20.0%	10 531	4.3%
Other loans	494 040	21 941	-95.6%	134 543	>100%	1 351 795	>100%
Accrued interest receivable	32 638	58 594	79.5%	60 967	4.0%	70 668	15.9%
Gross overdue receivables	29 890	52 532	75.8%	154 578	>100%	215 847	39.6%
Total client receivables	**5 096 709**	**6 223 424**	**22.1%**	**8 155 347**	**31.0%**	**10 314 209**	**26.5%**
of which recovery credits	*8 452*	*13 808*	*63.4%*	*11 308*	*-18.1%*	*9 651*	*-14.7%*
of which Oxygen credits	*45 978*	*47 992*	*4.4%*	*37 705*	*-21.4%*	*33 880*	*-10.1%*

Source: CFG Bank

At the end of the first half of 2023, outstanding client loans rose by 26.5% compared with December 2022, reaching MMAD 10,314. This increase was mainly driven by growth in banking activity, attributable in particular to growth in the following credit segments:

- Other loans (up MAD 1,217 million, or >100%) to MMAD 1,351;
- Cash loans (MMAD +618, i.e., +13.7%) to reach MMAD 5,133;
- Mortgages (MMAD +252, i.e., +7.7%) to reach MMAD 3,532.

Following the cessation of the distribution of revolving and oxygen loans in 2021, the outstandings of the latter fell by 30.1% and 29.4% respectively between 12/31/2021 and 06/30/2023.

CFG BANK

CFG Bank pursued its growth dynamic in 2022 by expanding its client base, resulting in an increase in outstanding client loans. Indeed, outstanding loans stood at MMAD 8,155 in 2022, recording a significant increase of 31.0% compared with fiscal 2021. This is mainly due to the increase in :

- Cash loans (MMAD +1,147, i.e., +34.0%) to MMAD 4,515;
- Mortgages (MMAD +566, i.e., +20.9% to MMAD 3,280);
- Other loans (MMAD +113, i.e., +100% to MMAD 134 following an investment in securities received under a repurchase agreement.

In 2021, outstanding client loans will increase by 22.1% to MMAD 6,223. This is mainly due to the increase in:

- Cash loans (MMAD+932, i.e., +38.3%) to reach MMAD3,368;
- Mortgages (MMAD +631, i.e., +30.3%) to reach MMAD 2,713.

Client deposits over the period under review

In KMAD	12/31/2020	12/31/2021	Var 21-20	12/31/2022	Var 22-21	06/30/2023	Var 22-H1 23
Current accounts in credit	2 577 281	3 664 547	42.2%	5 828 076	59.0%	6 079 991	4.3%
Term deposits	1 225 514	1 449 041	18.2%	1 412 879	-2.5%	957 243	-32.2%
Savings accounts	418 973	585 829	39.8%	783 517	33.7%	836 786	6.8%
Accrued interest payable	15 289	17 078	11.7%	17 045	-0.2%	13 631	-20.0%
Other accounts payable	98 611	128 697	30.5%	30 759	-76.1%	40 750	32.5%
Client deposits	**4 335 668**	**5 845 192**	**34.8%**	**8 072 276**	**38.1%**	**7 928 401**	**-1.8%**

Source: CFG Bank

At the end of the first half of 2023, client deposits fell slightly by 1.8% compared with the end of December 2022, to MMAD 7,928. This trend was mainly due to the combined effect of the following changes:

- A 32.2% drop in "term deposits" (KMAD 455,636) to KMAD 957,243;
- Offset by a 4.3% (KMAD +251,915) increase in "demand accounts in credit", to KMAD 6,079,991, resulting from the development of banking activity and the expansion of the client portfolio.

Client deposits will amount to MMAD 8,072 in 2022, up 38.1% on 2021. This increase is mainly due to the combination of the following factors:

- a 59.0% increase in current accounts in credit, to MMAD 5,828 in 2022, in line with the rise in CFG Bank's banking activity;
- a 33.8% increase in savings accounts, to MMAD 784.

It should be noted that the change in demand accounts and term deposits is explained in particular by the market conditions observed in 2022, marked by an increase in interest rates, which led the bank to give greater preference to demand accounts (non-interest-bearing deposits) in order to optimize the net banking interest margin.

In 2021, client deposits rose by 34.8% year-on-year to MMAD 5,845. This increase was mainly due to:

- a 42.2% increase in sight deposits, to MMAD 3,665 in 2021;
- an increase in term deposits and savings accounts of 18.2% and 39.8%, to MMAD 1,449 and MMAD 586 respectively in 2021.

CFG BANK

III. CFG Bank shareholder structure

CFG Bank's shareholders include institutional investors, national industrial groups and international investment funds, alongside the bank's founders and employee shareholders.

Shareholders	12/31/2018		12/31/2019		12/31/2020		12/31/2021		12/31/2022	
	Number of shares held [7]	% of capital and voting rights	Number of shares held	% of capital and voting rights	Number of shares held	% of capital and voting rights	Number of shares held	% of capital and voting rights	Number of shares held	% of capital and voting rights
Amyn Alami	542 956	12.26%	542 956	12.26%	542 956	10.00%	503 256	9.00%	603 256	10.55%
Adil Douiri	52 816	1.19%	52 816	1.19%	52 816	0.97%	52 816	0.90%	112 816	1.97%
Founders subtotal	**593 992**	**13.45%**	**595 772**	**13.45%**	**595 772**	**10.97%**	**556 072**	**9.90%**	**716 072**	**12.52%**
Younes Benjelloun	150 629	3.40%	150 629	3.40%	150 629	2.77%	150 629	2.70%	150 629	2.63%
Souad Benbachir	137 260	3.10%	137 260	3.10%	137 260	2.53%	123 984	2.20%	123 984	2.17%
Other employee shareholders[8]	142 081	3.21%	139 118	3.14%	142 081	2.62%	304 915	5.50%	326 632	5.71%
Employee shareholders subtotal	**429 970**	**9.71%**	**427 007**	**9.64%**	**429 970**	**7.92%**	**579 528**	**10.40%**	**601 245**	**10.51%**
Zouhair Bennani	262 688	5.93%	262 688	5.93%	262 688	4.84%	262 688	4.70%	337 688	5.90%
Others	101 915	2.30%	101 915	2.30%	98 952	1.83%	98 952	1.70%	109 432	1.91%
Miscellaneous subtotal	**364 603**	**8.23%**	**364 603**	**8.23%**	**361 640**	**6.66%**	**361 640**	**6.40%**	**447 120**	**7.82%**
Total natural persons	**1 390 345**	**31.40%**	**1 387 382**	**31.33%**	**1 387 382**	**25.56%**	**1 497 240**	**26.80%**	**1 764 437**	**30.85%**
Amethis Alpha	537 888	12.15%	537 888	12.15%	537 888	9.91%	537 888	9.60%	-	0.00%
Maghreb FS	537 888	12.15%	537 888	12.15%	537 888	9.91%	537 888	9.60%	537 888	9.41%
Royale Marocaine d'Assurance (RMA)	505 385	11.41%	505 385	11.41%	505 385	9.31%	505 385	9.00%	505 385	8.84%
Société Prev Invest SA	-	-	-	-	-	-	500 361	8.90%	500 361	8.75%
Mutandis SCA	306 795	6.93%	306 795	6.93%	306 795	5.65%	306 795	5.50%	306 795	5.36%
Mutatis	301 489	6.81%	301 489	6.81%	301 489	5.55%	301 489	5.40%	301 489	5.27%
Bank Of Africa (BOA)	285 065	6.44%	285 065	6.44%	285 065	5.25%	285 065	5.10%	285 065	4.98%
Majdaline Holding	-	-	-	-	200 146	3.69%	239 846	4.30%	324 734	5.68%
Axa Assurance Maroc	202 722	4.58%	202 722	4.58%	227 741	4.19%	227 741	4.10%	227 741	3.98%
Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	202 722	4.58%	202 722	4.58%	202 722	3.73%	227 741	4.10%	227 741	3.98%
CFG Associés	53 799	1.21%	56 762	1.28%	31 743	0.58%	20 000	0.40%	-	0.00%
Régime Collectif d'Allocation de Retraite (RCAR)	-	-	-	-	500 362	9.22%	1	0.00%	1	0.00%
REIM International Limited	-	0.00%	-	-	-	0.00%	-	0.00%	292 834	5.12%
Others[9]	104 075	2.35%	104 075	2.35%	404 293	7.45%	404 293	7.30%	444 293	7.77%
Total legal entities	**3 037 828**	**68.60%**	**3 040 791**	**68.67%**	**4 041 517**	**74.44%**	**4 094 493**	**73.20%**	**3 954 327**	**69.15%**

[7] The table above groups the two share classes, A and B.

[8] "Other employee shareholders" includes shares subscribed by Nawfal Bendefa and Mehdi Tahiri in 2021 following CFG Bank's acquisition of a stake in REIM Partners (see 2.2 capital history).

[9] "Others" includes only shareholders who individually hold less than 3% of CFG Bank's capital and voting rights.

TOTAL	**4 428 173**	**100%**	**4 428 173**	**100%**	**5 428 899**	**100%**	**5 591 733**	**100%**	**5 718 764**	**100%**

During the first half of 2021, Amyn Alami sold 39,700 class "B" shares to Majdaline Holding, at a sale price of MAD 399.71 per share, representing around 0.6% of the Bank's capital. Following this sale, Majdaline Holding now holds 4.3% of CFG Bank's capital. This transaction was carried out under normal conditions, with no effect on shareholders' agreements.

In September 2021, Souad Benbachir Hassani and CFG Associés sold 13,276 and 11,743 class "B" shares respectively to CIMR at a sale price of MAD 399.71 per share, representing around 0.4% of the Bank's capital. Following this sale, CIMR now holds 4.1% of CFG Bank's capital. This transaction was carried out under normal conditions, with no effect on shareholders' agreements.

In December 2021, RCAR sold 500,361 class "B" shares to Prev Invest S.A (a subsidiary of RCAR), at a sale price of MAD 446.79 per share. Following this sale, Prev Invest S.A acquired 8.9% of the Bank's capital. This transaction was carried out under normal conditions, with no effect on shareholders' agreements.

In March 2022, REIM International Limited acquired all the shares held by Mehdi Tahiri and Nawfal Bendefa in the capital of CFG Bank at a purchase price of MAD 399.71. This transaction was carried out under normal conditions, with no impact on shareholders' agreements. It should be noted that REIM International Limited acquired part of the shares sold by Amethis Alpha.

In October 2022, Amethis Alpha successfully announced its total exit from the capital of CFG BANK, bringing the total duration of the fund's investment in the national banking institution to 5 years, in line with stakeholders' expectations. Amethis Alpha sold its shares exclusively to CFG Bank shareholders, including Amyn Alami, Majdaline Holding and REIM International limited, at a sale price of MAD 500 per share. This transaction was carried out under normal terms and conditions, with no impact on shareholder agreements.

Current shareholder structure

CFG Bank's current shareholder structure as of November 1, 2023, is as follows:

Shareholders	Number of shares and voting rights held [10]	% of capital and voting rights
Amyn Alami	603 256	10.21%
Adil Douiri	112 568	1.90%
Founders subtotal	**715 824**	**12.11%**
Younes Benjelloun, spouse and descendants	200 629	3.39%
Souad Benbachir	173 984	2.94%
Other employee shareholders[11]	419 851	7.10%
Employee shareholders subtotal	**794 464**	**13.44%**
Zouhair Bennani	337 688	5.71%
Others	108 380	1.83%
Miscellaneous subtotal	**446 068**	**7.55%**
Total natural persons	**1 956 356**	**33.10%**
Maghreb FS	537 888	9.10%
Royale Marocaine d'Assurance (RMA)	505 385	8.55%

[10] The table above groups the two share classes A and B.

[11] The number of shareholder employees as of November 1, 2023, was 43.

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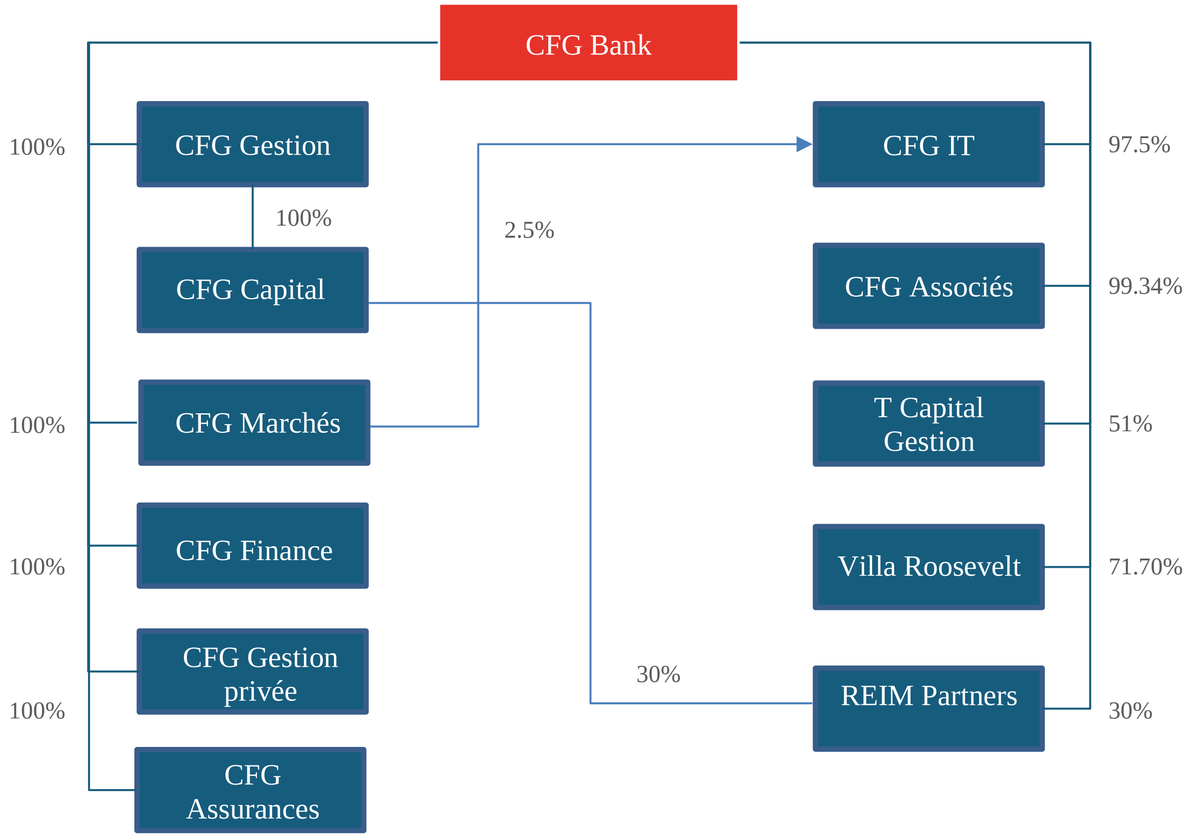
Société Prev Invest SA	500 361	8.47%
Majdaline Holding	324 734	5.49%
Mutandis SCA	306 795	5.19%
Mutatis	301 489	5.10%
REIM International Limited	292 834	4.95%
Bank Of Africa	285 065	4.82%
Axa Assurance Maroc	227 741	3.85%
Caisse Interprofessionnelle Marocaine de Retraites (CIMR)	227 741	3.85%
Others	444 294	7.52%
Total legal entities	**3 954 327**	**66.90%**
Grand total	**5 910 683**	**100.00%**

Source: CFG Bank

During the first half of 2023, Adil Douiri acquired 1,052 class "B" shares from two individual shareholders at a purchase price of MAD500. This transaction was carried out under normal terms and conditions, with no impact on shareholders' agreements.

IV. CFG Bank subsidiaries

At the date of registration of the reference document, CFG Bank's organization chart reads as follows:



Source: CFG Bank – CFG Bank - Organization chart showing CFG Bank's % interest and control in its subsidiaries.

PART IV – FINANCIAL DATA

I. Annual financial statement analysis

I.1 Corporate financial statements analysis

I.1.1 Income statement analysis

The table below shows CFG Bank's main income statement indicators for the period 2020-2022:

In KMAD	2020	2021	*Var.20-21*	2022	*Var.21-22*
Interest and similar income	225 183	284 458	*26.3%*	412 061	*44.9%*
Interest expense	-119 569	-153 109	*28.1%*	-183 577	*19.9%*
Interest margin	**105 614**	**131 350**	***24.4%***	**228 485**	***74.0%***
Income from leasing and rental operations	67 354	85 296	*26.6%*	90 977	*6.7%*
Expenses on leasing and rental operations	-46 970	-55 798	*18.8%*	-72 643	*30.2%*
Net income from leasing and rental operations	**20 384**	**29 498**	***44.7%***	**18 334**	***-37.8%***
Commission income	62 181	80 532	*29.5%*	109 588	*36.1%*
Commissions (expenses)	-13 091	-21 198	*61.9%*	-27 971	*31.9%*
Commission margin	**49 090**	**59 334**	***20.9%***	**81 617**	***37.6%***
Income from market operations	20 629	48 145	*>100%*	-7 012	*<-100%*
Other banking income and expenses	11 740	15 786	*34.5%*	11 602	*-26.5%*
Net banking income	**207 457**	**284 113**	***37.0%***	**333 026**	***17.2%***
Net income from long-term investment transactions	-	-138 863	*<-100*	-	*-100.0%*
Other non-banking income and expenses	2 090	36 022	*>100%*	642	*-98.2%*
General operating expenses	-255 894	-296 226	*15.8%*	-323 133	*9.1%*
Gross operating income	**-46 347**	**-114 954**	***<-100%***	**10 536**	***>100%***
Net reversals of provisions for past-due loans and commitments by signature	-3 849	-24 710	*>100%*	-37 150	*50.3%*
Other provisions net of reversals	-9 943	-28 293	*>100%*	7 879	*<-100%*
Current income	**-60 139**	**-167 957**	***<-100%***	**-18 734**	***88.8%***
Non-current income	**-608**	**-4 351**	***<-100%***	**-1 129**	***74.0%***
Pre-tax income	**-60 747**	**-172 308**	***<-100%***	**-19 863**	***88.5%***
Income tax	-2 529	-3 480	*37.6%*	-3 095	*-11.1%*
Net income	**-63 276**	**-175 787**	***<-100%***	**-22 958**	***86.9%***

Source: CFG Bank

I.1.2 Balance sheet analysis

ASSETS

In KMAD	12/31/2020	12/31/2021	12/31/2022	Var 21/20	Var 22/21
Cash, Central Bank, Public Treasury, Post Check Service	435 788	221 238	593 632	-49.2%	>100%
Loans and advances to credit institutions and similar entities	201 757	569 879	312 585	>100%	-45.1%
Client receivables	5 077 457	6 179 875	8 075 225	21.7%	30.7%
Receivables acquired through factoring	-	-	-	-	-
Trading and investment securities	1 206 747	1 858 430	3 005 301	54.0%	61.7%
Other assets	275 312	481 813	273 127	75.0%	-43.3%
Investment securities	-	401 700	682 432	>100%	69.9%
Shares in subsidiaries and affiliates	408 594	307 835	307 835	-24.7%	0.0%
Equity-accounted investments	-	-	-	-	-
Subordinated receivables	-	-	-	-	-
Leased and rented assets	766 372	916 879	1 101 420	19.6%	20.1%
Intangible fixed assets	376 413	378 388	398 511	0.5%	5.3%
Tangible fixed assets	272 846	195 457	307 020	-28.4%	57.1%
Total assets	**9 021 285**	**11 511 494**	**15 057 087**	**27.6%**	**30.8%**

Source: CFG Bank

LIABILITIES

In KMAD	12/31/2020	12/31/2021	12/31/2022	Var 21/20	Var 22/21
Cash, Central Bank, Public Treasury, Post Check Service	-	-	-	-	-
Amounts owed to credit institutions and similar entities	888 746	1 410 696	2 852 634	59%	>100%
Client deposits	4 335 668	5 845 191	8 072 277	35%	38%
Debt securities issued	2 407 842	2 806 601	2 398 945	17%	-15%
Other liabilities	388 836	332 191	410 541	-15%	24%
Provisions for contingencies and charges	12 966	40 136	32 257	>100%	-20%
Regulated provisions	-	-	-	-	-
Grants, earmarked public funds and special guarantee funds	-	-	-	-	-
Subordinated debt	-	200 153	401 535	>100%	>100%
Shareholders' equity	**987 227**	**876 525**	**888 898**	**-11.2%**	**1.4%**
Revaluation reserves	-	-	-	-	-
Reserves and additional paid-in capital	915 560	964 363	986 991	5%	2%
Capital	542 890	559 173	571 876	3%	2%
Shareholders. Unpaid capital (-)	-	-	-	-	-
Retained earnings (+/-)	-407 947	-471 223	-647 011	-16%	-37%
Net income pending appropriation (+/-)	-	-	-	-	-
Net income (+/-)	-63 276	-175 788	-22 958	<-100%	87%
Total Liabilities	**9 021 285**	**11 511 494**	**15 057 087**	**27.6%**	**30.8%**

Source: CFG Bank

I.2 Consolidated annual financial statements analysis

I.2.1 Income statement analysis

The table below shows the CFG Bank Group's consolidated income statement for the period 2020 - 2022:

In KMAD	2020	2021	*Var.20-21*	2022	*Var.21-22*
Interest and similar income	245 809	310 273	*26.2%*	435 713	*40.4%*
Interest expense	-120 599	-154 519	*28.1%*	-184 981	*19.7%*
Interest margin (1)	**125 210**	**155 754**	***24.4%***	**250 732**	***61.0%***
Commission income	197 278	250 825	*27.1%*	321 607	*28.2%*
Commissions (expenses)	-57 342	-58 022	*1.2%*	-71 092	*22.5%*
Commission margin (2)	**139 936**	**192 803**	***37.8%***	**250 515**	***29.9%***
Net gains or losses on financial instruments at fair value through profit or loss (3)	-5 039	31 592	*>100%*	-32 822	*<-100%*
Net gains or losses on available-for-sale financial assets (3)	-	-	-	-	-
Net gains or losses on financial instruments at fair value through equity	-	-	-	-	-
Net income from other activities (4)	25 392	20 205	*-20.4%*	31 969	*58.2%*
Net banking income (5)	**285 499**	**400 354**	***40.2%***	**500 394**	***25.0%***
Retail Banking [12]	*167 475*	*238 302*	*42.3%*	*293 561*	*23.2%*
Corporate and investment banking [13]	*118 024*	*162 052*	*37.3%*	*206 833*	*27.6%*
General operating expenses (6)	-216 889	-293 585	*35.4%*	-331 558	*12.9%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets (7)	-48 213	-53 363	*10.7%*	-55 094	*3.2%*
Gross operating income (8)	**20 397**	**53 406**	***>100%***	**113 742**	***>100%***
Risk costs (9)	-18 248	-35 965	*97.1%*	-30 984	*-13.8%*
Operating income (10)	**2 149**	**17 441**	***>100%***	**82 758**	***>100%***
Share in net income of companies accounted for by the equity method	-	-	-	-	-
Net gains or losses on other assets (11)	-777	31 403	*>100%*	-2 937	*<-100%*
Changes in value of goodwill	-	-	-	-	-
Pre-tax income (12)	**1 372**	**48 844**	***>100%***	**79 821**	***63.4%***
Income tax expense (13)	-44 492	-17 483	*-60.7%*	-25 480	*45.7%*
Net income from discontinued operations	-	-	-	-	-
Net income (14)	**-43 120**	**31 361**	***>100%***	**54 341**	***73.3%***
Minority interests (15)	-1 091	2 810	*>100%*	10 455	*>100%*
Net income, Group share (16)	**-42 029**	**28 551**	***>100%***	**43 886**	***53.7%***

Source: CFG Bank

[12] Refers to the activities of the commercial bank CFG Bank, including ancillary/support businesses (CFG IT, CFG Associés, Villa Roosevelt and CFG Assurances).
[13] Includes Corporate Finance, Private Equity, Capital Markets, Asset Management and Trading (fixed-income products).

I.2.2 Balance sheet analysis

ASSETS

In KMAD	12/31/2020	12/31/2021	12/31/2022	Var 21/20	Var 22/21
Cash, Central Bank, Public Treasury, Post Check Service	435 854	221 239	593 633	-49.2%	>100%
Financial assets at fair value through profit or loss	1 220 018	1 861 768	3 030 625	52.6%	62.8%
Financial assets held for trading	*1 220 018*	*1 861 768*	*3 030 625*	52.6%	62.8%
Other financial assets at fair value through profit or loss	-	-	-	-	-
Hedging instruments	-	-	-	-	-
Financial assets at fair value through equity	65 304	30 783	40 296	-52.9%	30.9%
Debt instruments carried at fair value through equity - recyclable	-	-	-	-	-
Non-recyclable debt instruments at fair value through equity	*65 304*	*30 783*	*40 296*	-52.9%	30.9%
Securities at amortized cost	-	402 185	682 432	>100%	69.7%
Loans and advances to credit institutions at amortized cost	202 277	604 102	332 824	>100%	-44.9%
Loans and advances to clients, at amortized cost	5 611 689	6 679 520	8 806 412	19.0%	31.8%
Asset revaluation surplus on portfolios hedged against interest rate risks	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-
Current tax assets	147 458	128 233	150 890	-13.0%	17.7%
Deferred tax assets	123 632	136 084	148 306	10.1%	9.0%
Accruals and other assets	298 058	785 007	657 006	>100%	-16.3%
Non-current assets held for sale	-	-	-	-	-
Investments in associates	-	-	-	-	-
Investment property	-	-	-	-	-
Tangible assets	534 111	468 055	579 516	-12.4%	23.8%
Intangible assets	204 659	206 495	225 988	0.9%	9.4%
Goodwill	10 142	124 142	124 142	>100%	0.0%
Total Assets	**8 853 202**	**11 647 613**	**15 372 070**	**31.6%**	**32.0%**

Source: CFG Bank

LIABILITIES

In KMAD	12/31/2020	12/31/2021	12/31/2022	Var 20/21	Var 21/22
Cash, Central Bank, Public Treasury, Post Check Service	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	-
Financial liabilities at fair value through profit or loss under option	-	-	-	-	-
Hedging instruments	-	-	-	-	-
Amounts owed to credit institutions and similar entities	900 435	1 484 423	2 865 367	64.9%	93.0%
Client deposits	4 283 805	5 823 490	8 032 909	35.9%	37.9%
Debt securities issued	2 406 260	2 806 601	2 398 945	16.6%	-14.5%
Fair value adjustments to portfolios hedged against interest rate risks	-	-	-	-	-
Current tax liabilities	49 339	66 241	87 745	34.3%	32.5%
Deferred tax liabilities	43 534	55 639	68 675	27.8%	23.4%
Accruals and other liabilities	329 317	431 939	641 132	31.2%	48.4%
Liabilities related to non-current assets held for sale	-	-	104	-	>100%
Technical reserves for insurance contracts	-	-	-	-	-
Provisions	376	2 375	2 375	>100%	0.0%
Grants and similar funds	-	-	-	-	-
Subordinated debt and special guarantee funds	-	200 153	401 535	>100%	>100%
Shareholders' equity	**840 136**	**776 752**	**873 283**	**-7.5%**	**12.4%**
Shareholders' Equity, Group share	**819 729**	**762 199**	**851 810**	**-7.0%**	**11.8%**
Capital and related reserves	1 458 450	1 523 536	1 558 867	4.5%	2.3%
Retained earnings	- 604 067	-658 400	-626 019	-9.0%	4.9%
Unrealized and deferred gains and losses	7 375	-131 488	-124 924	<-100%	5.0%
Net income	**-43 120**	**31 361**	**54 341**	**>100%**	**73.3%**
Net income, Group share	**-42 029**	**28 551**	**43 886**	**>100%**	**53.7%**
Minority interests (income + reserves)	20 407	14 553	21 473	-28.7%	47.6%
Total Liabilities	**8 853 202**	**11 647 613**	**15 372 070**	**31.6%**	**32.0%**

Source: CFG Bank

II. Half-year financial statements analysis

II.1 Half-year financial statements analysis

II.1.1 Income statement analysis

The table below shows CFG Bank's main income statement indicators as of June 30, 2022, and 2023:

In KMAD	H1 2022	H1 2023	Var.
Interest and similar income	188 835	243 353	*28.9%*
Interest expense	-86 150	-134 281	*55.9%*
Interest margin	**102 685**	**109 072**	***6.2%***
Income from leasing and rental operations	45 300	54 201	*19.6%*
Expenses on leasing and rental operations	-35 282	-38 598	*9.4%*
Net income from leasing and rental operations	**10 018**	**15 602**	***55.7%***
Commission income	48 623	53 188	*9.4%*
Commissions (expenses)	-11 764	-14 603	*24.1%*
Commission margin	**36 859**	**38 585**	***4.7%***
Income from market operations	-4 130	46 041	*>100%*
Other banking income and expenses	18 446	22 759	*23.4%*
Net banking income	**163 878**	**232 060**	***41.6%***
Net income from long-term investment transactions	-	6 166	*n.a.*
Other non-banking income and expenses	251	107	*-57.3%*
General operating expenses	-156 876	-168 013	*7.1%*
Gross operating income	**7 253**	**70 320**	***>100%***
Net reversals of provisions for past-due loans and commitments by signature	-5 264	-23 293	*>100%*
Other provisions net of reversals	799	35	*-95.7%*
Current income	**2 788**	**47 062**	***>100%***
Non-current income	**10**	**62**	***>100%***
Pre-tax income	**2 798**	**47 125**	***>100%***
Income tax	-2 167	-1 181	*-45.5%*
Net income	**631**	**45 944**	***>100***

Source: CFG Bank

II.1.2 Balance sheet analysis

The table below shows the main indicators of CFG Bank's corporate social responsibility as of December 31, 2022, and June 30, 2023:

ASSETS

In KMAD	12/31/2022	06/30/2023	Var.
Cash, Central Bank, Public Treasury, Post Check Service	593 632	770 678	29.8%
Loans and advances to credit institutions and similar entities	312 585	447 123	43.0%
Client receivables	8 075 225	10 210 817	26.4%
Receivables acquired through factoring	-	-	-
Trading and investment securities	3 005 301	2 784 479	-7.3%
Other assets	273 127	442 267	61.9%
Investment securities	682 432	669 584	-1.9%
Shares in subsidiaries and affiliates	307 835	314 001	2.0%
Equity-accounted investments	-	-	-
Subordinated receivables	-	-	-
Leased and rented assets	1 101 420	1 244 041	12.9%
Intangible fixed assets	398 511	420 173	5.4%
Tangible fixed assets	307 020	414 499	35.0%
Total assets	**15 057 087**	**17 717 661**	**17.7%**

Source: CFG Bank

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Liabilities

In KMAD	12/31/2022	06/30/2023	Var.
Cash, Central Bank, Public Treasury, Post Check Service	-	-	-
Amounts owed to credit institutions and similar entities	2 852 634	3 489 531	22%
Client deposits	8 072 277	7 928 401	-2%
Debt securities issued	2 398 945	4 439 287	85%
Other liabilities	410 541	410 445	0.0%
Provisions for contingencies and charges	32 257	32 222	0.0%
Regulated provisions	-	-	-
Grants, earmarked public funds and special guarantee funds	-	-	-
Subordinated debt	401 535	408 679	2%
Shareholders' equity	**888 898**	**1 009 095**	**13.5%**
Revaluation reserves	-	-	-
Reserves and additional paid-in capital	986 991	163 584	-83%
Capital	571 876	591 068	3%
Shareholders. Unpaid capital (-)	-	-	-
Retained earnings (+/-)	-647 011	208 499	>100%
Net income pending appropriation (+/-)	-	-	-
Net income (+/-)	-22 958	45 944	>100%
Total Liabilities	**15 057 087**	**17 717 661**	**17.7%**

Source: CFG Bank

II.2 CFG bank's consolidated financial statements

II.2.1 Income statement analysis

The table below shows the CFG Bank Group's consolidated income statement for H1 2022 and H1 2023:

In KMAD	H1 2022	H1 2023	*Var.*
Interest and similar income	204 447	264 312	*29.3%*
Interest expense	-86 691	-134 937	*55.7%*
Interest margin (1)	**117 756**	**129 375**	***9.9%***
Commission income	146 055	143 557	*-1.7%*
Commissions (expenses)	-31 899	-30 144	*-5.5%*
Commission margin (2)	**114 156**	**113 413**	***-0.7%***
Net gains or losses on financial instruments at fair value through profit or loss (3)	-15 697	42 935	*>100%*
Net gains or losses on available-for-sale financial assets (3)	-	-	-
Net gains or losses on financial instruments at fair value through equity	-	-	-
Net income from other activities (4)	12 500	22 906	*83.2%*
Net banking income (5)	**228 715**	**308 629**	***34.9%***
General operating expenses (6)	-160 593	-177 172	*10.3%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets (7)	-25 681	-27 284	*6.2%*
Gross operating income (8)	**42 441**	**104 173**	***>100%***
Risk costs (9)	-7 922	-13 077	*65.1%*
Operating income (10)	**34 519**	**91 096**	***>100%***
Share in net income of companies accounted for by the equity method	-	-	-
Net gains or losses on other assets (11)	-1 363	-2 093	*-53.6%*
Changes in value of goodwill	-	-	-
Pre-tax income (12)	**33 156**	**89 003**	***>100%***
Income tax expense (13)	-11 793	-18 168	*54.1%*
Net income from discontinued operations	-	-	-
Net income (14)	**21 363**	**70 835**	***>100%***
Minority interests (15)	4 274	6 004	*40.5%*
Net income, Group share (16)	**17 089**	**64 831**	***>100%***

Source: CFG Bank

II.2.2 Balance sheet analysis

ASSETS

In KMAD	12/31/2022	06/30/2023	Var.
Cash, Central Bank, Public Treasury, Post Check Service	593 633	770 686	29.8%
Financial assets at fair value through profit or loss	3 030 625	2 815 682	-7.1%
Financial assets held for trading	*3 030 625*	*2 815 682*	-7.1%
Other financial assets at fair value through profit or loss	-	-	-
Hedging instruments	-	-	-
Financial assets at fair value through equity	40 296	40 296	0.0%
Debt instruments carried at fair value through equity - recyclable	-	-	-
Non-recyclable debt instruments at fair value through equity	*40 296*	*40 296*	0.0%
Securities at amortized cost	682 432	669 584	-1.9%
Loans and advances to credit institutions at amortized cost	332 824	461 197	38.6%
Loans and advances to clients, at amortized cost	8 806 412	11 132 427	26.4%
Asset revaluation surplus on portfolios hedged against interest rate risks	-	-	-
Held-to-maturity investments	-	-	-
Current tax assets	150 890	176 597	17.0%
Deferred tax assets	148 306	154 049	3.9%
Accruals and other assets	657 006	794 062	20.9%
Non-current assets held for sale	-	-	-
Investments in associates	-	-	-
Investment property	-	-	-
Tangible assets	579 516	689 786	19.0%
Intangible assets	225 988	248 447	9.9%
Goodwill	124 142	124 142	0.0%
Total Assets	**15 372 070**	**18 076 955**	**17.6%**

Source: CFG Bank

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LIABILITIES

In KMAD	12/31/2022	06/30/2023	Var.
Cash, Central Bank, Public Treasury, Post Check Service			
Financial liabilities at fair value through profit or loss	-	-	-
Financial liabilities held for trading	-	-	-
Financial liabilities at fair value through profit or loss under option	-	-	-
Hedging instruments	-	-	-
Amounts owed to credit institutions and similar entities	-	-	-
Client deposits	2 865 367	3 506 963	22.4%
Debt securities issued	8 032 909	7 910 798	-1.5%
Fair value adjustments to portfolios hedged against interest rate risks	2 398 945	4 439 287	85.1%
Current tax liabilities	-	-	-
Deferred tax liabilities	87 745	72 218	-17.7%
Accruals and other liabilities	68 675	81 586	18.8%
Liabilities related to non-current assets held for sale	641 132	647 713	1.0%
Technical reserves for insurance contracts	104	104	0.0%
Provisions	-	-	-
Grants and similar funds	2 375	2 375	0.0%
Subordinated debt and special guarantee funds	-	-	-
Shareholders' equity	401 535	408 679	1.8%
Shareholders' Equity, Group share	**873 283**	**1 007 232**	**15.3%**
Capital and related reserves	**851 810**	**990 554**	**16.3%**
Retained earnings	1 558 867	754 652	-51.6%
Unrealized and deferred gains and losses	-626 019	295 995	>100%
Net income	-124 924	-124 924	0.0%
Net income, Group share	**54 341**	**70 835**	**30.4%**
Minority interests (income + reserves)	**43 886**	**64 831**	**47.7%**
Total Liabilities	21 473	16 678	-22.3%
	15 372 070	**18 076 955**	**17.6%**

Source: CFG Bank

PART V – RISK FACTORS

CFG Bank's risk management governance structure is based on clear internal rules and procedures, as well as on-going monitoring. This system complies with the relevant regulatory provisions issued by Bank Al-Maghrib.

This structure comprises the following bodies:

- **Risk Committee**: reviews and approves overall risk management strategy, policies and practices;
- **Executive Management**: sets and approves the Bank's major risk management strategies;
- **Global Risk Management Department**: is in charge of setting up and monitoring the global system for managing credit, market, liquidity and operational risks.

1. Credit risk

Credit risk is the risk associated with a counterparty's inability to meet its obligations to the Bank.

Organization and governance

The credit risk management and monitoring system revolves around a number of commercial and central structures dedicated to risk management and the control of regulatory aspects as well as internal procedures.

It is also structured around several operational committees:

- **Credit Committee**: Comprising Risk Management, General Management and the Credit Unit, the Credit Committee decides on credit applications in line with credit policy. Three credit committees are held each week.
- **Monthly committee to monitor overdue items, the Watchlist and the Weak List**: set up for each of the Retail, Corporate and Private Banking divisions, this committee is made up of the business line manager concerned, the Risk Department and, if necessary, the Legal Department. The business line manager gives their opinion on the status of overdue receivables and the actions taken to recover them. The Risk Department monitors overdue receivables, ensures that action plans are implemented, and alerts each business line manager to receivables that have been placed on the Watchlist or Weak list. A report is then sent to the various business units and to general management.
- **The half-yearly Provisioning, Sensitive Risks and Weak List Committee**: Made up of senior management, business line managers and the Risk Department, this committee decides which receivables should be provisioned.
- **Audit and Risk Committee.**

Credit granting policy and procedures

The CFG Bank credit offer has been refined and adapted over the course of 2022. Several types of credit are now available:

- Housing loans;
- Investment loans and CMT for businesses;
- Secured cash loans for businesses and individuals;
- Property development loans (PDL);
- Overdrafts and overdraft facilities;
- Lombard loans;
- Leasing loans;
- Consumer credit.

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

- Compliance with lending regulations;

- Compliance with internal rules and procedures governing the granting of loans: coverage ratios, guarantees, loan-to-value ratios, debt-to-income ratios, etc.
- 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 granting decisions;
- Regular monitoring and control of guarantees by sales and central functions;
- Analysis of the impact of CFG Bank's global exposures;
- Compliance with regulatory and internal credit limits;
- Compliance with Bank AL Maghrib/GPBM code of ethics.

Granting procedure and delegation system

Our credit granting procedure is based on 3 principles:

1. **Setting up a credit file**

   Carried out by our advisors, this involves gathering information about the credit and the documents needed to analyze the application, and then issuing an initial opinion on it, based on its compliance with internal credit conditions and standards.

2. **Credit file analysis**

   Based on the various elements 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 Department, and possibly the Credit Unit in the case of an initial examination of retail files. A credit risk assessment is carried out by the Risk Department. This includes financial analysis, collateral control and credit risk assessment, as well as analysis of its impact on CFG Bank's overall exposure.

   Consumer loans not covered by an agreement or exceeding KMAD 150 are managed by Salafin. On the other hand, all conventional loans under KMAD 150 are managed and processed by CFG Bank's Avaloq software.

3. **Decision-making and delegation**

   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 put in place during 2018. Today, all credit applications excluding consumer credit are submitted to the Credit Committee and are listed below:

   - Housing loans;
   - Investment loans and medium-term loans (CMT) for businesses;
   - Secured cash loans for companies and individuals;
   - Property development loans (PDL);
   - Overdrafts and overdraft facilities;
   - Lombard loans;
   - Leasing loans.

<u>**Credit risk assessment and monitoring system**</u>

Credit risk monitoring is the responsibility of both the sales entities and the Risk Department. In the case of buyer mortgages, analysis is carried out on the basis of a "credit simulation" sheet, which summarizes all the Bank's acceptance criteria: applicant's age, loan term, loan-to-value ratio, debt ratio, etc. This sheet lists the loan conditions and checks compliance with internal and regulatory credit standards.

This form also sets out the credit terms and 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 today based essentially on the analysis and due diligence carried out by the Risk Department, in order to assess the credit risk relating to the project and the counterparty, as well as 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 set up a rating system that complies with Basel II requirements for corporate clients.

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

Guarantee follow-up

CFG Bank accepts several types of collateral, depending on the type of loan requested:

- Pledging of securities, UCITS and life insurance products held by the borrower;
- Guarantee;
- Mortgages;
- Credit insurance.

Coverage ratios are set by type of guarantee. Central monitoring is carried out automatically via the information system, and on a daily basis in the case of financial portfolios pledged as collateral. A margin call is triggered when the portfolio's value falls. This coverage ratio will be further detailed and refined according to other criteria, notably share liquidity.

The Bank may also ask the client to modify the collateral pledged in the event of an event involving the deterioration of one of the values pledged by the client as collateral, i.e., a sharp deterioration in the client's financial situation, liquidation of the company whose securities are pledged, expropriation of a property for a public purpose, among others.

A transitional system (Watch list / Weak list) has been put in place pending the entry into force of Circular 19/G. This system is based on the detailed criteria set out in 19/G.

Watch List

As part of the ongoing drive to strengthen credit risk monitoring tools, and in view of the expected growth in credit activity over the next few years, the Risk Department has introduced a system for tracking and monitoring sensitive receivables, in the light of Bank Al Maghrib's draft reform of circular 19/G/2002:

- A half-yearly study is carried out to identify receivables showing early signs of default,
- These are monitored on a monthly basis.

The Risk Management Department then informs General Management, via the monthly summary sent to it, the monthly overdue and Watch list monitoring committee, and the half-yearly provisioning and sensitive risks committee.

The provisioning amount for receivables classified on the Watchlist at the end of December 2022 is MMAD 6,9.

This amount includes provisions recorded on the outstandings of Watchlist level 1 counterparties (provision of 10%) and Watch list level 2 counterparties (provision of 2.5%).

As part of the drive to strengthen credit risk monitoring tools, and in view of changes in the credit portfolio, a half-yearly study is carried out to identify receivables showing early signs of default. All the criteria set out in the draft Circular 19/G are studied, in addition to internal criteria aimed at studying client behavior (monthly delinquency committee).

After classifying counterparties, the provisions recorded are as follows:

- Watch list level 1: represents the highest risk, provisioned at 10% (in the light of Bank Al Maghrib's draft reform of circular 19/G/2002);
- Watch list level 2: represents a lower risk, provisioned at 2.5% (decided by the Board of Directors);
- Weak list: counterparties deserving the attention of the sales team and overall risk management. The list is monitored internally and provisioned at 0%.

Weak List

With a view to further strengthening its credit risk management system, the Risk Department has set up an internal Weak list to measure, anticipate and prevent any risk of loss:

- Based on stricter criteria than those defining sensitive receivables, it enables close monitoring of certain receivables which, although not classified as sensitive, merit the attention of sales staff and overall risk management;
- Receivables to be downgraded to Weak list are identified during the half-yearly review;
- They are monitored on a monthly basis.

Overdue receivables

CFG Bank's close monitoring of commitments means that receivables eligible for provisioning under regulations are systematically identified by the Risk Department, which informs General Management on a monthly basis via a monthly summary, the monthly committee for monitoring unpaid debts, Watch list and Weak list, and the half-yearly committee for provisioning and sensitive risks.

In accordance with current regulations, unpaid 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 180 days past due;
- "compromised debt", when the due date is not paid within 360 days of the due date.

The following rules apply to restructured receivables:

- Receivables restructured more than 2 times,
- Third-time restructurings must be exceptional and duly justified by the establishment,
- Restructured loans > 90 days overdue.

The following are classified as compromised receivables:

- Restructured receivables > 180 days overdue,

The number of provisions to be set aside is determined by the risk management department, bearing in mind that pre-doubtful, doubtful and compromised receivables must give rise to provisions equal to at least 20%, 50% and 100% of their amount respectively, after deduction of reserved agios and loan guarantees as detailed in article 15 of circular no. 19/G/2002.

Repayment of the outstanding amount by the client entails systematic reversal of the provisions previously set aside.

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

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

Collection

If the client fails to honor their commitments on the due date of the loan, CFG Bank must first make an amicable collection attempt.

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 legal proceedings. The collection process is currently operational on the system.

Its implementation has been effective since the second half of 2020.

Internal limits and stress tests

An internal maximum loss limit has been set for the credit portfolio. It is defined as the limit that must not be exceeded whatever the evolution of risk factors in a worst-case scenario. The limit approved by the Board of Directors is determined as follows: loss ratio * value of loan portfolio less provisions ≤ 20%* book equity. This limit corresponds to a percentage of shareholders' equity and gives rise to a maximum exposure amount, i.e., a commitment ceiling 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 provided to the Board of Directors and Executive Board

Senior management is kept regularly informed of the bank's exposure to credit risk through:

- Monthly summary of overdue and sensitive receivables sent to general management;
- Minutes of monthly overdue receivables monitoring committees;
- Half-yearly Watchlist and Weak list provisioning committees;
- Corporate and retail risk analyses carried out prior to granting corporate and very small business loans;
- Ad hoc risk analyses when a problem is identified;
- Quarterly reporting prepared by the Risk 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;
    - ✓ Risk management recommendations and guidelines.
- A monthly report prepared by the Risk Department for General Management and the business lines concerned. This reporting includes:
    - ✓ Development of frozen and dormant accounts;
    - ✓ Matrix showing changes in the number of delinquencies by contract;

- ✓ Number of files in arrears and outstandings by client category;
- ✓ Loss ratio by credit category;
- ✓ Trend in overruns/forced debits under and over KMAD 50.

- 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 Risk Committee meeting.

2. CONCENTRATION RISK

Concentration risk is the risk inherent in an exposure that could lead to significant losses, threatening an institution's financial solidity or its ability to pursue its core activities.

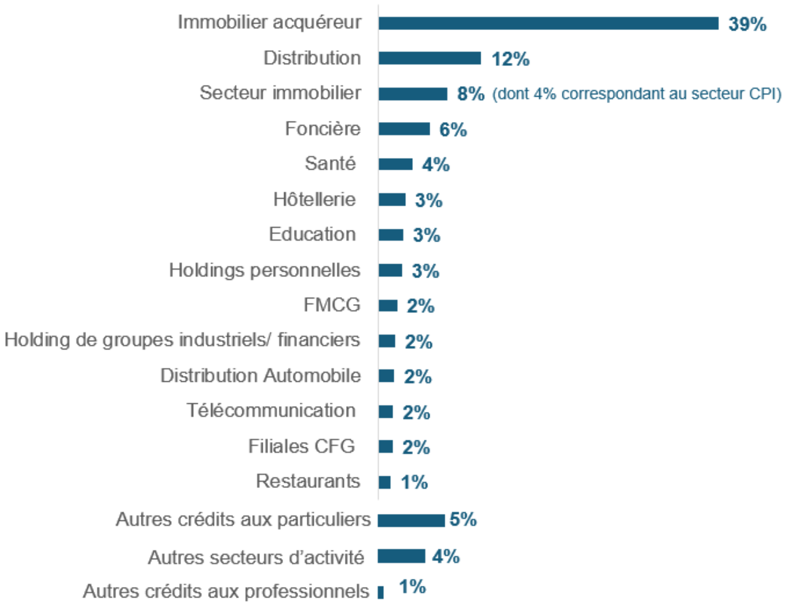
These are on- or off-balance sheet exposures of any kind that could expose the bank to losses due to counterparty risk.

Concentration risk may arise from exposure to:

- counterparties belonging to the same business sector;
- categories of counterparties: GE, SMEs, VSEs and individuals;
- counterparties belonging to the same geographical region;
- interest groups;
- individual counterparties.

Breakdown of the Bank's global exposure by business sector

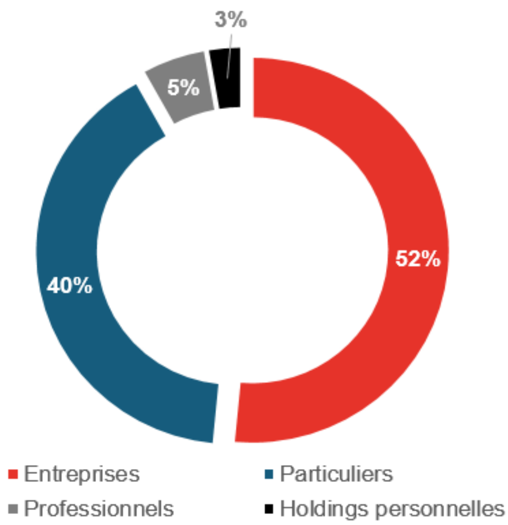
As of end-December 2022, the breakdown of the Bank's exposure to the various economic sectors is as follows:



Source: CFG Bank

Breakdown of commitments by counterparty category

Exposure of outstanding commitments to the various categories of counterparties as of end-December 2022 breaks down as follows:



Source: CFG Bank

Geographical distribution

CFG Bank's commitments are heavily concentrated in the Greater Casablanca and Rabat regions.

As of end-December 2022, the portfolio showed satisfactory sector diversification and a good breakdown by counterparty category, enabling concentration risk to be managed effectively.

Concentration risk monitoring system

Limit system

- A concentration limit is set by the Bank for loans to the property development and hotel sectors.
- Counterparty limits have been set for interbank loans granted by CFG Bank to local banks. In addition, the Bank refrains from lending to counterparties deemed risky.
- A position limit has also been defined for the private debt portfolio. This 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 and concentration limit per security.
- Global counterparty limits and limits by category and type of company, excluding credit institutions, have been defined for the foreign exchange business.
- These limits are reviewed and approved annually by the Board of Directors.

Lastly, in accordance with Bank Al Maghrib circular N°8/G/2012 on the maximum risk-splitting coefficient for credit institutions, exposure by beneficiary is measured quarterly, by calculating the ratio between the total weighted risks incurred on the same beneficiary and regulatory capital.
This ratio, which must not exceed 20%, is regularly monitored by the Risk Department.

Information provided to the Board of Directors and Executive Board

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

- CMDR results on an individual and consolidated basis;

- Simulations and projections for the following quarter to prevent potential overruns;
- Risk management recommendations and guidelines.

In addition, General Management and the business divisions 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.

At the end of December 2022, the concentration of risks within a single interest group was as follows:

In KMAD	Total amount of risks[1]	Amount of risk exceeding 10% of equity On an individual basis		
		Loans by disbursement	Credit by signature	Number of shares held in the capital of the beneficiary
Interest group 1	189 761	166 974	15 258	7 529
Interest group 2	837 959	793 787	30 100	14 072
Interest group 3	167 938	158 001	0	9 937
Interest group 4	157 469	157 469	0	0
Interest group 5	139 908	131 603	8 305	0
Interest group 6	213 946	213 946	0	0
Interest group 7	125 541	92 894	5 667	26 981
Interest group 8	264 683	258 794	5 890	0
Interest group 9	100 134	100 128	0	6
Interest group 10	94 861	94 773	88	0

Source: CFG Bank

3. Market risk

Market risks are defined as the risk of loss arising from changes in market prices. In CFG Bank's case, they cover foreign exchange, interest-rate and equity position risks relating to the instruments included in the trading portfolio.

Organization and governance

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

The dealing room is responsible for implementing the Bank's market refinancing policy, as well as managing the Bank's cash and securities portfolios.

It participates in drawing up the Bank's refinancing strategy and is also responsible for ensuring compliance with regulatory and internal limits relating to its activity.

The Bank's Risk Management department is responsible for designing the market risk measurement, monitoring and surveillance system. As such, it defines the risk management strategy in terms of market risk policies and limits, and implements the measurement, monitoring and surveillance indicators, in line with the Bank's strategy and regulatory requirements.

Measuring and monitoring market risk

[1] Gross risk before CRM (Credit Risk Mitigation)

With the aim of supporting the Bank's growth and ensuring effective risk monitoring, CFG Bank improved its overall market risk management system in 2016, notably by streamlining the measurement of value at risk (VaR) for the Bank's entire trading portfolio, supervising market activities by setting up an appropriate stress test system and reviewing the limits introduced.

To support the development of the foreign exchange business started in 2017, new limits linked to this activity were introduced. This system was strengthened in 2018 to monitor position and counterparty limits. In addition, regular monitoring is carried out by type of market instrument, and regulatory and internal limits are tracked at several levels.

This system enables the business lines and senior management to be kept continuously informed of developments in market activity.

Limits and risk indicators

Several limits and risk indicators have been defined for market risks:

- Position limits by activity:
  - ✓ Two types of limits are defined for equity portfolio positions: 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 are set for overall positions and for individual stocks;
  - ✓ Equity portfolio diversification is also monitored;
  - ✓ In the fixed-income business, a position limit has been set for the private debt portfolio. This concerns non-financial private issuers, excluding credit institutions. For the latter, the limits set are the regulatory limits (division of risks by beneficiary and by interest group);
  - ✓ Two position limits currently exist for the foreign exchange business: 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 market is interbank or repo. This risk exists when 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 security accepted under repurchase agreements have been introduced;
  - ✓ For the interbank market, counterparty limits have been introduced. These are 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 considered to present a high risk;
  - ✓ Global and counterparty limits are defined for foreign exchange activities. Counterparty limits are defined on the basis of the counterparty's rating.
- Maximum loss limits per activity:
  - ✓ The maximum loss limit is defined as the limit not to be exceeded in the event of catastrophe scenarios:
  - ✓ The shock applied to CFG Bank's fixed-income business is defined as a sudden and instantaneous rise in interest rates and spreads;
  - ✓ For the equity's portfolio, the stress-test scenario is represented by continuous bear market phases;
  - ✓ For the foreign exchange business, the scenario is defined as 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.

These limits are defined by General Management and Risk Management and approved by the Board of Directors. Limits are monitored by means of regular reports shared with the business lines and senior management and must not be exceeded regardless of market conditions and trends.

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

- Solvency ratio and Tier One ratio limits;
- 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 monitored as part of its market risk monitoring.

Information provided to the Board of Directors and Executive Board

General management is now informed in real time of the nature and amount of any forecast overruns before any transactions are carried out.

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

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

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

CFG Bank may be faced with the risk of a downturn in its business due to changes in the financial markets or the economic environment.

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

In the event of unfavorable fluctuations in interest rates or the dirham, these two risks may 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 exposed to liquidity risk, i.e., it may be unable to obtain liquidity under normal conditions of volumes and rates. As a result, forecast margins may fall, due to the substantial refinancing required.

CFG Bank is also confronted with country risk, which encompasses a number of dimensions, including economic, political and environmental.

Indeed, from an economic point of view, 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 forecast margins in its lending business. Also, the slowdown in Moroccan economic activity as a whole may influence clients, who may tend to adopt a wary attitude, resulting in the withdrawal of part of their deposits.

An assessment of the impact on the Bank's deposits has been carried out using scenarios of strong tensions. The result was a lower forecast compared with the initial budget over a 6-month horizon. This decrease is explained by the slowdown in Moroccan economic activity (current context of Covid-19), which consequently has an influence on client behavior, resulting in the withdrawal of a portion of 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 business. For example, the solvency ratio requires banks to have a certain level of equity capital, which limits the volume of loans granted and therefore, by knock-on effect, the margins that could be generated.

4. LIQUIDITY RISK

Liquidity risk is defined as the risk that an institution will not be able to meet its commitments 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 dealing room participates in drawing up the Bank's refinancing strategy. It is responsible for implementing the Bank's refinancing policy through immediate and forecast cash management. It observes the static liquidity impasse by measuring liquidity needs or surpluses at future dates. It establishes:

- a daily dashboard to calculate the cash flow gap based on the required monetary reserve, the balance with Bank Al Maghrib, incoming/outgoing flows and money market loans;
- a forecast cash flow schedule, updated at regular intervals.

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

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

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

Global Risk Management (GRM) is responsible for regulatory reporting (LCR, stress test) and regular monitoring of liquidity risk. Simulations and projections are carried out in advance and in the event of stress scenarios, in order to anticipate any delicate liquidity situation. GGR participates in the Board of Directors' meetings, contributing all the results and analyses carried out to reduce liquidity risk and prevent catastrophe situations. Global Risk Management also performs an ALM analysis of the balance sheet at the Board of Directors/Quarterly Risk Committee meeting and calculates liquidity gaps by maturity band.

Finally, it regularly monitors liquidity risk through monthly reporting to the dealing 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 potential liquidity needs.

The Bank's refinancing policy

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

Financing sources and maturities

In the course of its business, CFG Bank finances investment loans, CMT Enterprise loans, short- and medium-term treasury loans and long-term residential mortgages.

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 balance sheet management by using financing with maturities matching those of loans. To this end, several sources of financing enable the Bank to spread the resources obtained over different maturities corresponding to the maturity of the loans. These are:

- financing via the interbank market for assets with maturities of less than one week: one of the major sources of liquidity risk is an institution's inability to raise the funds needed to meet unexpected short-term requirements. To limit this possibility, CFG Bank has negotiated lines of credit on the money market with several local banks;
- financing via the repo market for assets with maturities of between 7 days and 1 month;
- financing via term deposits or the issue of certificates of deposit for loans with maturities 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 demand deposits and passbook accounts since the recent development of CFG Bank's banking activity for longer-maturity loans;
- financing via 7-day advances granted by Bank Al Maghrib.

Matching the maturity of financing needs to that of loans enables CFG Bank to better manage 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 introduced 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 high-risk counterparties are excluded;
- for the repo market, limits by type of counterparty and by type of security accepted on repo have been introduced.

Liquidity risk measurement and monitoring system

Monitoring cash flow schedules

Liquidity risk is assessed and monitored through the evaluation of immediate and forecast cash flows:

- the dealing room draws up a daily dashboard which enables it to calculate the daily cash gap on the basis of the required monetary reserve, the Bank's balance with Bank Al Maghrib, incoming and outgoing flows, and money market borrowings and loans. The Middle Office also keeps a daily schedule of the Bank's cash flow, enabling it to calculate the day-to-day liquidity surplus or deficit;

- a cash flow forecast is drawn up and regularly updated by the dealing room.

Calculation of liquidity gaps by maturity band

Liquidity risk is measured by the liquidity gap, calculated as the difference between cash inflows (client deposits, loan repayments, amortization of debt securities, firm sales, loans and loan repayments) and cash outflows (client withdrawals, loan disbursements, firm purchases, loans and loan repayments) by maturity band. Three maturity bands can be distinguished:

- Short term : =< 1 year,
- Medium-term:] 1 year -5 years [
- Long term: >= 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 determine the appropriate hedging arrangements.

Liquidity risk limits and indicators

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

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

$$\frac{\textit{High-quality liquid assets they hold}}{\textit{Their net cash outflows, over the following 30 calendar days, assuming a scenario of strong liquidity pressure}} > 100\%$$

As of end-December 2022, the LCR remained in line with the regulatory minimum on a consolidated basis:

Date	LCR
12/31/2020	201%
12/31/2021	114%
12/31/2022	114%

Source: CFG Bank

Minimal stress tests

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

The impact of these scenarios is assessed in terms of:

- Additional liquidity requirement over 1 month;
- The ratio between the additional liquidity requirement and the present value of the available Treasury bill portfolio;
- The ratio of the additional liquidity requirement to total liquid and realizable assets,

- The ratio of additional liquidity requirements to stand-by liquidity lines.

The results of the liquidity stress tests carried out in 2022 show that CFG Bank has the capacity to meet its liquidity needs, thanks in particular to its BDTs, liquid and realizable assets and stand-by liquidity lines.

Information provided to the Board of Directors and Executive Board

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

- The LCR result for the month and its evolution over the last six months;
- Stress test results;
- Analysis of these results;
- LCR projections for the next four months, in the case of a stress scenario, in order to anticipate potential liquidity needs;
- The Risk Department's recommendations for business lines to take 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. OPERATING RISK

These are risks of loss resulting from shortcomings 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.

CFG BANK's operational risk management is based on 4 principles:

1. Defining and monitoring the risk profile:

- Defining the risk profile involves identifying the operational risks inherent in the Bank's activities and measuring their probability of occurrence, as well as their impact.

- Monitoring the risk profile is an integral part of the bank's business, and enables it to:

- Provide the governing bodies with an objective, global view of the Bank's potential threats and opportunities;
- Continuously serve the Bank's business management objectives;
- Guide General Management's decision-making regarding 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 changes in the Bank's risk profile through:

- A formal procedures manual covering all the Bank's business activities;
- New operating procedures are drawn up as new products are developed;

- Immediate and systematic controls carried out by operational staff, whether in the front office, back office or CFG BANK support functions. They are carried out on a permanent basis by the operator himself and by line management, or automatically when integrated into IT processes.
- An internal control manual listing all the operational risks identified in the various business processes;
- An integrated Front to Back to accounting information system with a "4 eyes" validation circuit.

3. Mobilizing CFG BANK employees around a vision of risk:

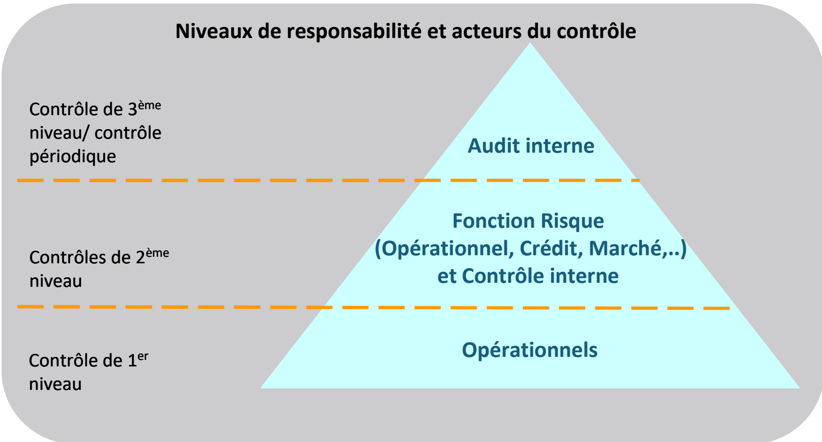
- Operational risk management concerns all employees at all levels of the organization.

- Executive Management and all operational and functional units must be involved in operational risk management, through regular reviews of the Bank's risk profile and the taking of structural decisions designed to maintain satisfactory coverage.

- Employees and local managers must be involved in operational risk management on a day-to-day basis, paying particular attention to the causes of risks, as well as to actual 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 units.

- For all the Bank's activities, first-level control is performed by operational staff (self-control, line managers, middle office), and second-level control by those involved in risk management (Risk Department) and internal control (permanent monitoring). The Audit Department is responsible for third-level control:



Source: CFG Bank

CFG Bank has significantly reduced its exposure to operational risk by:

- the introduction of a front-to-back information system that meets the highest international standards and enables full automation of processing circuits (Avaloq system):
- the introduction of a procedure's manual covering most of the Bank's business lines;
- the introduction of an internal control manual, which lists the controls implemented to manage 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, to ensure compliance with the regulatory framework and identify the risks, particularly operational risks, inherent in new activities.

In 2022, the company continued to strengthen its risk management system by:

- the development of procedures to cover the Bank's new activities, in particular for risky processes;
- drawing up action plans to reduce these risks;
- the introduction of KRIs (Key Risk Indicators);
  - ✓ operational risk exposure and trends;
  - ✓ changes in the control environment for these risks;
  - ✓ identification of major risks;
  - ✓ risk management action plans.
- setting up an incident database to collect incidents;
- the implementation of a reporting system enabling 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 the Group to comprehensively identify, assess and prioritize risks relating to all business and support processes.

Elsewhere, in 2021 CFG Bank introduced a comprehensive operational risk map, enabling it to identify, assess and prioritize risks relating to all business and support processes.

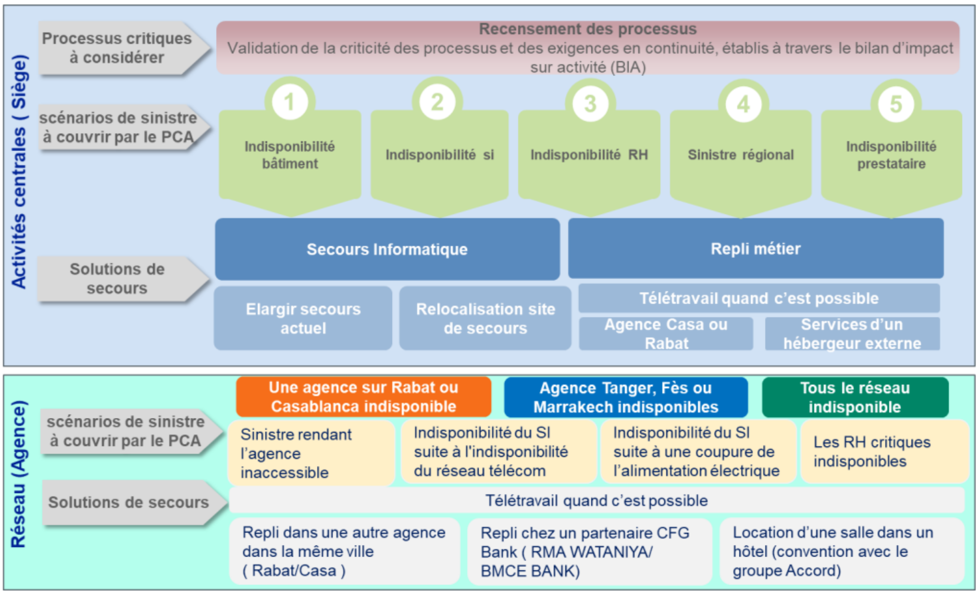
Operational risk mapping is updated annually.

Business continuity plan

The Business Continuity Plan is a set of measures, procedures and systems required to maintain the Bank's essential operations, and to ensure planned recovery in the event of operational disruptions.

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

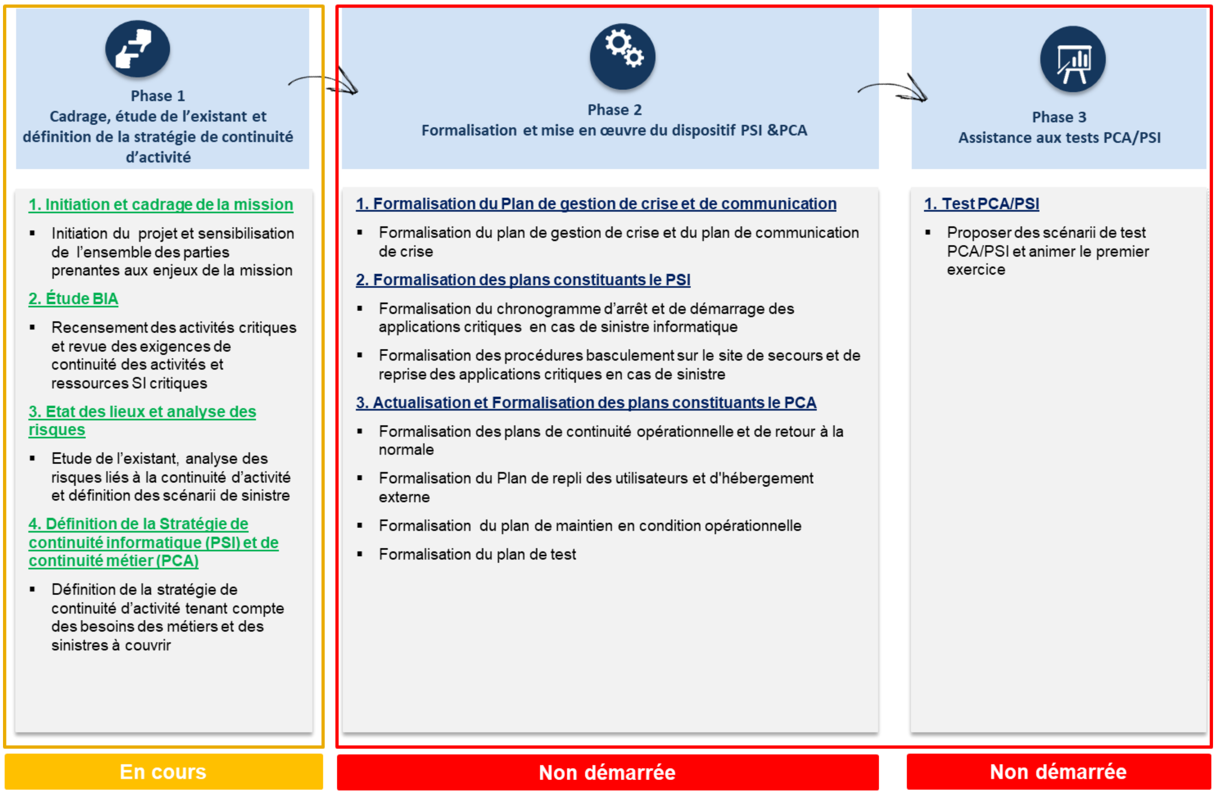
This is now composed as follows:



Source: CFG Bank

Stages of CFG Bank's business continuity plan:

The project comprises 3 stages, as described below:



Risk-weighted assets and solvency ratios

Risks incurred by the Bank are mainly measured using the Basel II standard approach, as set out in circular no. 26/G/2006 on regulatory capital requirements for credit institutions and similar bodies.

The approach currently adopted by CFG Bank to measure operational risk is BIA, i.e., Basic Indicator.

CFG Bank's capital requirements and risk-weighted assets at the end of December 2022 are as follows:

Risks as of 31/12/2022	Exposure Weighted assets (in KMAD)	Equity capital requirements (in KMAD)
Credit risk	5 507,575	440 606
Market risk	922 625	73 810
Operational risk	515 375	41 230

Source: CFG Bank

As of December 31, 2022, CFG Bank's regulatory capital is calculated according to Basel III standards and in compliance with circular no. 14/G/2013 on regulatory capital requirements for credit institutions and similar bodies. At the end of December 2022, they stood at MMAD 990 on an individual basis and MMAD 1,046 on a consolidated basis. The solvency ratio is 14.5% on an individual basis and 14.3% on a consolidated basis, based on weighted assets for the bank's credit, market and operational risks.

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

	2021	2022
Consolidated shareholders' equity (MMAD)	806	1.046
Consolidated solvency ratio (%)	12.5%	14.3%

Tier 1 ratio on consolidated basis (%)	10.6%	10.5%
CET1 ratio on consolidated basis (%)	9.4%	8.8%
LCR on social basis (%)	114%	113.5%
Equity on an individual basis (MMAD)	787	990
Solvency ratio on an individual basis (%)	12.7%	14.5%
Tier 1 ratio on an individual basis (%)	10.1%	9.9%
CET1 ratio on an individual basis (%)	8.8%	8.1%

Source: CFG Bank

The estimate of corporate and consolidated prudential ratios over the next 18 months takes into account any operations to strengthen regulatory capital and optimize weighted risks.

The table below shows the main prudential ratios as of June 30, 2023, and forecast over the next 18 months:

In MMAD / %	H1 2023	H2 2023	H1 2024	H2 2024
Core Equity Tier 1 (1)	669	1 279	1 356	1 332
Equity Tier 1 (2)	789	1 399	1 476	1 452
Equity Tier 2 (3)	320	1 721	1 797	1 774
Regulatory Equity (4) = (2) + (3)	1109	3 120	3 273	3 226
Weighted risks (5)	7 688	9 496	11 439	11 910
CET1 ratio (1) / (5)	8.70%	13.50%	11.90%	11.20%
Equity Tier 1 ratio (2)/(5)	10.27%	14.70%	12.90%	12.20%
Solvency ratio (4) / (5)	14.43%	18.10%	15.70%	14.90%

Source: CFG Bank

The table below shows changes in the main consolidated prudential indicators as of June 30, 2023, and forecasts for the next 18 months:

In MMAD / %	H1 2023	H2 2023	H1 2024	S2 2024
Core Equity Tier 1 (1)	715	1 456	1 502	1 616
Equity Tier 1 (2)	835	1 576	1 622	1 736
Equity Tier 2 (3)	280	1 856	1 902	2 016
Regulatory Equity (4) = (2) + (3)	1 115	3 432	3 524	3 752
Weighted risks (5)	8 339	10 456	11 850	12 187
CET1 ratio (1) / (5)	8.57%	13.90%	12.70%	13.30%
Equity Tier 1 ratio (2)/(5)	10.01%	15.10%	13.70%	14.20%
Solvency ratio (4) / (5)	13.37%	17.80%	16.00%	16.50%

Source: CFG Bank

6. OUTSOURCING RISK

CFG Bank outsources its electronic banking activities. The Bank has entrusted S2M with the entire electronic payment process (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. Within this framework, steering committees are regularly set up with S2M to monitor the development of this activity and related issues.

Consumer loans are recorded on Salafin's balance sheet when the applicant is not a CFG Bank employee or when the amount requested exceeds 150 KMAD. Otherwise, these loans are carried on CFG Bank's balance sheet. However, for all consumer credits, CFG Bank is responsible for gathering the documents required to study the file and for processing the credit file on a platform provided by Salafin dedicated to the processing of consumer credit files.

7. New product risk

New products are systematically validated by the New Product Validation Committee, 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. Financial risks relating to the environment

As part of the processing of investment files submitted to it, CFG Bank is committed to analyzing, assessing and covering environmental impacts, among other things, by evaluating the financial risks that may arise from them.

Risk mapping will therefore be extended to include the environmental aspect.

The Bank also ensures compliance with national environmental standards, both when granting loans and when monitoring commitments.

Disclaimer

The aforementioned information constitutes only part of the AMMC-approved prospectus under reference no. VI/EM/031/2023 on 11/22/2023.

The Moroccan Capital Markets Authority (AMMC) recommends that you read the entire prospectus, which is available to the public in the French language.