PROSPECTUS SUMMARY

BMCI
GROUPE BNP PARIBAS

PROSPECTUS SUMMARY RELATING TO PERPETUAL SUBORDINATED BOND ISSUE WITH LOSS ABSORPTION AND COUPON PAYMENT CANCELLATION MECHANISM FOR A TOTAL AMOUNT OF MAD 750,000,000

The AMMC-approved prospectus consists of:

- This Securities Note
- BMCI's Reference Document registered by the AMMC on December 14, 2022, under the reference EN/EM/034/2022.

SUBSCRIPTION PERIOD: From February 13 to 15, 2023 inclusive

	Tranche A **Perpetual subordinated bonds, unlisted, with a revisable rate every 5 years**	**Tranche B** **Perpetual subordinated bonds, unlisted, with a revisable rate every 10 years**	**Tranche C** **Perpetual subordinated bonds, unlisted, with annually revisable rates**
Maximum amount of the tranche	MAD 750,000,000	MAD 750,000,000	MAD 750,000,000
Maximum number of securities to be issued	7,500 Perpetual subordinated bonds	7,500 Perpetual subordinated bonds	7,500 Perpetual subordinated bonds
Nominal value	MAD 100,000	MAD 100,000	MAD 100,000
Maturity	Perpetual	Perpetual	Perpetual
Early repayment	Beyond 5 years, the repayment of all or part of the capital can only be made at the initiative of the issuer, subject to a minimum notice period of 5 years and following the approval of Bank Al Maghrib.		
Nominal interest rate	**Revisable every 5 years** For the first 5 years, the rate is determined in reference to the 5-year rate determined from the reference rate curve of the secondary market of Treasury Bills as published by Bank Al-Maghrib on January 25, 2023. This rate will be increased by a risk premium comprised between **250 and 260 basis points**.	**Revisable every 10 years** For the first 10 years, the rate is determined in reference to the 10-year rate determined from the reference rate curve of the secondary market of Treasury Bills as published by Bank Al-Maghrib on January 25, 2023. This rate will be increased by a risk premium comprised between **260 and 270 basis points**.	**Revisable annually** The rate is determined in reference to the full 52 weeks money rate (monetary rate) determined from the reference rate curve of the secondary market of Treasury Bills as published by Bank Al-Maghrib on January 25, 2023. This rate will be increased by a risk premium comprised between **240 and 250 basis points**.
Tradability of securities	Over-the-counter (off-market)	Over-the-counter (off-market)	Over-the-counter (off-market)
Risk premium	Between 250 and 260 basis points	Between 260 and 270 basis points	Between 240 and 250 basis points
Repayment guarantee	None	None	None
Allocation method	French auction method with priority given to tranche B (t a revisable rate every 10 years), then to tranche A (at a revisable rate every 5 years) and Tranche C (with an annually revisable rate)		

LA SOUSCRIPTION AUX PRESENTES OBLIGATIONS AINSI QUE LEUR NEGOCIATION SUR LE MARCHE SECONDAIRE SONT STRICTEMENT RESERVEES AUX INVESTISSEURS QUALIFIES DE DROIT MAROCAIN LISTES DANS LA PRESENTE NOTE D'OPERATION

Financial Advisor & Global Coordinator	Placement Agent
REDMED CAPITAL CORPORATE FINANCE	REDMED CAPITAL SECURITIES - SOCIÉTÉ DE BOURSE

Approval of the Moroccan Capital Market Authority (AMMC)

In accordance with the provisions of the AMMC circular, issued pursuant to Article 5 of Law No. 44-12 on public offerings and information required of legal entities and savings organizations, this prospectus was approved by the AMMC on February 3, 2023, under the reference no. VI/EM/005/2023.

The AMMC-approved prospectus is composed of the following documents:

- This Securities Note;
- BMCI's Reference Document registered by the AMMC on December 14, 2022, under the reference EN/EM/034/2022.

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DISCLAIMER

On February 3, 2023, the Moroccan Capital Market Authority (AMMC) approved the prospectus bearing the reference number VI/EM/005/2023 relating to the issue of perpetual subordinated bonds with loss absorption and coupon payment cancellation mechanism, by BMCI bank.

The perpetual subordinated bond with loss absorption and coupon payment cancellation mechanism differs from the classic bond because of the rank of the claims contractually defined by the subordination clause and because of its indefinite duration. The effect of the subordination clause is that, in the event of liquidation of the issuer, repayment of the loan is conditional on the discharge of all other debts, including subordinated bonds with a fixed maturity that have been issued and may be issued in the future.

The principal and interests relating to these securities constitute a last-rank commitment and come and will come to a rank superior only to the capital securities of BMCI bank.

The prospectus is made up of:

- This Securities Note;
- BMCI's Reference Document relating to the 2021 financial year and to the first half of 2022, registered by the AMMC on December 14, 2022, under the reference no. EN/EM/034/2022.

The AMMC-approved prospectus is available at any time in the following places:

- At BMCI's headquarters: 26, place des Nations Unies- Casablanca- Morocco, and on its website
- At Red Med Capital's headquarters (financial advisor): 57 Avenue Mehdi Ben Barka, Souissi Rabat

The prospectus is available to the general public on the AMMC website www.ammc.ma.

This summary has been translated by the firm LISSANIAT under the joint responsibility of the said translator and BMCI. In the event of any discrepancy between the contents of the summary and the AMMC-approved prospectus, only the approved prospectus will prevail.

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PART I: Presentation of the perpetual subordinated bonds issue by BMCI bank

I- Structure of the offer

The Moroccan Bank for Commerce and Industry (BMCI) plans to issue 7,500 perpetual subordinated bonds with a unit nominal value of MAD 100,000. The global amount of the operation amounts to MAD 750,000,000 distributed as follows:

- A Tranche "A" with a perpetual maturity, at a revisable rate every 5 years, unlisted on the Casablanca Stock Exchange, with a ceiling of MAD 750,000,000 and a unit nominal value of MAD 100,000;
- A Tranche "B" with a perpetual maturity, at a revisable rate every 10 years, unlisted on the Casablanca Stock Exchange, with a ceiling of MAD 750,000,000 and a unit nominal value of MAD 100,000;
- A Tranche "C" with a perpetual maturity, at an annually revisable rate, unlisted on the Casablanca Stock Exchange, with a ceiling of MAD 750,000,000 and a unit nominal value of MAD 100,000.

The total amount auctioned on the three tranches should not exceed in any case the sum of MAD 750,000,000.

The issue amount could be limited to the amount subscribed by investors (capped at MAD 750,000,000).

II- Objectives of the operation

The main objectives of this perpetual subordinated bond issue are to:

- Reinforce the current regulatory capital, thus strengthening BMCI's solvency ratio, particularly the Tier One ratio.
- Consolidate the development of the Bank's activity.

According to Bank Al-Maghrib's Circular 14/G/2013 relating to the calculation of the regulatory capital of credit institutions as amended and supplemented, the funds collected by means of this operation will be classified as additional Tier 1 capital.

III- Information relating to BMCI's perpetual subordinated bonds

Disclaimer

The perpetual subordinated bond differs from the classic bond because of the rank of the claims contractually defined by the subordination clause and because of its indefinite duration. The effect of the subordination clause is that, in the event of liquidation of the issuer, repayment of the loan is conditional on the discharge of all other debts, including subordinated bonds with a fixed maturity that have been issued and may be issued in the future.

The principal and interests relating to these securities constitute a last-rank commitment and come and will come to a rank superior only to the capital securities of BMCI bank.

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

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

The investment in perpetual subordinated bonds integrates clauses of depreciation of the nominal value of the securities and cancellation of interest payments exposing the investors to the risks presented in section IV of this Part.

1. Characteristics of Tranche A

REVISABLE RATE EVERY 5 YEARS, WITH A PERPETUAL MATURITY AND UNLISTED ON THE CASABLANCA STOCK EXCHANGE

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, entirely dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
Legal form	Bearer bond
Tranche ceiling	MAD 750,000,000
Maximum number of securities to be issued	7,500 perpetual subordinated bonds
Initial nominal value	MAD 100,000
Issue price	100% i.e. MAD 100,000
Loan maturity	Perpetual, with the possibility of early repayment, beyond the 5th year of the entitlement date, which can be carried out only at the initiative of the issuer and upon agreement of Bank Al-Maghrib with a minimum notice of five years.
Subscription period	From February 13 to 15, 2023 inclusive
Entitlement date	February 17, 2023
Maturity	Perpetual
Allocation method	French auction method with priority given to Tranche B (revisable rate every 10 years), then to Tranche A (revisable rate i.e., every 5 years) and to Tranche C (revisable every year).
Nominal interest rate	Revisable rate every 5 years For the first 5 years, the nominal interest rate is determined in reference to the 5-year rate calculated from the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib on January 25, 2023, i.e. 3.90%, increased by a risk premium comprised between 250 and 260 bps, i.e. a face rate between 6.40% and 6.50%. Beyond the first 5 years and for each 5-year period, the reference rate is the 5-year rate observed or calculated on the basis of the reference rate curve of the secondary market of Treasury Bills as published by Bank Al-Maghrib, preceding the last coupon anniversary date of each 5-year period of 5 working days. The reference rate thus obtained will be increased by the retained risk premium (between 250 and 260 bps) and will be communicated by BMCI to the bondholders, on BMCI's website (www.bmci.ma), 4 working days before the anniversary date of each rate revision date. In the event that the 5-year Treasury Bill rate is not directly observable on the curve, the determination of the reference rate will be done by linear interpolation method using the two points surrounding the full 5-year maturity (actuarial basis).
Risk premium	Between 250 and 260 bps.

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Interests	Interests will be paid annually on the anniversary of the date of the loan, i.e. on February 17 of each year. Payment shall be made on the same day or on the first business day following February 17 if such day is not a working day. Interests on perpetual subordinated bonds will cease to run as from the day the capital is put in repayment by BMCI bank. BMCI may decide, at its discretion and after prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount for an indefinite period and on a non-cumulative basis, in order to meet its obligations (in particular following a request of Bank Al-Maghrib). Following this decision, any amount of canceled interest is no longer payable by the issuer or considered as accrued or due to all the holders of perpetual bonds issued by BMCI bank. Each cancellation decision will relate to the amount of the coupon whose payment was initially scheduled on the next anniversary date. BMCI bank is bound to apply the provisions of the Bank Al-Maghrib Circular No.14/G/2013 of August 13, 2013, relating to the calculation of the regulatory capital of credit institutions, including Article 10 of the said Circular defining the core capital instruments as shares and any other element composing the registered capital as well as the endowment respecting a number of criteria (listed below), including primarily the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been honored and payments on senior capital instruments have been made, including the perpetual subordinated notes which are the subject of this prospectus. All of the above criteria are listed as follows: ▪ the instruments are issued directly by the institution after prior approval by its governing body; ▪ the instruments are perpetual; ▪ the principal of the instruments cannot be reduced or reimbursed, except in the case of liquidation of the institution or after prior agreement of Bank Al-Maghrib; ▪ the instruments rank lower than all other claims in case of insolvency or liquidation of the institution; ▪ the instruments do not benefit from collateral or guarantees from any of the related entities having the effect of enhancing the rank of the claims; ▪ the instruments are not subject to any contractual or other arrangements that rank the claims under the instruments in the event of insolvency or liquidation; ▪ the instruments absorb the first and proportionally largest share of losses as they occur; ▪ the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher-ranking claims, is proportional to

the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a ceiling, except in the case of shares;

- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on the senior equity instruments have been made. These distributions can only be made from distributable items. The level of distributions is not related to the price at which the instruments were acquired at issuance, except in the case of membership shares;
- the provisions to which core capital instruments are subject do not provide for (i) preferential rights to pay dividends, (ii) ceilings or other restrictions on the maximum amount of distributions, except in the case of members' shares, (iii) an obligation on the institution to make distributions to its holders;
- non-payment of dividends is not an event of default for the institution; and
- the cancellation of dividends does not impose any obligation on the institution.

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

The holders of perpetual bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) specifying the amount of cancelled interests, the reasons for this payment cancellation decision as well as the corrective measures that have been implemented.

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

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

In case of a decision to increase the amount of the coupon, the issuer is bound to inform, within a period of at least sixty calendar days before the payment date, all the holders of perpetual bonds issued by BMCI bank and AMMC, of this decision. The holders of perpetual bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma).

In case of other instruments having a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon to

	be paid will be made on a pro rata basis between all these instruments. Interest will be calculated according to the following formula: [Nominal x Face Interest Rate]. Interest will be calculated on the basis of the last nominal amount as defined in the " Loss Absorption " clause or on the basis of the outstanding principal as defined in the " Principal Repayment " clause.
Capital repayment	Capital repayment is subject to the agreement of Bank Al-Maghrib and is made on a straight-line basis over a minimum period of 5 years (see "early repayment" clause).
Early repayment	BCMI bank refrains from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the entitlement date. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the issuer, subject to a minimum notice of five years and after agreement of Bank Al-Maghrib. Any early repayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds, subject of the current issue, in a straight line manner over a minimum term of 5 years. The holders of the perpetual bonds will be informed of the early repayment, as soon as the decision of the early repayment is taken, with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) and will specify the amount and duration and the starting date of redemption. The issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated according to the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the repayment period, the early repayment will be made on the basis of the initial nominal value of the securities. Any early repayment (total or partial), occurring before the anniversary date, will be made on the basis of the outstanding capital and the accrued interests at the date of repayment. BCMI bank refrains from the repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated in accordance with the "Loss Absorption" clause.

	The issuer is bound to inform the AMMC as well as all holders of perpetual subordinated bonds having subscribed to the current issue, of any possible repurchase procedure, having to be subject to a prior agreement of Bank Al-Maghrib, through a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), specifying the number of bonds to be repurchased, the deadline and the repurchase price. BCMI bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of securities presented is higher than the number of securities to be repurchased). The repaid bonds will be canceled. In case of merger, demerger or partial contribution of BMCI's assets occurring within the duration of the loan and entailing the universal transmission of assets to the benefit of a distinct legal entity, the rights and obligations of the perpetual subordinated bonds will be automatically transmitted to the legal entity substituted in the rights and obligations of BMCI. The repayment of the capital is, in case of liquidation of BCMI bank, subordinated to all other debts (see "Loan rank").
Loss absorption	Securities are written down[1] when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. The securities are written down by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the effect related to taxation) [2]. The said depreciation is carried out, within a period not exceeding one calendar month as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies as amended and supplemented). Within 30 days following each end-of-semester period (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the issuer will have to verify that the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al-Maghrib, respects the minimum level of 6.0% of the weighted risks, on an individual and consolidated basis. BMCI bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval of its

[1] *A possible depreciation of the nominal value of the securities, would enable BMCI to record an exceptional income which would increase its net result and would allow an improvement of its equity.*

[2] *The historical evolution of the core capital ratio (CET1) and the solvency ratio is presented in BMCI's reference document relating to the 2021 financial year and the first half of 2022.*

Management Board. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be made through the publications of the Pillar III of BMCI bank (available on its website). This publication by BMCI will also intervene, in a newspaper of legal announcements and on BMCI website (www.bmci.ma), within thirty days following a possible occurrence of a significant event affecting the regulatory ratios. These publications will be sent to the representative of the bondholders' group, regrouping the holders of the perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and AMMC, and will have to contain the details of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory capital as well as the distribution of the weighted risks

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

After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, BMCI bank can immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer will have to inform the holders of perpetual subordinated bonds, within one month, by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), of the decision of appreciation of the nominal value, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments having a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed and this, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism.
Interest will be calculated on the basis of the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).

In case of depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.

Tradability of securities	Tradable over-the-counter. The perpetual subordinated notes, subject of this issue, may only be traded between the qualified investors listed in this prospectus. Each qualified investor holding the perpetual subordinated bonds, subject of this prospectus, undertakes to transfer these bonds only to the qualified investors listed in this prospectus. Therefore, the account holders must not accept any instructions of settlement-delivery of the perpetual subordinated bonds, subject of this prospectus, formulated by qualified investors other than the qualified investors listed in this prospectus.
Assimilation clauses	There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to securities of a previous issue. In case BMCI bank would issue at a later date new securities enjoying in all respects rights identical to those of this issue, it could, without requiring the consent of the holders, on condition that the issuing contracts provide for it, proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and trading.
Loan rank / Subordination	The capital is subject to a subordination clause. The application of this clause does not affect in any way the rules of law concerning the accounting principles of allocation of losses, the shareholders' obligations and the subscriber's rights to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interests. In case of liquidation of BMCI bank, the perpetual subordinated securities of this issue will be repaid only after payment of all traditional, privileged or unsecured creditors. These perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which were issued and which could be issued subsequently by BMCI bank, both in Morocco and abroad. This repayment will be made on the basis of the smaller of the two following amounts: ▪ the initial nominal value reduced by the amount of possible repayments made previously; ▪ the amount available after payment of all privileged or unsecured creditors and holders of fixed-term subordinated bonds, which were issued and which could be issued subsequently by BMCI bank in Morocco and abroad. These perpetual subordinated bonds will have the same rank as the perpetual subordinated bonds of the same nature.
Repayment guarantee	This issue is not the subject of any particular guarantee.
Rating	This issue has not been the subject of any rating request.
Representation of the bondholders' pool	The Supervisory Board held on January 27, 2023, appointed the HDID Consultants Firm represented by Mr. Mohamed Hdid as provisional

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	representative. It being specified that the appointed provisional representative is identical for tranches A, B and C (perpetual subordinated bonds), which are grouped together in a single pool. The provisional representative proceeds, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders with a view to electing the representative of the bondholders' pool in accordance with the provisions of articles 301 and 301 bis of Act 17-95 relating to public limited companies, as amended and supplemented. In accordance with Article 301 bis of Law 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the fees of the provisional representative and the representative of the bondholders' pool at MAD 30,000 (excl. tax) per year for the pool. In accordance with Article 302 of the above-mentioned Law, the representative of the pool has, except restriction decided by the General Meeting of Bondholders, the power to carry out in the name of the pool all management acts necessary to the safeguarding of the common interests of the bondholders. Besides, it is to be noted that the firm HDID Consultant represented by Mr. Mohamed Hdid is the representative of the bondholders' pool of the following unmatured issues carried out by BMCI: ▪ Subordinated bond issue of MAD 1000 million in 2018; ▪ Subordinated bond issue MAD 500 million in 2019. Apart from the mandates mentioned above, HDID Consultant Firm does not hold any mandate vis-à-vis the Moroccan Bank for Commerce and Industry and does not have any capital or business ties with the latter.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca

2. Characteristics of Tranche B

REVISABLE RATE EVERY 10 YEARS, WITH A PERPETUAL MATURITY AND UNLISTED ON THE CASABLANCA STOCK EXCHANGE

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, entirely dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
Legal form	Bearer bond
Tranche ceiling	MAD 750,000,000
Maximum number of securities to be issued	7,500 perpetual subordinated bonds
Initial nominal value	MAD 100,000
Issue Price	100% i.e. MAD 100,000
Loan maturity	Perpetual, with the possibility of early repayment, beyond the 5th year of the entitlement date, which can be carried out only at the initiative of the issuer and upon agreement of Bank Al-Maghrib with a minimum notice of five years.
Subscription period	From February 13 to 15, 2023 inclusive
Entitlement date	February 17, 2023
Maturity	Perpetual
Allocation method	French auction method with priority given to Tranche B (revisable rate every 10 years), then to Tranche A (revisable rate i.e., every 5 years) and to Tranche C (revisable every year).
Nominal interest rate	Revisable rate every 10 years For the first 10 years, the nominal interest rate is determined by reference to the 10-year rate calculated from the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib on January 25, 2023, i.e. 4.21%, increased by a risk premium comprised between 260 and 270 bps, i.e. a face rate between 6.81% and 6.91%. Beyond the first 10 years and for each 10-year period, the reference rate is the 10-year rate observed or calculated on the basis of the reference rate curve of the secondary market of Treasury Bills as published by Bank Al-Maghrib, preceding the last coupon anniversary date of each 10-year period of 5 working days. The reference rate thus obtained will be increased by the retained risk premium (between 260 and 270 bps) and will be communicated by BMCI to the bondholders, on BMCI website (www.bmci.ma), 4 working days before the anniversary date of each rate revision date. In the event that the 10-year Treasury Bill rate is not directly observable on the curve, the determination of the reference rate will be done by means of a straight-line interpolation method using the two points surrounding the full 10-year maturity (actuarial basis).

Risk premium	Between 260 and 270 bps.
Interests	Interests will be paid annually on the anniversary of the date of the loan, i.e. on February 17 of each year. Payment shall be made on the same day or on the first business day following February 17 if such day is not a working day. Interests on perpetual subordinated bonds will cease to run as from the day the capital is put in repayment by BMCI bank. Interests on perpetual subordinated bonds will cease to run as from the day the capital is put in repayment by BMCI bank. BMCI may decide, at its discretion and after prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount for an indefinite period and on a non-cumulative basis, in order to meet its obligations (in particular following a request of Bank Al-Maghrib). Following this decision, any amount of canceled interest is no longer payable by the issuer or considered as accrued or due to all the holders of perpetual bonds issued by BMCI bank. Each cancellation decision will relate to the amount of the coupon whose payment was initially scheduled on the next anniversary date. BMCI bank is bound to apply the provisions of the Bank Al-Maghrib Circular No.14/G/2013 of August 13, 2013, relating to the calculation of the regulatory capital of credit institutions, including Article 10 of the said Circular defining the core capital instruments as shares and any other element composing the registered capital as well as the endowment respecting a number of criteria (listed below), including primarily the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been honored and payments on senior capital instruments have been made, including the perpetual subordinated notes which are the subject of this prospectus. All of the above criteria are listed as follows: ▪ the instruments are issued directly by the institution after prior approval by its governing body; ▪ the instruments are perpetual; ▪ the principal of the instruments cannot be reduced or reimbursed, except in the case of liquidation of the institution or after prior agreement of Bank Al-Maghrib; ▪ the instruments rank lower than all other claims in case of insolvency or liquidation of the institution; ▪ the instruments do not benefit from collateral or guarantees from any of the related entities having the effect of enhancing the rank of the claims; ▪ the instruments are not subject to any contractual or other arrangements that rank the claims under the instruments in the event of insolvency or liquidation;

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

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

The holders of perpetual bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) specifying the amount of cancelled interests, the reasons for this payment cancellation decision as well as the corrective measures that have been implemented.

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

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

In case of a decision to increase the amount of the coupon, the issuer is bound to inform, within a period of at least sixty calendar days before the payment date, all the holders of perpetual bonds issued by BMCI bank and AMMC, of this decision. The holders of perpetual

	bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma). In case of other instruments having a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon to be paid will be made on a pro rata basis between all these instruments. Interest will be calculated according to the following formula: [Nominal x Face Interest Rate]. Interest will be calculated on the basis of the last nominal amount as defined in the " Loss Absorption " clause or on the basis of the outstanding principal as defined in the " Principal Repayment " clause.
Capital repayment	Capital repayment is subject to the agreement of Bank Al-Maghrib and is made on a straight-line basis over a minimum period of 5 years (see "early repayment" clause).
Early repayment	BCMI bank refrains from proceeding to the early repayment of the perpetual subordinated bonds, subject of this issue, before a period of 5 years as from the entitlement date. Beyond 5 years, the early repayment of all or part of the capital can only be made at the initiative of the issuer, subject to a minimum notice of five years and after agreement of Bank Al-Maghrib. Any early repayment (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds, subject of the current issue, in a straight line manner over a minimum term of 5 years. The holders of the perpetual bonds will be informed of the early repayment, as soon as the decision of the early repayment is taken, with a reminder at least sixty calendar days before the starting date of this repayment. These notices will be published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) and will specify the amount and duration and the starting date of redemption. The issuer may not proceed to the total or partial early repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated according to the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0 % of the weighted risks, on individual or consolidated basis, during the repayment period, the early repayment will be made on the basis of the initial nominal value of the securities. Any early repayment (total or partial), occurring before the anniversary date, will be made on the basis of the outstanding capital and the accrued interests at the date of repayment.

	BCMI bank refrains from the repayment of the perpetual subordinated bonds, subject of this issue, as long as their nominal value is depreciated in accordance with the "Loss Absorption" clause. The issuer is bound to inform the AMMC as well as all holders of perpetual subordinated bonds having subscribed to the current issue, of any possible repurchase procedure, having to be subject to a prior agreement of Bank Al-Maghrib, through a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), specifying the number of bonds to be repurchased, the deadline and the repurchase price. BCMI bank will proceed to the repurchase in proportion to the presented sell orders (in case the number of securities presented is higher than the number of securities to be repurchased). The repaid bonds will be canceled. In case of merger, demerger or partial contribution of BMCI's assets occurring within the duration of the loan and entailing the universal transmission of assets to the benefit of a distinct legal entity, the rights and obligations of the perpetual subordinated bonds will be automatically transmitted to the legal entity substituted in the rights and obligations of BMCI. The repayment of the capital is, in case of liquidation of BCMI bank, subordinated to all other debts (see "Loan rank").
Loss absorption	Securities are written down[3] when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. The securities are written down by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the effect related to taxation) [4]. The said depreciation is carried out, within a period not exceeding one calendar month as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies as amended and supplemented). Within 30 days following each end-of-semester period (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the issuer will have to verify that the Common Equity Tier 1 ratio (CET 1), as

[3] *A possible depreciation of the nominal value of the securities, would enable BMCI to record an exceptional income which would increase its net result and would allow an improvement of its equity.*

[4] *The historical evolution of the core capital ratio (CET1) and the solvency ratio is presented in BMCI's reference document relating to the 2021 financial year and the first half of 2022.*

defined by Bank Al-Maghrib, respects the minimum level of 6.0% of the weighted risks, on an individual and consolidated basis.

BMCI bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval of its Management Board. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be made through the publications of the Pillar III of BMCI bank (available on its website). This publication by BMCI will also intervene, in a newspaper of legal announcements and on BMCI website (www.bmci.ma), within thirty days following a possible occurrence of a significant event affecting the regulatory ratios. These publications will be sent to the representative of the bondholders' group, regrouping the holders of the perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and AMMC, and will have to contain the details of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory capital as well as the distribution of the weighted risks

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

After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, BMCI bank can immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer will have to inform the holders of perpetual subordinated bonds, within one month, by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), of the decision of appreciation of the nominal value, of the amount, of the calculation method and of the effective date of the said appreciation.

In case of existence of other instruments having a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed and this, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism.
Interest will be calculated on the basis of the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value).

	In case of depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.
Tradability of securities	Tradable over-the-counter. The perpetual subordinated notes, subject of this issue, may only be traded between the qualified investors listed in this prospectus. Each qualified investor holding the perpetual subordinated bonds, subject of this prospectus, undertakes to transfer these bonds only to the qualified investors listed in this prospectus. Therefore, the account holders must not accept any instructions of settlement-delivery of the perpetual subordinated bonds, subject of this prospectus, formulated by qualified investors other than the qualified investors listed in this prospectus.
Assimilation clauses	There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to securities of a previous issue. In case BMCI bank would issue at a later date new securities enjoying in all respects rights identical to those of this issue, it could, without requiring the consent of the holders, on condition that the issuing contracts provide for it, proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and trading.
Loan rank / Subordination	The capital is subject to a subordination clause. The application of this clause does not affect in any way the rules of law concerning the accounting principles of allocation of losses, the shareholders' obligations and the subscriber's rights to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interests. In case of liquidation of BMCI bank, the perpetual subordinated securities of this issue will be repaid only after payment of all traditional, privileged or unsecured creditors. These perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which were issued and which could be issued subsequently by BMCI bank, both in Morocco and abroad. This repayment will be made on the basis of the smaller of the two following amounts: ▪ the initial nominal value reduced by the amount of possible repayments made previously; ▪ the amount available after payment of all privileged or unsecured creditors and holders of fixed-term subordinated bonds, which were issued and which could be issued subsequently by BMCI bank in Morocco and abroad. These perpetual subordinated bonds will have the same rank as the perpetual subordinated bonds of the same nature.
Repayment guarantee	This issue is not the subject of any particular guarantee.

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Rating	This issue has not been the subject of any rating request.
Representation of the bondholders' pool	The Supervisory Board held on January 27, 2023, appointed the HDID Consultants Firm represented by Mr. Mohamed Hdid as provisional representative. It being specified that the appointed provisional representative is identical for tranches A, B and C (perpetual subordinated bonds), which are grouped together in a single pool. The provisional representative proceeds, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders with a view to electing the representative of the bondholders' pool in accordance with the provisions of articles 301 and 301 bis of Act 17-95 relating to public limited companies, as amended and supplemented. In accordance with Article 301 bis of Law 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the fees of the provisional representative and the representative of the bondholders' pool at MAD 30,000 (excl. tax) per year for the pool. In accordance with Article 302 of the above-mentioned Law, the representative of the pool has, except restriction decided by the General Meeting of Bondholders, the power to carry out in the name of the pool all management acts necessary to the safeguarding of the common interests of the bondholders. Besides, it is to be noted that the firm HDID Consultant represented by Mr. Mohamed Hdid is the representative of the bondholders' pool of the following unmatured issues carried out by BMCI: ▪ Subordinated bond issue of MAD 1000 million in 2018; ▪ Subordinated bond issue MAD 500 million in 2019. Apart from the mandates mentioned above, HDID Consultant Firm does not hold any mandate vis-à-vis the Moroccan Bank for Commerce and Industry and does not have any capital or business ties with the latter.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca

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3. Characteristics of Tranche C

ANNUALLY-REVISABLE RATE, WITH A PERPETUAL MATURITY AND UNLISTED ON THE CASABLANCA STOCK EXCHANGE

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, entirely dematerialized by registration in an account with the financial intermediaries authorized and approved for the operations of the central custodian (Maroclear).
Legal form	Bearer bond
Tranche ceiling	MAD 750,000,000
Maximum number of securities to be issued	7,500 perpetual subordinated bonds
Initial nominal value	MAD 100,000
Issue price	100% i.e. MAD 100,000
Loan maturity	Perpetual, with the possibility of early repayment, beyond the 5th year of the entitlement date, which can be carried out only at the initiative of the issuer and upon agreement of Bank Al-Maghrib with a minimum notice of five years.
Subscription period	From February 13 to 15, 2023 inclusive
Entitlement date	February 17, 2023
Maturity	Perpetual
Allocation method	French auction method with priority given to Tranche B (revisable rate every 10 years), then to Tranche A (revisable rate i.e., every 5 years) and to Tranche C (revisable every year).
Risk premium	Between 240 and 250 bps.
Nominal interest rate	Annually-revisable rate For the first year, the nominal interest rate is the full 52-week rate (monetary rate) which is calculated from the reference rate curve of the secondary market of the Treasury bills as published by Bank Al-Maghrib on January 25, 2023, i.e. 3.51%, increased by a risk premium comprised between 240 and 250 bps, i.e. a face rate between 5.91% and 6.01%. At each anniversary date, the reference rate is the full 52 weeks rate (money rate) calculated from the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding the coupon anniversary date by 5 working days. The reference rate thus obtained will be increased by the retained risk premium (between 240 and 250 bps) and will be communicated by BMCI to the bondholders, on BMCI website (www.bmci.ma), 4 working days before the anniversary date of each rate revision date.
Method of calculating the reference rate	The reference rate will be determined by Attijariwafa bank by the linear interpolation method using the two points surrounding the full 52-week maturity (monetary basis).

	This linear interpolation will take place after the conversion of the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate. The formula for this calculation is: (((Actuarial rate + 1)^ (k / exact number of days*))-1) x 360/k; where k: maturity of the actuarial rate we wish to transform *Exact number of days: 365 or 366 days.
Interest rate determination date	The coupon will be revised annually on the anniversary dates of the entitlement date of the loan, i.e. on February 17 of each year. The new rate will be communicated, by BMCI, to the bondholders on BMCI website (www.bmci.ma), 4 working days before the anniversary date.
Interests	Interests will be paid annually on the anniversary of the date of the loan, i.e. on February 17 of each year. Payment shall be made on the same day or on the first business day following month DD if such day is not a working day. Interests on perpetual subordinated bonds will cease to run as from the day the capital is put in repayment by BMCI bank. BMCI may decide, at its discretion and after prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount for an indefinite period and on a non-cumulative basis, in order to meet its obligations (in particular following a request of Bank Al-Maghrib). Following this decision, any amount of canceled interest is no longer payable by the issuer or considered as accrued or due to all the holders of perpetual bonds issued by BMCI bank. Each cancellation decision will relate to the amount of the coupon whose payment was initially scheduled on the next anniversary date. BMCI bank is bound to apply the provisions of the Bank Al-Maghrib Circular No.14/G/2013 of August 13, 2013, relating to the calculation of the regulatory capital of credit institutions, including Article 10 of the said Circular defining the core capital instruments as shares and any other element composing the registered capital as well as the endowment respecting a number of criteria (listed below), including primarily the provision that distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been honored and payments on senior capital instruments have been made, including the perpetual subordinated notes which are the subject of this prospectus. All of the above criteria are listed as follows: ▪ the instruments are issued directly by the institution after prior approval by its governing body; ▪ the instruments are perpetual;

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

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

The holders of perpetual bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) specifying the amount of cancelled interests, the reasons for this payment cancellation decision as well as the corrective measures that have been implemented.

	The distribution of interest can only come from distributable items and is not linked to the credit quality of BMCI bank. BMCI bank may decide, at its discretion and after prior agreement of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will become, consequently, higher than the amount of the coupon determined on the basis of the formula below. In case of a decision to increase the amount of the coupon, the issuer is bound to inform, within a period of at least sixty calendar days before the payment date, all the holders of perpetual bonds issued by BMCI bank and AMMC, of this decision. The holders of perpetual bonds are informed by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma). In case of other instruments having a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon to be paid will be made on a pro rata basis between all these instruments. Interest will be calculated according to the following formula: [Nominal x nominal rate x Exact number of days/360]. Interest will be calculated on the basis of the last nominal amount as defined in the " Loss Absorption " clause or on the basis of the outstanding principal as defined in the " Principal Repayment " clause.
Capital repayment	Capital repayment is subject to the agreement of Bank Al-Maghrib and is made on a straight-line basis over a minimum period of 5 years (see "early repayment" clause).
Loss absorption	Securities are written down[5] when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. The securities are written down by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the effect related to taxation) [6]. The said depreciation is carried out, within a period not exceeding one calendar month as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies as amended and supplemented).

[5] *A possible depreciation of the nominal value of the securities, would enable BMCI to record an exceptional income which would increase its net result and would allow an improvement of its equity.*

[6] *The historical evolution of the core capital ratio (CET1) and the solvency ratio is presented in BMCI's reference document relating to the 2021 financial year and the first half of 2022.*

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

BMCI bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval of its Management Board. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be made through the publications of the Pillar III of BMCI bank (available on its website). This publication by BMCI will also intervene, in a newspaper of legal announcements and on BMCI website (www.bmci.ma), within thirty days following a possible occurrence of a significant event affecting the regulatory ratios. These publications will be sent to the representative of the bondholders' group, regrouping the holders of the perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and AMMC, and will have to contain the details of the prudential ratios (CET1 ratio and solvency ratio), the composition of the regulatory capital as well as the distribution of the weighted risks

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

After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, BMCI bank can immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer will have to inform the holders of perpetual subordinated bonds, within one month, by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), of the decision of appreciation of the nominal value, of the amount, of the calculation method and of the effective date of the said appreciation.

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

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	nominal value preceding the date of triggering of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value). In case of depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.
Loss absorption	Securities are written down[7] when the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets, on an individual or consolidated basis. The securities are written down by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and the effective CET 1 capital (after taking into account the effect related to taxation)[8]. The said depreciation is carried out, within a period not exceeding one calendar month as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to public limited companies as amended and supplemented). Within 30 days following each end-of-semester period (dates of half-yearly publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the issuer will have to verify that the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al-Maghrib, respects the minimum level of 6.0% of the weighted risks, on an individual and consolidated basis. BMCI bank will publish its CET 1 ratio as well as the forecasted levels of the said ratio for the next 18 months, after prior approval of its Management Board. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the half-yearly accounts and will be made through the publications of the Pillar III of BMCI bank (available on its website). This publication by BMCI will also intervene, in a newspaper of legal announcements and on BMCI website (www.bmci.ma), within thirty days following a possible occurrence of a significant event affecting the regulatory ratios. These publications will be sent to the representative of the bondholders' group, regrouping the holders of the perpetual subordinated bonds, subject of this issue, at the same time as Bank Al-Maghrib and AMMC, and will have to contain the details of the prudential ratios (CET1 ratio and solvency ratio), the

[7] *A possible depreciation of the nominal value of the securities, would enable BMCI to record an exceptional income which would increase its net result and would allow an improvement of its equity.*

[8] *The historical evolution of the core capital ratio (CET1) and the solvency ratio is presented in BMCI's reference document relating to the 2021 financial year and the first half of 2022.*

	composition of the regulatory capital as well as the distribution of the weighted risks In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the issuer is bound to inform immediately Bank Al-Maghrib and AMMC and to send to the holders of perpetual bonds, within a period of 5 working days as from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma) specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures that have been implemented as well as the date on which this depreciation will take effect. After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, BMCI bank can immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer will have to inform the holders of perpetual subordinated bonds, within one month, by a notice published by BMCI in a newspaper of legal announcements and on BMCI website (www.bmci.ma), of the decision of appreciation of the nominal value, of the amount, of the calculation method and of the effective date of the said appreciation. In case of existence of other instruments having a loss absorption mechanism, the depreciation/appreciation of the nominal value will be carried out on a pro rata basis between all the instruments whose triggering threshold has been crossed and this, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal value preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal value). In case of depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.
Tradability of securities	Tradable over-the-counter. The perpetual subordinated notes, subject of this issue, may only be traded between the qualified investors listed in this prospectus. Each qualified investor holding the perpetual subordinated bonds, subject of this prospectus, undertakes to transfer these bonds only to the qualified investors listed in this prospectus. Therefore, the account holders must not accept any instructions of settlement-delivery of the perpetual subordinated bonds, subject of this prospectus, formulated by qualified investors other than the qualified investors listed in this prospectus.

Assimilation clauses	There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to securities of a previous issue. In case BMCI bank would issue at a later date new securities enjoying in all respects rights identical to those of this issue, it could, without requiring the consent of the holders, on condition that the issuing contracts provide for it, proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and trading.
Loan rank / Subordination	The capital is subject to a subordination clause. The application of this clause does not affect in any way the rules of law concerning the accounting principles of allocation of losses, the shareholders' obligations and the subscriber's rights to obtain, according to the conditions fixed in the contract, the payment of their securities in capital and interests. In case of liquidation of BMCI bank, the perpetual subordinated securities of this issue will be repaid only after payment of all traditional, privileged or unsecured creditors. These perpetual subordinated securities will be repaid after all the other fixed-term subordinated loans, which were issued and which could be issued subsequently by BMCI bank, both in Morocco and abroad. This repayment will be made on the basis of the smaller of the two following amounts: ▪ the initial nominal value reduced by the amount of possible repayments made previously; ▪ the amount available after payment of all privileged or unsecured creditors and holders of fixed-term subordinated bonds, which were issued and which could be issued subsequently by BMCI bank in Morocco and abroad. These perpetual subordinated bonds will have the same rank as the perpetual subordinated bonds of the same nature.
Repayment guarantee	This issue is not the subject of any particular guarantee.
Rating	This issue has not been the subject of any rating request.
Representation of the bondholders' pool	The Supervisory Board held on January 27, 2023, appointed the HDID Consultants Firm represented by Mr. Mohamed Hdid as provisional representative. It being specified that the appointed provisional representative is identical for tranches A, B and C (perpetual subordinated bonds), which are grouped together in a single pool. The provisional representative proceeds, within a 6-month period as from the closing date of subscriptions, to the convening of the Ordinary General Meeting of bondholders with a view to electing the representative of the bondholders' pool in accordance with the provisions of articles 301 and 301 bis of Act 17-95 relating to public limited companies, as amended and supplemented.

	In accordance with Article 301 bis of Law 17-95 relating to public limited companies, as amended and supplemented, it has been decided to fix the fees of the provisional representative and the representative of the bondholders' pool at MAD 30,000 (excl. tax) per year for the pool. In accordance with Article 302 of the above-mentioned Law, the representative of the pool has, except restriction decided by the General Meeting of Bondholders, the power to carry out in the name of the pool all management acts necessary to the safeguarding of the common interests of the bondholders. Besides, it is to be noted that the firm HDID Consultant represented by Mr. Mohamed Hdid is the representative of the bondholders' pool of the following unmatured issues carried out by BMCI: ▪ Subordinated bond issue of MAD 1000 million in 2018; ▪ Subordinated bond issue MAD 500 million in 2019. Apart from the mandates mentioned above, HDID Consultant Firm does not hold any mandate vis-à-vis the Moroccan Bank for Commerce and Industry and does not have any capital or business ties with the latter.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca

Iv- iv. Default event

A Default Event means the failure to pay all or part of the interest amount due by the Company on any Bond unless the payment is made within 14 business days following the due date and unless the Company has decided, with the consent of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest in accordance with the provisions set forth in the characteristics of the perpetual subordinated bonds presented above in Part II - Section II - Information relating to BMCI's perpetual subordinated bonds.

In case of occurrence of a Default Event, the representative of the Bondholders' body must send without delay a formal notice to the Company to remedy the Default Event with an injunction to pay any amount in interest due by the Company within 14 working days following the formal notice.

If the Company has not cured the Event of Default within 14 business days following the date of receipt of the notice of default, the Representative of the Bondholders' body may, after convening the general meeting of bondholders and upon a decision of the latter ruling in accordance with the conditions of quorum and majority provided for by law and upon simple written notification to the Issuer with a copy to the Issuer and to the AMMC, render the entire issue payable, entailing ipso jure the obligation for the Company to redeem the said Bonds up to the principal amount plus the interest accrued since the last interest payment date and increased by the accrued interest not yet paid.

The principal amount being the initial principal amount (initial nominal value x number of securities), or in the event of early redemption, the outstanding principal amount.

V- Schedule of the Operation

The operation's schedule is as follows:

Order	Steps	Dates
1	Reception of AMMC approval	February 3, 2023
2	Publication of the prospectus extract on the issuer's website (www.bmci.ma)	February 3, 2023
3	Publication of the press release by the Issuer in a newspaper of legal announcements	February 6, 2023
4	Opening of the subscription period	February 13, 2023
5	Closing of the subscription period (inclusive)	February 15, 2023
6	Allocation of securities	February 15, 2023
7	Payment / Delivery	February 17, 2023
8	Publication by the issuer of the operation's results and the adopted rates in a newspaper of legal announcements and on its website	February 17, 2023

PART II: Overview of The Moroccan Bank for Commerce and Industry (BMCI)

I- General information

Company name	*Banque Marocaine pour le Commerce & l'Industrie*, abbreviated "BMCI"
Headquarters	26, place des Nations Unies- Casablanca - Morocco
Phone	(212) 5 22 46 10 00
Fax	(212) 5 22 29 94 06
Website	www.bmci.ma
Legal form	Limited Company (Ltd.) with a Management Board and a Supervisory Board
Incorporation date	1940
Company lifetime	99 years
Trade Register	RC N° 4091 – Casablanca
Financial Year	From January 1 to December 31
Corporate purpose **(Article 3 of the articles of association)**	"The Bank's purpose is: • to carry out for itself, on behalf of third parties or in participation, in Morocco and abroad, all Bank operations, discount, advance, credit or commission, all subscriptions and issues and generally, all operations and transactions, without exception, to conduct all financial, commercial and industrial operations and operations relating to any fixed or unfixed assets that may be the consequence there of; • to propose to the public and subject to the approval of Bank Al Maghrib, through a cantoned and autonomous window, the activities and products provided for by Title III of Law No. 103-12 on credit institutions and similar bodies as well as the commercial, financial and investment operations considered compliant with the Ouléma Higher Council (CSO); • to also carry out for itself, on behalf of third parties or in participation, in Morocco or abroad, especially in the form of Foundation of Companies, all operations and enterprises which can concern the industry, the trade or the bank or related directly or indirectly thereto."
Capital as of September 30, 2022	MAD 1,327,928,600, composed of 13,279,286 shared of a MAD 100 nominal value each.
legal documents	The corporate, accounting and legal documents whose communication is provided for by law and the bylaws may be consulted at the registered office of the company.

List of applicable laws	BMCI is a private-law limited company (Ltd.) with a Management Board and a Supervisory Board. It is governed by: ▪ Law No. 17-95 as amended and supplemented; ▪ Dahir no. 1-14-193 of Rabii I 1, 1436 promulgating law no. 103-12 relative to the credit institutions and similar bodies (banking law). ▪ Due to its listing on the Casablanca Stock Exchange, as well as these issues of debt securities, it is subject to all the legal and regulatory provisions relating to the financial market and in particular: ▪ The General Regulations of the Stock Exchange approved by the decree of the Minister of the Economy and Finance No. 1268-08 dated July 7, 2008, amended and supplemented by the decree of the Minister of Economy and Finance No. ° 1156-10 dated April 7, 2010, amended and supplemented by the decree of the Minister of the economy and finance No. 30-14 dated Rabii I 4, 1435 (January 6, 2014), amended and supplemented by the decree of the Minister Economics and Finance No. 1955-16 dated July 4, 2016. ▪ Dahir law No. 19-14 relating to the stock exchange, brokerage firms and financial investment advisers; ▪ Dahir No. 1-13-21 dated Jumada I 1, 1434 (March 13, 2013) promulgating of law No. 43-12 relating to the Moroccan Stock Market Authority; ▪ The General Regulation of AMMC approved by decree of the Minister of Economy and Finance No. 2169-16 dated July 14, 2016; ▪ Dahir No. 1-12-55 of Safar 14, 1434 (December 28, 2012) promulgating Law No. 44-12 on the public offering and the information required of legal persons and organizations making public offerings; ▪ the AMMC circular; ▪ Dahir 1-95-03 dated January 26, 1995, promulgating law No. 35-94 on certain negotiable debt securities as amended and supplemented and decree of the Ministry of Finance and Foreign Investment No. 2560- 95 dated October 9, 1995, relating to negotiable debt securities as amended and supplemented; ▪ Dahir No. 1-96-246 dated January 9, 1997, promulgating Law No. 35-96 on the creation of the Central Depository and the establishment of a general system of book-entry of certain securities, amended and supplemented by Law No. 43-02; ▪ The General Regulations of the Central Depository approved by the Minister of Economy and Finance No. 932-98 of April 16, 1998, supplemented and amended by decree No. 1961-01 published in Official Bulletin 4966 of January 3, 2002, and Decree 77-05 dated March 17, 2005; ▪ Dahir No. 1-04-21 dated April 21, 2004, promulgating Law No. 26-03 relating to public offers on the Moroccan stock market, as amended and supplemented by Law No. 46-06.
Tax system	The Bank is governed by commercial and fiscal law of common law. It is thus subject to Corporate Tax at a rate of 37%. The VAT rate applicable to Bank transactions is 10%.

Competent court in the event of dispute	Commercial Court of Casablanca.

II – BMCI shareholding

1. Shareholding structure

BMCI's share capital as of end September 2022 amounts to MAD 1,327,928,600. It is fully paid up and comprises 13,279,286 shares with a nominal value of MAD 100, all of the same class.

Table 1: Shareholding as of end September 2022

BMCI's share capital is fully paid up. As of end September 2022, the breakdown of the capital is as follows:

Shareholders	Number of shares held	% in Capital	% of Voting Rights
BNP Paribas IRB Participations*	8 862 017	66.74%	66.74%
Axa Assurances Maroc	1 181 616	8.90%	8.90%
Atlantasanad Assurance	1 035 367	7.80%	7.80%
Other shareholders**	2 200 286	16.57%	16.57%
TOTAL	**13 279 286**	**100%**	**100%**

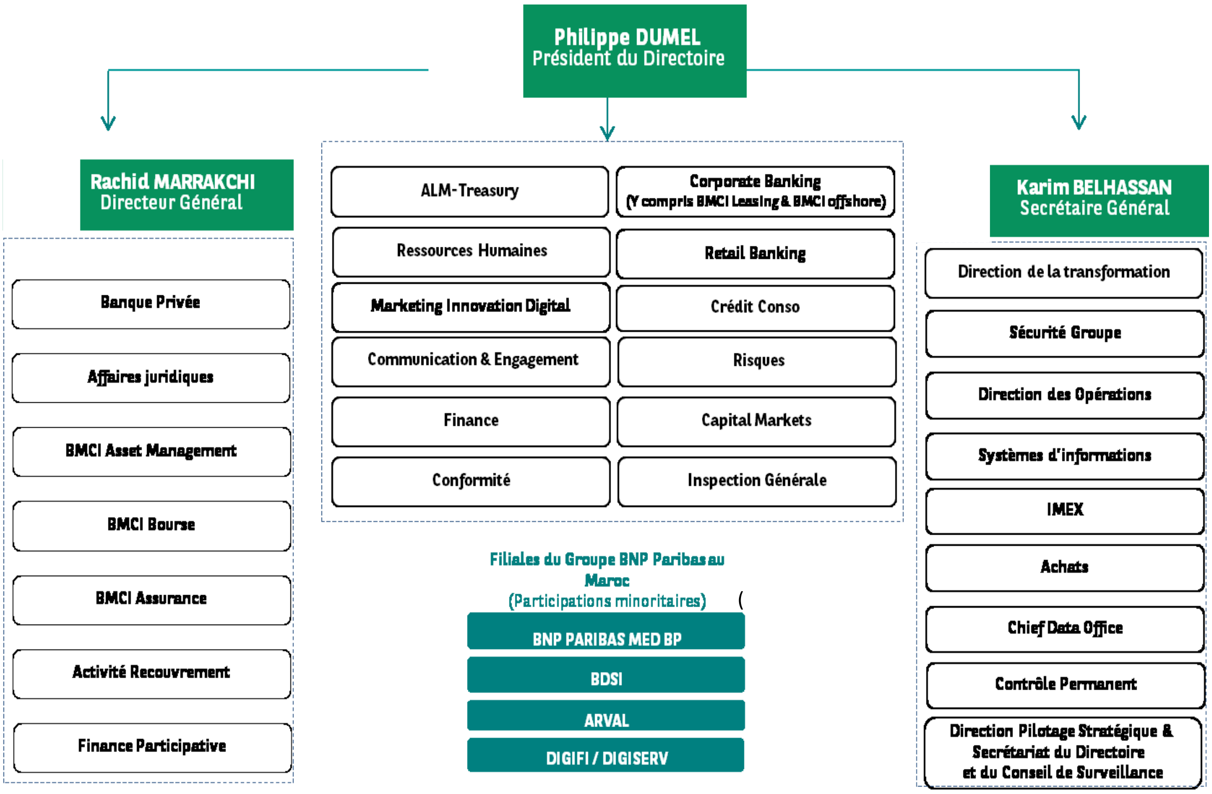
(*) *The members of the Supervisory Board and in this case the members belonging to the BNP Paribas Group, namely Mr. Michel Pebereau, Mr. Alain Fonteneau, Mr. Yves Martenchar, Mr. François Benaroya, Mr. Christian De Chaisemartin and Mr. Jean-Paul Sabet, hold 100 shares in accordance with BMCI's articles of association. The independent members do not hold any shares.*

(**) *Mr. Hassan Bensalah holds 150 function shares.*

Source: BMCI Group

III – BMCI Functional organizational chart as of end September 2022

(*) With the exception of DIGIFI, which is 51%-owned by BMCI



IV. BMCI Group Activity

1. Evolution of credit

BMCI's net credit outstanding has evolved over the period studied as follows:

In MAD million		2019	2020	Var. 20/19	2021	Var. 21/20	June 22	Var. 6-2 21
Receivables from credit institutions		**6 908**	**5 023**	**-27.29%**	**4 888**	**-2.69%**	**4 568**	**-6**
	Part	*13.60%*	*10.20%*	*-3.4 pts*	*9.9%*	*-0.29 pts*	*8.86%*	
Current		1 838	824	-55.17%	541	-34.35	213	-60
Long term		5 070	4 199	-17.18%	4 347	3.52%	4 355	0
Customer receivables and participatory financing		**43 729**	**44 202**	**1.09%**	**44 416**	**0.48%**	**47 017**	**5**
	Part	*86.36%*	*89.80%*	*3.44 pts*	*90.10%*	*0.29 pts*	*91.14%*	*0.*
Cash loans		7 465	9 808	31.39%	9 914	1.08%	13 088	32
	Part	*14.74%*	*19.90%*	*5.16 pts*	*20.11%*	*0.21 pts*	*27.84%*	*0.*
Consumer loans		4 926	4 728	-4.02%	4 997	5.70%	5 327	6
	Part	*9.70%*	*9.60%*	*0.10 pts*	*10.14%*	*0.54 pts*	*11.33%*	*0.*
Equipment loans		9 289	8 355	10.05%	6 996	-16.26%	7 208	3
	Part	*18.34%*	*17.00%*	*1.34 pts*	*14.1%*	*2.81 pts*	*15.33%*	*0.*
Real estate loans		15 637	15 611	-0.17%	15 942	2.12%	16 327	2
	Part	*30.88%*	*31.70%*	*0.82%*	*32.33%*	*0.63 pts*	*34.72%*	*0.*
Other loans		1 427	744	-47.86%	2 167	>100%	793	-63
	Part	*2.80%*	*1.50%*	*1.30 pts*	*4.40%*	*2.90 pts*	*1.69%*	*-0.*
Accounts receivable by factoring		3 540	3 502	-1.07%	3 037	-13.27%	2 916	-4
	Part	*7.00%*	*7.10%*	*0.10 pts*	*6.16%*	*0.94%*	*6.20%*	*0.*
Accrued interest receivable		157	150	-4.46%	149	-0.60%	142	-4
	Part	*0.30%*	*0.30%*	*0 pts*	*0.30%*	*0 pts*	*0.30%*	*0.*
Accrued interest receivable		1 289	1 306	1.32%	1 212	-7.16%	1 217	0
	Part	*2.50%*	*2.70%*	*0.20 pts*	*2.46%*	*0.24 pts*	*2.59%*	*0.*
- including interest on doubtful receivables		0	154	>100%	180	17%	170	
- including impaired receivables		458	284	-37.99%	334	17.67%	449	34
- including compromised receivables		831	868	4.45%	698	-19.53	598	-
Total credits		**50 637**	**49 227**	**-2.78%**	**49 304**	**0.16%**	**51 585**	**4**

As of end of June 2022, BMCI's net outstanding credits amounted to MMAD 51,585, up by 4.63% compared to 2021. This evolution is explained by:

- The increase in outstanding credits to customers by MMAD 2,601 to reach MMAD 47,017 as of end of June 2022. This 5.86% increase is explained by the combined effect of the increase in cash credits of MMAD 3,174 and the decrease in other credits of MMAD 1,374;
- The decrease in receivables from credit institutions (excluding sovereign receivables/BAM) of 6.55% (i.e. MMAD 320), which is the result of the
- The decrease in loans to credit institutions (excluding sovereign loans/BAM) by 6.55% (i.e. -MMAD320) to MMAD 4,568 in June 2022 against MMAD 4,888 in 2021, due to the decrease in demand loans by 60.69% and the increase in term loans by 0.19%.

Receivables from customers represented 91.1% of the total outstanding in June 2022 against 90.1% in 2021, an increase of 0.01 pts. Loans to credit institutions represented 8.86% of the total outstanding in June 2022 against 9.9% in 2021, down 0.1 pts over the period.

As of end 2021, BMCI's net outstanding credits amounted to MMAD 49,304, up by 0.16% compared to 2020. This evolution is explained by:

- The increase in outstanding loans to customers +MMAD 212 to reach MMAD 44 416 as of end December 2021. This evolution of 0.48% is explained by the combined effect of:
  - ✓ The 1.08% increase in cash loans (i.e. +MMAD 106) which stood at MMAD 9,914 in 2021 explained by the level of evolution of foreign currency refinancing.
  - ✓ The 16.3% drop in equipment loans (i.e. -MMAD 1,359) which amounted to MMAD 6,996 in 2021 explained by the level of loan repayments compared to new production;
  - ✓ The increase in consumer loans of 5.7% (i.e. +MMAD 269) which amount to 4 997 MMAD in 2021 correlated by the evolution of the level of activity in 2021 compared to 2020;
  - ✓ The increase in real estate loans by 2.2% (i.e. +MMAD 331) which amounted to 15,942 as of end of 2021;
  - ✓ The decrease in receivables acquired through factoring by MMAD 465 to MAD 3,037 as of end of 2021, mainly due to the repayment of VAT credits
  - ✓ A 7.16% drop in overdue receivables (i.e. -MMAD 94) to 1,212 by 2021.

- The decrease in receivables from credit institutions (excluding sovereign receivables/BAM) by 2.7% (i.e. -MMAD 135) which amounted to MMAD 4,888 in 2021 against MMAD 5,023 in 2020, driven by the drop in sight receivables by 34.35% (i.e. -MMAD 283) and the increase in term receivables by 3.52% (i.e. +MMAD 148).

Loans to customers will account for 90.1% of total outstanding loans in 2021 compared with 89.8% in 2020, up 0.3 percentage points. Receivables from credit institutions accounted for 9.9% of the total outstanding in 2021 against 10.2% in 2020, down 0.3 percentage points over the period.

2. Evolution of Deposit

The outstanding customer deposits of BMCI has evolved as follows, over the period studied:

In MAD million		2019	2020	Var. 20/19	2021	Var. 21/20	June-22	Var. 06-22/12-21
Debts due to credit institutions		**1 584**	**3 084**	94.70%	**3 367**	9.19%	**6 475**	92.31%
	Part	*3.50%*	*6.60%*	*3.10 pts*	*7.49%*	*0.89 pts*	*13.71%*	*0.83 pts*
Current		495	1814	266.46%	2 626	44.75%	1 606	-38.84%
Long term		1089	1270	16.62%	742	-41.60%	4 869	556.22%
Debts to customers		**44 267**	**43 670**	-1.35%	**41 617**	-4.70%	**40 753**	-2.08%
	Part	*97%*	*93.40%*	*-3.2 pts*	*92.5%*	*- 0.89 pts*	*86.29%*	*-0.06 pts*
Current accounts payable		30 191	31 371	3.91%	30 926	-1.42%	30 727	-0.64%
	Part	*65.80%*	*67.10%*	*1.30 pts*	*68.75%*	*1.65 pts*	*65.06%*	*-0.05 pts*
Savings account		7 592	7 364	-3.00%	6 814	-7.46%	6 521	-4.30%
	Part	*16.60%*	*15.70%*	*-0.90 pts*	*15.15%*	*-0.55 pts*	*13.81%*	*-0.08 pts*
Term deposits		4 748	2 882	-39.30%	1 812	-37.14%	1 825	0.73%
	Part	*10.40%*	*6.20%*	*-4.20 pts*	*4.03%*	*-2.17 pts*	*3.86%*	*-0.04 pts*
Other accounts payable		1 670	2 030	21.56%	2 054	1.19%	1 667	-18.86%
	Part	*3.60%*	*4.30%*	*0.70 pts*	*4.57%*	*0.27 pts*	*3.53%*	*-0.22 pts*
Accrued interests payable		66.483	23.324	-64.92%	11	-54.10%	13	25.74%
	Part	*0.10%*	*0.00%*	*-0.10 pts*	*0.02%*	*0.02 pts*	*0.03%*	*0.42 pts*
Total debts		**45 851**	**46 754**	**1.97%**	**44 985**	**-3.78%**	**47 228**	**4.99%**

Source: BMCI – Corporate accounts

As of June 30, 2022, deposits with customers increased by 4.99% compared to 2021 (i.e. MMAD 2,243) to reach MMAD 47,228.

On the other hand, payables to credit institutions increased by MMAD 3,108 to MMAD 6,475 in June 2022, driven by the offsetting effect of an increase in term loans of MMAD 4,127 and a decrease in demand loans of MMAD 1,020.

As of end June 2022, debts to credit institutions represented 13.71% of total debts compared to 7.49% as of end 2021. Debts to customers represent 86.29% of total debts, down by 0.06 points compared to 2021.

As of December 31, 2021, customer deposits decreased by 4.7% compared to 2020 (or -MMAD 2,053) to MMAD 41,617. This change is mainly due to the following combined effects:

- A 1.4% drop in demand deposits (i.e. -MMAD 445), which amounted to MMAD 30,926 as of end 2021;
- A 37.1% drop in term deposits to MMAD 1,812 as of end 2021 (i.e., MMAD -1,070);
- The decrease in savings accounts by 7.5% (i.e. -MMAD 550) to reach MMAD 6,814.

In addition, payables to credit institutions increased by MMAD 283 to MMAD 3,367 in 2021, due to the offsetting effect of an increase in demand deposits of MMAD 812 and a decrease in term deposits of MMAD 528.

As of end of 2021, debts to credit institutions represented 7.5% of total debts compared to 6.6% at the end of 2020. Debts to customers represent 92.5% of total debts, down by 1 point compared to 2020.

V- Financial data

I. BMCI's consolidated financial position

1. Analysis of BMCI Group's consolidated income statement as of 12/31/2021

The IFRS consolidated income statement for the last three years is as follows:

In MAD million	2019	2020	2021	Δ 20-19	Δ 21-20	AAGR 19-21
Interests and similar income	3 148	3 068	2 997	-2.54%	-2.31%	-2,43%
Interests and similar costs	-842	-730	-659	-13.30%	-9.73%	-11,53%
Interest margin	**2 306**	**2 338**	**2 338**	**1.39%**	**0.04%**	**0,71%**
Commissions receivables	555	504	520	-9.19%	3.17%	-3,20%
Commissions payments	-62	-52	-72	-16.13%	38.46%	<100%
Commission margin	**493**	**452**	**449**	**-8.32%**	**-0.66%**	**-4,57%**
Net gains or losses from net hedging positions	21	2	3	-90.48%	50.00%	-62,20%
Net gains and losses on financial instruments at the fair value through result	306	348	338	13.73%	-2.87%	5,10%
Net gains or losses on financial assets held for sale	-	-	-	na	na	Na
Result from trading operations	**327**	**350**	**341**	**7.03%**	**-2.57%**	**2,12%**
Income from other activities	44	51	86	15.91%	68.63%	39,81%
Costs of other activities	-111	-138	-171	24.32%	23.91%	24,12%
Net banking income	**3 059**	**3 052**	**3 044**	**-0.23%**	**-0.26%**	**-0,25%**
General operating costs	-1 432	-1 513	-1 885	5.66%	24.59%	14,73%
Amortizations and depreciations of tangible and intangible assets	-215	-211	-245	-1.86%	16.11%	6,75%
Gross operational result	**1 413**	**1 328**	**914**	-6.02%	-31.17%	-19,57%
Risk costs	**-440**	**-901**	**-575**	**>100%**	**-36.18%**	**14,32%**
Operating result	**973**	**427**	**338**	**-56.12%**	**-20.84%**	-41,06%
Share of profits/losses of undertakings accounted for by the equity method	3	3	0.24	0.00%	-92.00%	-71,72%
Net gains or losses on other assets	16	-69	12	<100%	<100%	-13,40%
Change of goodwill purchase values	-	-	-	na	na	na
Pre-tax result	**991**	**360**	**351**	**-63.67%**	**-2.50%**	**-40,49%**
Benefit tax	-391	-216	-184	-44.76%	-14.81%	-31,40%
Net result for the financial year	**600**	**145**	**167**	**-75.83%**	**15.17%**	**-47,24%**
Result – Group net share	605	156	194	-74.21%	24.36%	-43,37%
External result	-5	-11	-27	>100%	>100%	132,38%
Result per share (in MAD)	*45.6*	*11.7*	*15*	-74.34%	28.21%	-42,65%

2. Analysis of BMCI Group's consolidated balance sheet as of 12/31/2021

BMCI Group's consolidated balance sheet under IFRS between the end of December 2019 and the end of December 2021 is as follows:

In MAD million	Dec-19	Dec -20	Dec -21	Δ 19-20	Δ 21 - 20	AAGR 19-21
Cash and balances with central banks, the Treasury, and post office accounts	1 240	1 172	1 582	-5.48%	34.98%	12.95%
Financial assets at fair value through result	983	1 429	1 400	45.37%	-2.03%	19.34%
Derivatives instruments for hedging purpose	-	-	-	n/a	n/a	n/a
Financial assets at fair value through result	5 059	5 352	3 896	5.79%	-27.20%	-12.24%
Securities at amortized cost	3 096	3 052	4 003	-1.42%	31.16%	13.71%
Loans and receivables to credit and similar institutions	2 564	1 546	1 534	-39.70%	-0.78%	-22.65%
Customer loans and receivables	54 869	50 856	51 574	-7.31%	1.41%	-3.05%
Fair value adjustments to debt portfolios hedged against interest rate risks	-	-	-	NA	NA	NA
Investment in insurance activities	-	-	-	NA	NA	NA
Current tax assets	4	3	202	-25.00%	6633.33%	610.63%
Deferred tax assets	113	137	357	21.24%	160.58%	77.74%
Accruals and other assets	1 095	961	1136	-12.24%	18.11%	1.81%
Non-current assets held for sale	-	-	-	NA	NA	NA
Investments in undertakings accounted for by the equity method	13	14	12	7.69%	-14.29%	-3.92%
Investment properties	30	29	28	-3.33%	-6.90%	-5.13%
Tangible assets	1 639	1 531	1 266	-6.59%	-17.31%	-12.11%
Intangible assets	411	440	532	7.06%	20.91%	13.77%
Purchase goodwill	88	88	88	0.00%	0.00%	0.00%
Total Assets	**71 203**	**66 610**	**67 611**	-6.45%	1.50%	-2.56%

Source: BMCI Group

BMCI Group's consolidated balance sheet - liabilities under IFRS between the end of December 2019 and the end of December 2021 are as follows:

In MAD million	Dec -19	Dec -20	Dec -21	Δ 19-20	Δ 21 - 20	AAGR 19-21
Central banks. Public Treasury, services of postal checks	0	0	0	NA	NA	NA
Financial liabilities at fair value through result	55	47	12	-14.55%	-74.47%	-53,29%
Hedging derivatives	-	-	-	NA	NA	NA
Loans and receivables to credit institutions and similar institutions	5 875	4 029	5 153	-31.42%	27.90%	-6,35%
Debts to customers	45 036	44 620	42 425	-0.92%	-4.92%	-2,94%
Issued loan securities	6 665	4 347	5 972	-34.78%	37.36%	-5,35%
Fair value revaluation of portfolio hedge (liabilities)	-	-	-	NA	NA	NA
Current tax liabilities	59	36	31	-38.98%	-13.89%	-27,51%
Deferred tax liabilities	214	98	218	-54.21%	122.45%	0,93%
Accruals and other liabilities	3 112	2 927	3 529	-5.94%	20.57%	6,49%
Debts related to non-current assets to be sold	-	-	-	NA	NA	NA
Technical provisions of insurance agreements	-	-	-	NA	NA	NA

Provisions for risks and costs	425	591	755	39.06%	27.75%	33,28%
Subsidies, restricted public funds and special funds of guarantee	-	-	-	NA	NA	NA
Subordinated debts	**2 264**	**2 262**	**2 262**	-0.09%	0.00%	-0,04%
Equity	**7 498**	**7 652**	**7 255**	2.05%	-5.20%	-1,64%
Capital and associated reserves	6 542	6 542	6 542	0.00%	0.00%	0,00%
Consolidated reserves	307	900	487	193.16%	-45.89%	25,95%
- Group share	260	859	445	230.38%	-48.20%	30,83%
- Minority share	46	41	43	-10.87%	2.44%	-4,45%
Latent or deferred gains or losses. group share	49	65	58	32.65%	-10.77%	8,80%
Net profit of the financial year	600	145	167	75.84%	15.17%	-47,24%
- Group share	605	156	194	74.22%	24.36%	-43,37%
- Minority share	-5	-11	-27	120.00%	145.45%	132%
Total Liabilities	**71 203**	**66 610**	**67 611**	-6.45%	1.50%	-2,56%

3. Analysis of BMCI Group's consolidated income statement as of 09/30/2022

BMCI Group's consolidated income statement as of end June 2022 is as follows:

In MAD million	June-21	June-22	Var
Interest and similar income	1 526	1 498	-1.8%
Interest and similar costs	352	356	1.0%
Interest margin	**1 174**	**1 143**	**-2.7%**
Commissions receivables	264	262	-0.7%
Commissions payments	39	33	-15.2%
Commission margin	**225**	**229**	**1.8%**
Net gains or losses from net hedging position	-	-	na
Net gains or losses on financial assets held for sale	-	-	na
Net gains or losses on financial instruments at the fair value through result	**139**	**193**	**39.0%**
Net gains or losses on transaction assets/liabilities	166	173	4.6%
Net gains or losses on other assets / liabilities at fair value through result	- 27	20	> 100%
Net gains or losses on financial instruments at fair value through equity	**3**	**- 4**	<-100%
Net gains or losses on debt instruments recognized in recyclable equity	3	- 4	<-100%
Income from market operations	**142**	**190**	**33.9%**
Income from other activities	35	24	-30.8%
Costs of other activities	62	66	6.3%
Net banking income	**1 514**	**1 520**	**0.4%**
General operating expenses	850	935	10.1%
Amortization and depreciation of intangible and tangible fixed assets	120	113	-5.7%
Gross operating income	**544**	**471**	**-13.4%**
Risk cost	**225**	**319**	**42.0%**
Operating income	**319**	**152**	**-52.4%**
Share of net income of companies accounted for by the equity method	4	2	-61.5%
Net gains or losses on other assets	55	- 1	<-100%
Changes in value of goodwill	-	-	na
Pre-tax result	**378**	**153**	**-59.5%**
Benefit tax	132	89	-32.7%
Net result for the fy	**246**	**64**	**-74.0%**
Net gains or losses on other assets	-8	-15	90.6%
Net income, group share	**254**	**79**	**-68.8%**
Earnings per share (in MAD)	*19*	*6*	*-68.8%*

Source: BMCI Group

4. Analysis of BMCI Group's consolidated balance sheet as of 09/30/2022

BMCI Group's consolidated balance sheet under IFRS as of end June 2022 is as follows:

In MAD million	Dec-21	Dec-22	Var
Cash and balances with central banks, the Treasury, and post office accounts	1 582	2 077	31.3%
Financial assets at fair value through result	1 400	1 963	40.2%
Derivatives instruments for hedging purpose	-	-	na
Financial assets at fair value through result	3 896	3 253	-16.5%
Financial assets available for sale	-	-	na
Securities at amortized cost	4 003	4 748	18.6%
Loans and advances to CI and similar entities, at amortized cost	1 534	1 181	-23.0%
Loans and advances to customers, at amortized cost	51 574	54 423	5.5%
Current tax assets	202	31	-84.4%
Deferred tax assets	357	334	-6.6%

Accruals and other assets	1 136	1 264	11.3%
Non-current assets held for sale	-	-	na
Investments in undertakings accounted for by the equity method	12	12	-2.8%
Investment properties	28	27	-3.1%
Tangible assets	1 266	1 186	-6.3%
Intangible assets	532	524	-1.5%
Purchase goodwill	88	88	0.0%
Total Assets	**67 611**	**71 112**	**5.2%**

<u>Source</u>: BMCI Group

In MAD million	Dec-21	June-22	Var
Central banks. Public Treasury, services of postal checks	0	-	- 100.0%
Financial liabilities at fair value through result	12	5	-54.0%
Hedging derivatives	-	-	na
Loans and receivables to credit institutions and similar institutions	5 153	8 503	65.0%
Debts to customers	42 425	41 660	-1.8%
Issued loan securities	5 972	6 835	14.4%
Fair value revaluation of portfolio hedge (liabilities)	-	-	na
Current tax liabilities	31	64	105.6%
Deferred tax liabilities	218	157	-28.1%
Accruals and other liabilities	3 529	3 622	2.6%
Debts related to non-current assets to be sold	-	-	na
Technical provisions of insurance agreements	-	-	na
Provisions for risks and costs	755	777	2.9%
Subsidies, restricted public funds and special funds of guarantee	-	-	na
Subordinated debts	**2 262**	**2 297**	**1.6%**
Equity	**7 255**	**7 192**	**-0.9%**
Capital and associated reserves	6 542	6 542	0.0%
Consolidated reserves	487	551	13.0%
- Group share	445	509	14.4%
- Minority share	43	42	-1.7%
Latent or deferred gains or losses. group share	58	35	-39.4%
Net profit of the financial year	167	64	-61.7%
- Group share	194	79	-59.1%
- Minority share	27	- 15	-43.7%
Total Liabilities	**67 611**	**71 112**	**5.2%**

<u>Source</u>: BMCI Group

5. Analysis of BMCI Group's consolidated income statement as of 09/30/2022

BMCI Group's consolidated income statement as of end September 2022 is as follows:

IFRS consolidated income statement	09/30/2022	09/30/2021
Interest and similar income	2 253 321	2 218 189
Interest and similar costs	530 611	484 583
Interest margin	1 722 710	1 733 606
Commissions receivables	405 742	391 115
Commissions payments	49 179	57 537
Commission margin	356 563	333 578
Net gains or losses from net hedging position		
Net gains or losses on financial assets held for sale		
Net gains or losses on financial instruments at the fair value through result	248 656	231 474
Net gains or losses on transaction assets/liabilities	246 641	257 388
Net gains or losses on other assets / liabilities at fair value through result	2 015	- 25 914
Net gains or losses on financial instruments at fair value through equity	- 3 521	2 529
Net gains or losses on debt instruments recognized in recyclable equity	- 3 521	2 529
Remuneration of equity instruments recognised in non-recyclable equity (dividends)		
Net gains or losses arising from derecognition of financial assets at amortized cost		
Net gains or losses resulting from the reclassification of financial assets at amortized cost to financial assets at fair value through profit or loss		
Net gains or losses from reclassification of financial assets at fair value through equity to financial assets at fair value through at fair value through profit or loss		
Net income from insurance activities		
INCOME FROM MARKET OPERATIONS	245 135	234 003
Income from other activities	34 412	73 078
Costs of other activities	94 151	130 963
INCOME FROM OTHER ACTIVITIES	- 59 739	- 57 885
NET BANKING INCOME	2 264 670	2 243 303
General operating expenses	1 404 615	1 350 967
Amortization and depreciation of intangible and tangible fixed assets	180 720	179 894
Management fees	1 585 335	1 530 861
GROSS OPERATING INCOME	679 335	712 441
Risk cost	411 732	432 111
OPERATING INCOME	267 603	280 330
Share of net income of companies accounted for by the equity method	5 260	5 452
Net gains or losses on other assets	- 4 906	55 053
Changes in value of goodwill		
PRE-TAX RESULT	267 957	340 835
Benefit tax	167 519	152 359
NET RESULT	100 438	188 476
External result	- 20 574	- 20 852
NET INCOME, GROUP SHARE	121 012	209 329
Income per share (in MAD)	9	16
Diluted earnings per share (in MAD)		

Source: BMCI Group

6. Analysis of BMCI Group's consolidated balance sheet as of 09/30/2022

IFRS ASSETS	09/30/2022	12/31/2021
Cash in hand, Central banks, Treasury, Postal services	1 247 864	1 582 393
Financial assets at fair value through profit or loss	1 928 256	1 400 473
Financial assets held for trading	1 570 708	1 094 044
Other financial assets at fair value through profit or loss	357 549	306 429
Derivative hedging instruments		
Financial assets at fair value through equity	3 253 507	3 896 112
Debt instruments recognized at fair value through equity	3 253 507	3 896 112
Equity instruments carried at fair value through equity, not recyclable		
Available-for-sale financial assets		
Securities at amortized cost	4 979 710	4 002 675
Loans and advances to banks and similar institutions at amortized cost	1 214 240	1 534 478
Loans and advances to customers at amortized cost	55 688 707	51 574 143
Revaluation reserve of portfolios hedged against interest rates		
Investments from insurance activities		
Current tax assets	37 552	201 756
Deferred tax assets	348 480	357 383
Accruals and other assets	1 669 874	1 135 560
Non-current assets held for sale		
Investments in companies accounted for using the equity method	15 477	12 132
Investment property	26 260	27 569
Property, plant and equipment	1 201 480	1 266 200
Intangible assets	517 853	532 157
Goodwill on acquisition	87 720	87 720
TOTAL IFRS ASSETS	72 216 981	67 610 751

Source: BMCI Group

IFRS LIABILITIES	30/09/2022	31/12/2021
Central banks, Treasury, Post Office Cheque Service	1	1
Financial liabilities at fair value through profit or loss	21 845	11 790
Financial liabilities held for trading	21 845	11 790
Financial liabilities at fair value through profit or loss under option		
Derivative hedging instruments		
Payables to credit institutions and similar entities	9 738 589	5 152 651
Amounts owed to customers	41 698 452	42 425 175
Debt securities in issue	6 514 418	5 971 770
Fair value adjustments to portfolios hedged against interest rate risks		
Current tax liabilities	76 584	31 083
Deferred tax liabilities	177 542	217 601
Accruals and other liabilities	3 706 494	3 529 424
Liabilities related to non-current assets held for sale		
Technical provisions for insurance contracts		
Provisions for liabilities and charges	784 567	754 897
Grants, restricted public funds and special guarantee funds		
Subordinated debts	2 294 085	2 261 804
Capital and related reserves	6 541 881	6 541 881
Consolidated reserves	551 731	487 487
- Group share	509 903	444 942

- Minority interests	41 829	42 545
Unrealized or deferred gains or losses, group share	10 352	58 388
Net income for the year	100 438	166 798
- Group share	121 012	194 109
- Minority interests	- 20 574	- 27 311
TOTAL IFRS LIABILITIES	**72 216 981**	**67 610 751**
Equity	**7 204 403**	**7 254 555**
- Group share	7 183 148	7 239 321
- Minority interests	21 255	15 234

Source: BMCI Group

PART III: Risks

I. Risks related to the issuer, BMCI Group

1. Credit or counterparty risk

Credit risk is assessed by combining two parameters: the risk of default by the counterparty and the risk of loss in the event of default by the counterparty. The credit risk management system is based on the following two inputs:

- The Counterparty Rating, which reflects the risk of default of the counterparty: one Counterparty Rating, and only one, is thus attributed to each BMCI client who benefits from a credit, whatever the nature of the counterparty.
- The Global Recovery Rate, which reflects, for each credit granted, the expected recovery in case of default of the counterparty. These two data, used at BMCI for more than five years, are fundamental to monitor, measure and manage credit risk in a reliable way. They are, moreover, the essential elements for the implementation of the Basel II regulation in advanced method.

➢ Credit risk management

Credit risk management is addressed at the level of the establishment of the authorizations then at the level of the follow-up and the control of the uses. The decision to grant or renew the credits is based on the principle of "double vision". Thus, decision-making is carried out jointly by the customer line and the Risk Department. The process includes a complete analysis of the file carried out by the website which proposes the competitions then a contradictory study carried out by the risk chain before the presentation of the file to an ad hoc credit committee.

The control of uses includes several levels each defined by an internal procedure:

- 1st level controls: These checks are carried out by the customer lines and relate to Basic Monitoring Points (PSF) that are the subject of precise procedures. Thus, the following must be carried out according to a periodicity and a predefined methodology: controls on six areas considered sensitive by the Bank: counterparty note, guarantees received and issued, irregular accounts, accounts with incidents and record keeping.

- 2nd level controls: The Risk Department intervenes in the internal control system by providing a second level control on credit risk. The Risk Department ensures compliance with credit risk management procedures, closely monitors the use of loans and monitors the evolution of the Bank's risk profile. Other controls are carried out through the conduct of thematic analyzes, dedicated PSFs and various risk monitoring committees.

- 3rd level controls: The periodic control, carried out by the General Inspection, ensures a regular review of the entire portfolio. In this way, the operating groups are periodically audited and the quality of the portfolio analyzed. However, in the event of a deterioration in the quality of the risk, the General Inspection ensures a closer presence.

➢ Credit concentration risk management

Credit concentration risk is the risk of excessive exposure that can lead to losses for the Bank; sectoral limits are reviewed periodically.

A quarterly analysis is carried out on the evolution of the concentration of the commitments in order to prevent excessive exposure on a given segment. The measurement and management of this risk makes it possible to understand the form and level of credit concentration risk incurred by type of exposure (individual counterparties, interest groups, counterparties belonging to the same economic sector, counterparties belonging to the same geographical region, guarantors) and to set limits for each type of exposure. These limits are validated and monitored by the governing bodies.

2. Market risks

Market risk is defined as the vulnerability of a trading book's positions to changes in market parameters, the volatility of its parameters and the correlations between these parameters, i.e. the level of loss that can be sustained following the unfavorable reversal of the market. It is subdivided into five main families: Interest rate risk, Foreign exchange risk, Security risk, Commodity risk, Derivative product risk.

The importance and the relative complexity of these risks require the setting up of a risk management system in order to maintain them at tolerable levels in relation to the Bank's positions and at the same time comply with the requirements of the Baloise standards.

➢ Fundamental principles

In order to manage and control market risks, BMCI has set up a risk management system that complies with Baloise standards and BNP Paribas Group standards.

This system is based on several principles including: Control and monitoring of exposure risks, Development of market activities in the context of new product committees with in-depth analysis of the risks generated by these activities, Compliance with banking regulations in terms of management prudential risks, Adoption of group standards and best practices in market risk management. BMCI's market risk management is based on fundamental principles, ensuring quality control and an overall view of risk on all activities related to the Bank's trading portfolio. There are three axes and they are as follows:

- **First-level control** provided by the Front's operators who are required to comply with the Group's internal standards for trading and taking positions on the markets and also in terms of ethics.
- **Second-level control** materialized by the daily monitoring provided by the Market Risk Department, which ensures compliance with the VaR and volume risk limits on interest rate, currency and liquidity positions. Daily reports summarizing the main risk indicators are sent to members of the Bank's Executive Board to keep them informed of the risk and exposure levels generated by the trading activity, in addition to a functional follow-up by the Group Risk Management GRM entity of the BNP Paribas Group.
- **Third-Level functional monitoring** provided by Internal Audi/General Inspection. Monitoring of top management is also ensured through the setting of trading limits to properly monitor and frame the activity;
- **Exchange position**: Limit in VaR, in volume and per direction;
- **Rate position**: Limit in average position by maturity band;
- **Bond position**: VaR and sensitivity limit per maturity band;
- **Option position**: Limit on Greeks (Delta - Gamma - Vega). These limits are reviewed annually, either upwards or downwards, by the General Management with the possibility of revision every six months or on-demand.

VaR (Value at Risk) GEAR

Δ can be defined as the maximum potential loss a portfolio may experience in the event of normal movement of market parameters over a time horizon and at a given level of confidence. The Group retains a 99% confidence level and a one-day time horizon. The main groups of simulated factors are:

- Share prices and their implied volatilities;

- Interest rates, securities / interest rate swaps;
- Raw materials;
- Exchange rates and their implied volatilities...

Risk factor simulations are calculated using the Monte Carlo approach that captures the non-normality of market parameters as well as the interdependence between market factors.

- Foreign exchange risk management

The foreign exchange risk inherent in BMCI Book trading activity corresponds to the risk of changes in the fair value or the risk of changes in the future cash flows of a financial instrument as a result of changes in foreign exchange rates. It finds its main sources in the Bank's conventional exchange position and in foreign exchange options. The monitoring of this risk is done through two main parameters: A limit in GeaR "Gross earning at Risk", limits in volumes of exchange position (Short // Long) and Limits on Greeks (Delta - Gamma - Vega) for currency options.

3. Interest rate risk and bond risk

Interest rate risk is the risk of a change in the value of the positions or the risk of a change in the future cash flows of a financial instrument as a result of changes in interest rates on the market. It finds its main sources in cash and bond positions.

BMCI's interest rate risk is managed through average maturity band limits and a one-year equivalent limit for the Treasury. A limit in GeAR and sensitivity limits by maturity band called PV01 for the Bond Trading activity.

- Limit monitoring and control system

Usage/Limits monitoring is carried out daily through reports sent to the bank's Top Management as well as to all the entities concerned. These reports include foreign exchange positions, securities positions and currency rate positions. Controlled in the first place by the Market Risk Manager, these reports are then sent to the ALM Treasury and Capital Markets Manager at the General Management and the Risk Management Department. Exceeding a volume limit requires the prior approval of the Chairman of the Management Board and the Risk Management Department. On the other hand, exceeding a limit in terms of Δ on an individual position, due for example to the depreciation of a currency, is tolerated.

Stress test

In parallel with the monitoring system, stress tests on cash positions have been carried out monthly since 2005. They are carried out according to two approaches:

- A "Mark to Market" approach which consists in calculating the impact of an interest rate movement on the portfolio result.
- A "Funding" approach that consists of calculating the impact on the cash flow result due to a liquidity crisis. This is an approach based on Liquidity Gap's O/N refinancing.

4. Rate and liquidity risk

The strategy for managing overall interest rate and liquidity risk is structured around the following main axes:

- Respecting regulatory liquidity ratios: short-term ratio, permanent resources ratio, central bank reserves,
- Respecting BNP Paribas Group internal liquidity ratios (LCR, NSFR),
- Ensuring the liquidity of BMCI in the short term, and manage the long-term liquidity GAP,
- Avoiding extreme imbalances while keeping in mind the safeguarding of the solvency, the borrowing capacity of the Bank and its rating,
- Refinancing the commercial bank at the best cost,
- Controlling financial risks,
- Mitigating the variability of the results,

Limiting the interest rate risk by choosing the maturity of the securities portfolio, through the maturity of the loans and by guiding the commercial policy by determining the appropriate Internal Transfer Rate.

ALM tracks the interest rate and liquidity risks on 3 different perimeters:

- Structural interest rate and liquidity risks related to client transactions grouped together in the so-called Commercial Book,
- Interest rate and structural liquidity risks related to the Equity Book,
- Interest rate and liquidity risks resulting from the sum of the previous sub-components.

ALM also monitors and integrates these risks into BMCI Group, thus integrating the main financing subsidiaries.

ALM monitors these interest rate and liquidity risks that may arise from:

- Partial or no correlation between the conditions of client remuneration and market conditions (regulated rates, base rate, etc.)
- Uncertainty over the duration of client transactions (demand deposits, savings accounts, etc.)
- Existence of behavioral options on long-term customer products at similar rates or rates (prepayments on mortgages, etc.).

These analyzes are based on the development of the schedules reflecting the flows relating to a transaction on the date of revision of its rate. If this last transaction is at a fixed rate, the flows are positioned at their due date.

For operations that do not have contractual maturities (eg. demand deposits, equity, etc.), they are "disposed of" according to maturity schedule agreements that are based on the results of the statistical studies performed on these items.

Fixed income rate limits (fixed rate resources - fixed rate uses) and liquidity limits are defined by maturity band for each book.

Sensitivity analyzes are also performed to measure the stability of net banking income (NBI) against a rate shock of 100 to 200 bp. In addition, the one-year liquidity gaps are also governed by an internal limit. A crisis management plan based on several scenarios is established to prevent any risk of illiquidity. This plan is triggered either by internal indicators specific to the bank (related to its level of liquidity and access to the market), or by external indicators derived from market conditions, by monetary authorities (foreign exchange and BAM), actual or probable changes in the law as well as expectations regarding the liquidity and financing conditions of the bank and its competitors.

Periodically, an ALCO committee bringing together the members of the Management Board is held to control: The level of exposure of the group in terms of interest rate and liquidity risk, The respect of the limits put in place to control these risks, The reorientation of the strategy the Bank's management of the balance sheet based on its risk profile and market developments, compliance with regulatory requirements as part of the Basel II Pillar II recommendations.

5. Operational risks

Bank Al-Maghrib defines operational risk as "a risk of loss resulting from deficiencies or failures attributable to internal procedures, personnel and systems or external events". This definition includes legal risks but excludes strategic and reputation risks. Benefiting for several years from the best practices of the BNP Paribas Group's leading shareholder, BMCI Group's operational risk management system has reached a significant level of maturity. The choices and orientations adopted by the BMCI Group since the 2004 financial year for the management of operational risks correspond to the circulars and directives of Bank Al-Maghrib in the matter.

The audited financial statements as of December 31, 2021 include a provision of MMAD 20 to cover the operational risks resulting from the switch to the new IS.

➢ Application of Basel II regulations

The new Basel II system came into effect in Morocco in January 2007 for standard approaches for calculating capital requirements for credit, market and operational risks. Since the publication of these texts by the regulator, the bank has undertaken a large project inducing the significant mobilization of the teams and this in order to comply with Basel II regulations on standard methods.

This work led to the setting up of a system for calculating the solvency ratio in standard method. It allows the achievement of regulatory requirements for credit, market and operational risk. The regulator has issued the texts relating to Pillar II "Risk monitoring and internal capital adequacy" and Pillar III "Market discipline provisions". Moreover, the analysis of regulatory texts relating to Pillar II enabled BMCI to structure additional projects with the aim of aligning with regulations and adopting best practices in risk management. During the year 2013, BMCI set up a risk management system covering the scope of individual and professional clients by deploying the Automated Retail rating; the NeGCOM peculiarity and the derating in automatic default. The automatic rating Retail/Declassification concerns all the private and professional clients and is based on the intrinsic characteristics as well as on the history of their relationship with BMCI (flow entrusted, balance, length of the relationship, irregularities ... etc.).

The counterparty note is updated every eighth day of the month via automatic processing. It is, therefore, a question of measuring from a standard and systematic multi-criteria approach the level of risk of a client. The automatic rating has been operational since October 8, 2013.

➢ Business Continuity Plan (BCP)

A BCP methodology should comply with international standards and standards in the field of business continuity management. This methodology provides a framework and point of reference for all activities within the group to develop business continuity plans and processes for their own activities.

BCP approach

BMCI's BCP approach is structured around the following phases:

The Group methodology has been developed to help all entities implement, improve and maintain Business Continuity (BC) in a consistent manner and in accordance with the Group's Norms & Standards. It is summarized in the diagram below:

Phase 1: Understanding the activity

• Business Impact Analysis (BIA).

• Risk assessment.

Phase 2: Developing the strategy

• Risk treatment plan.

Phase 3: Implementing the strategy

• Functional procedures:

- Operation Continuity Plan (OCP).

• Organizational procedures:

- Hosting Plan (HP).

- Crisis Management Plan (CMP).

- Communication Plan (COMP).

• Technical procedures:

- IT backup plan (ITBP).

Phase 4: Integrating the Business Continuity

• BCP tests.

• Watch organization.

• Awareness and communication among BMCI staff.

Phase 5: Permanent maintenance

• Internal audit and control.

• Training of the staff involved.

• Periodic tests.

• Updated documentation.

BCP system steering

In order to ensure the deployment and the good management of the BCP, the BCP device is the subject of a periodic follow-up by the Deputy General Manager during the BCP Steering Committee, as well as a permanent follow-up by the Internal Control Committee (ICC).

Crisis Scenarios and Impact Assessments

Covered scope:

Functional scope

• Activities related to headquarters business.

• Activities related to network business.

• Activities related to the businesses of the subsidiaries

• Activities subcontracted to service companies

Phase 2: Developing the strategy

BMCI's BCP covers all commercial, production and ancillary sites identified and attached to the activity of the bank according to clearly identified scenarios.

It also concerns all the processes involved in the banking activity, including service providers.

Developed scenarios:

These scenarios are organized around 4 domains:

The field of real estate

• Registered office unavailability.

• Network unavailability.

• BMCI sites unavailability.

The field of values/service providers

• Failure of a service provider.

• General strike at an external service provider.

The field of information systems

• Unavailability of telecom links with BNP Paribas.

• Unavailability of the information system.

6. Health risk

In response to the health crisis, the BMCI Group has put in place several health measures to preserve the health of clients and employees and to fully ensure the services essential to the continued operation of the economy.

The health crisis has had in 2020, and could continue to have in the coming quarters, an impact on BMCI's cost of risk.

The credit risk management system put in place is based on three axes: the identification of risk areas, the strengthening of their monitoring and the close follow-up of the bank's largest exposures, whatever the sector of activity concerned.

The identification of risk areas was based on a sectoral approach carried out first at the global level, through the identification of the sectors most exposed to the crisis, and then at the individual level by isolating the most exposed counterparties among those operating in the identified sectors.

The strengthening of risk monitoring is reflected in the following actions:

1. Placing sectors with high exposure to the crisis on the internal watch list due to the shutdown of activity following the confinement, the closing of borders and the restricted curfew measures. The aim is to ensure regular and close monitoring. Thus, the hotel and real estate development sectors are being monitored more closely. Other high-risk sectors are currently being identified for in-depth review.
2. Placement under internal Watch-List surveillance, based on a case-by-case decision, of businesses that have been shut down for a better follow-up of their recovery after containment.
3. Maintaining in-depth monitoring of counterparties with the business line and in connection with the crisis, based on the existing system (regular review of sensitive files with the business center, the Watch-List committee, the pre-doubtful committee and the doubtful committee).

The impact of the health crisis on the 2020 accounts has been integrated into the Cost of Risk by anticipation. It has been measured using an approach combining the integration of a global effect, common to the entire portfolio, and a specific effect, specific to the identified risk areas. The general effect is linked to the review of forward-looking macroeconomic assumptions due to the deterioration of the economic outlook since the outbreak of the health crisis. The specific effect has been deduced from the application of stress scenarios on the deterioration of the risk quality of the exposure in the identified risk areas. The integrated impact takes into account information available and observed at the end of December 2020. It will be updated according to changes in the economic environment and new information that may become available for the next financial statements for 2021.

Organization and risk management

Credit risk

BMCI has set up, in accordance with Bank Al-Maghrib's Basel II Pillar II guidelines, a risk measurement, control and monitoring system adapted to the nature, volume and degree of complexity of its operations and activities. This system, which also transposes BNP Paribas Group standards, allows it to:

- Evaluate and control all the risks to which it is exposed;
- Maintain exposure to the various risks within the overall limits set by the regulations in force and/or set by the Management Board and approved by the Supervisory Board;
- Continuously assess and maintain the levels and categories of equity and their allocation given the nature and level of risks to which BMCI could be exposed.

Market risk

Under the Basel 2 capital and risk allocation provisions, BMCI applies the standard method for the calculation of capital requirements for market risks. The effect of the capital requirement for market risk is not significant as it represents only 1% of the total requirements of all risks.

Operational risks

For several years, BMCI has set up a system to comply with Basel 2 requirements. The governance of operational risk management for BMCI Group is based on:

- Regular committees where the Bank's General Staff deals with operational risk issues and uses information to better manage these risks (Internal Control Coordination Committee, Compliance Committee, Audit Committee);
- A structure dedicated to the management of Operational Risk created in 2004, and attached to the Compliance Department since April 2008;
- A general operational risk management policy approved by the Bank's Supervisory Board and a complete and updated set of procedures;
- A dedicated operational risk management tool, common to all BNP Paribas Group subsidiaries, with a history of historical incidents and potential operational risk incidents.

BMCI Group has set up a system for identifying and assessing operational risks, based on:

- The development of process and risk maps covering all BMCI Group activities;
- A system for collecting historical operational risk incidents involving all operating entities, supplemented by a periodic certification process for the reliability and completeness of the data;
- Identification and qualitative and quantitative analysis of potential operational risk incidents. This approach makes it possible to provide the Bank's management and the operating entities with a quantification of the major risks, for optimal management of the exposures in terms of operational risks.

Furthermore, the control and mitigation of operational risks is achieved through:

- Extreme risk management based on the business continuity plan, which has reached a satisfactory level of overall maturity;
- Preventive and corrective actions put in place following significant historical incidents;
- As such, the permanent control system has reached a certain level of maturity with optimal coverage of the scope by the Group Permanent Control Department, the use of tools allowing the industrialization

of controls and the improvement of their quality control and the implementation of preventive and corrective actions to cover major risks;

- A validation process for new products, activities and organizations (PAON) and Exceptional Transactions, highlighting the associated risks and implementation conditions as well as the appropriate control rules;
- A device for controlling essential outsourced activities;
- Criteria retained to secure the migration of data and systems during IT redesign projects;
- Awareness actions on Operational Risk topics conducted with operating entities.

II- Risks related to perpetual subordinated bonds

a. General risks related to subordinated bonds

Interest rate risk: The risk of changes in interest rates may affect the yield on bonds, the rate of which is revised every 5 years, every 10 years and annually. Indeed, an increase in interest rates would have the impact of decreasing the value of the bonds held.

Risk of repayment default: The bonds covered by this prospectus may present a risk that the issuer may not be able to honor its contractual commitments to the bondholders. This risk results in the non-payment of coupons and/or the non-repayment of principal.

b. Risks specific to perpetual subordinated bonds

The risk factors listed below should not be considered exhaustive and may not cover all the risks associated with an investment in perpetual subordinated bonds.
The attention of potential investors who may subscribe to the perpetual subordinated bonds, which are the subject of this prospectus, is drawn to the fact that an investment in this type of bond is subject to the following main risks:

Risk related to the introduction of a new instrument on the Moroccan financial market: Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Circular No. 14/G/2013 of Bank AL-Maghrib, as additional capital instruments. These instruments are regularly issued by international banks, but remain new for some Moroccan investors. Each potential investor should determine the suitability of such investment in light of its own circumstances and should have sufficient financial resources and liquidity to bear the risks of such an investment, including the possibility of a depreciation of the par value of such securities (see risk associated with the depreciation of the par value of the securities below) as well as the possibility of canceling the payment of the amount of interest (see risk associated with the possibility of cancellation of the payment of the amount of interest below).

Risk related to the instrument's complexity: Bonds subject of the present issue are complex instruments insofar as the "pay-offs" associated with them are not entirely foreseeable. Indeed, the issuer has the sole discretion to cancel the payment of interests for an indefinite period and on a non-cumulative basis.

Also, the nominal value of the bonds can be depreciated in the case where the trigger threshold is reached. In addition, a nominal appreciation is foreseen but remains subject to the approval of Bank Al-Maghrib.

Finally, an increase in the coupon is possible, but it remains at the sole discretion of the issuer and there is no deterministic mechanism of its activation. These aspects make the future cash flows of the bonds hard to predict. Their forecasts are based on several assumptions and parameters (financial health of the issuer, predictive level of prudential ratios, other commitments and obligations of the issuer, etc.).

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The nature of bonds thus means that their management, and their valuation notably, is complex

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

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

Risk related to the depreciation of the nominal value of the securities (loss absorption mechanism): As soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below the trigger set by the issuer (set at 6.0% for the purposes of this prospectus, in accordance with the provisions of Bank Al-Maghrib's technical notice setting out the terms of application of circular no. 14/G/2013 on credit institutions' own funds), on an individual or consolidated basis, securities are depreciated by the amount corresponding to the difference between theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the CET1 ratio and actual CET1 capital.

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

However, after a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having caused this depreciation improves, BMCI bank may immediately trigger, after prior agreement of Bank Al-Maghrib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. BMCI bank constantly monitors compliance with the international standards of the Basel Committee and the regulatory directives of Bank Al-Maghrib.

To this end, BMCI bank has a regulatory risk management policy that enables it to:

- Have a solid financial base allowing it to meet all its commitments;
- Respect all the regulatory ratios required by Bank Al-Maghrib;
- Meet the regulator's requirements in terms of reporting solvency ratios (half-yearly publications of Pillar III intended to guarantee transparency of financial information: details of prudential ratios, breakdown of regulatory capital, distribution of weighted risks).

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

Risk factors impacting the CET 1 ratio: the deterioration of the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al Maghrib, at a level below 6.0%, thus triggering the depreciation of the nominal value of the securities, could be caused by several factors, mainly:

- the occurrence of substantial losses following a possible increase in claims or an adverse and material change in the interest rate environment;
- the introduction of new accounting standards;
- the coming into force of new regulatory requirements

In the event of the occurrence of one or more of these risk factors, the level of the CET 1 ratio may only deteriorate if Attijariwafa bank and its shareholders do not implement all the corrective measures enabling it to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 9.0% and a minimum solvency ratio of 12.0%.

<u>Risk related to liquidity and tradability of securities</u>: Due to their complexity, the bonds subject to this prospectus are not suitable for unqualified investors. Also, the trading of these bonds is strictly reserved for qualified investors, even on the secondary market. This limitation could reduce the liquidity of the bonds subject of this issue in relation to other bonds whose tradability is not restricted.

<u>Risk related to the presence of several options in favor of the issuer</u>: The bonds subject of this prospectus contain several options in favor of the issuer, namely:

- Early repayment option;
- Depreciation/appreciation option of the nominal value of securities;
- Payment cancellation option of interest amount

Any potential investor must take these options into account when making an investment based on their own objectives and constraints.

<u>Risk related to additional indebtedness:</u> The issuer may subsequently issue other debts having a rank that is equal or above that of the bonds described in this prospectus. Such issues would reduce the amount recoverable by the holders of these bonds in the event of the liquidation of the issuer.

Disclaimer

The aforementioned information is only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) on February 3, 2023, under the reference no. VI/EM/005/2023. AMMC recommends reading the complete Prospectus made available to the public in French.