



FONDS D'EQUIPEMENT COMMUNAL

PROSPECTUS SUMMURAY

Issuance of an Ordinary Bond Loan for an Amount of 2.000.000.000 Dirhams

Specifications	
Category	Ordinary
Maximum Transaction amount	MAD 2 000 000 000
number of securities to be issued	20.000
Nominal Value	MAD 100 000
Facial interest rate	Reviewable on an annual basis with reference to the 6-month (180 days) Between 2.05% and 2.25%
Risk premium	Between 50 and 70 bps
Entitlement Date	December 18th, 2020
Date of payment of the 1st coupon and review of the reference rate	March 31st, 2022
Maturity	March 31st, 2036 (15 years and 104 days)
Tradability of the securities	Over-the-counter (Off the market)
Repayment Method	Linear annual depreciation of the principal (in 15 constant payments)
Allocation method	Dutch auction

SUBSCRIPTION PERIOD : FROM THE 14th TILL 16th OF DECEMBER INCLUDED

Subscription to these bonds is strictly reserved/dedicated to qualified investors under Moroccan law as listed in this prospectus

Financial Advisors

Agents in Charge of the Placement



APPROVAL OF THE AMMC (THE MOROCCAN FINANCIAL AUTHORITY)

In accordance with the AMMC circular, delivered in application of Section 5 of Act No. 44-12 on the public offering and the information required of legal persons and bodies, this prospectus was approved by the AMMC on December 4th, 2020 under the reference number VI/EM/026/2020.

This transaction memorandum is only part of the prospectus covered by the AMMC. The latter consists of the following documents :

- Reference document relating to the financial year 2019 registered by the AMMC on 10 July 2020 under the reference EN/EM/008/2020 ;
- The update of the reference document registered by the AMMC dated December 4th, 2020 under the reference number EN/EM/025/2020 ;
- This transaction memorandum.

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WARNING

On December 4th, the Moroccan Capital Market Authority (AMMC) referred to a briefing note related to an ordinary bond issue carried out by the Communal Facilities Fund, or FEC (Fonds d'Équipement Communal) for the amount of MAD 2 billion by issuance of 20.000 securities.

The briefing note referred to by the AMMC is available at any time at the headquarters of the FEC, on the FEC website: www.fec.ma and its financial advisers. It is also available within 48 hours from order-collecting establishments.

The prospectus is also made available to the public on the MCMA website www.ammc.ma.

This summary has been translated by Aaron & Babel under the joint responsibility of the translator and the FEC. In the event of any discrepancy between the content herein and the (original) prospectus approved by the AMMC, only the latter prospectus shall prevail.

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PART I. PRESENTATION OF THE OPERATION

I. FRAMEWORK OF THE OPERATION

I.1. GENERAL FRAMEWORK OF THE OPERATION

Under Article 5 of Law No. 31-90 on the reorganization of the Fonds d'Equipelement Communal (*Municipal Equipment Fund*) promulgated by the Dahir No. 1-92-5 of Safar 5th, 1413 (August 5th, 1992), as amended and completed, the Board of Directors authorized, during its meeting on May 29th, 2019, a bond issuance program for an overall amount capped at 9 billion dirhams.

The FEC wishes to continue its program with a new bond issue for an amount of up to MAD 2 billion, purpose of this prospectus.

In accordance with the powers conferred on him by the Board of Directors held on May 29th, 2019, the General Manager of the FEC set forth the general terms and the specifications of this bond issue:

- Maximum amount of the Operation: 2,000,000,000dirhams;
- Maximum number of securities: 20,000;
- Nominal value: 100,000 dirhams;
- Type: ordinary bonds;
- Maturity: 15 years and 104 days, beit March 31st, 2036;
- Exit rate and repayment method: Annually Revisable Rate, as of March 31st, 2022 with reference to the arithmetical average of the interbank average Weighted Average daily Rates observed over a period of 180 days on November 27th, 2020 – a rate of 1.55%, plus a risk premium of between 50 and 70 basis points, that is an effective interest rate of between 2.05% and 2.25% for the first year.
- Entitlement Date: December 18th, 2020

In the event that the bond issue is not fully subscribed upon expiry of the subscription period, the amount of this issue may be limited to the subscribed amounts, as decided by the Governor Director General, by virtue of the powers conferred on him by the Board of Directors, held on May 29th, 2019.

I.2. OBJECTIVES OF THE OPERATION

The positive evolution of the credit activity of the FEC during the last years has logically been accompanied by an increase in both disbursement and financing needs, which required an increasing mobilization of resources. This increase should pursue over the coming years considering the development projects launched by the territorial agencies, mainly the Regions, on a national scale.

In this context, the FEC's recourse to the bond market aims mainly at :

- Diversifying the long-term funding sources and continuing the optimization of cost financing;
- Consolidating the FEC's image against the main partners and strengthening its position as a regular issuer of bonds on the market.

II. THE TRANSACTION IS CARRIED OUT AS FOLLOWS

II.1. TIMETABLE FOR THE OPERATION

No.	Stages	Date
1	Procurement of AMMC visa	December 4th, 2020
2	Publication of the prospectus extract on the Issuer's website	December 4th, 2020
3	Publication of the press release by the Issuer in a Journal of legal notices	December 8th, 2020
4	Opening of the subscription period	December 14th, 2020
5	Closure of the subscription period	December 16th, 2020
6	Centralization of subscription orders by Société générale Maroc	December 16th, 2020
7	Sécurities Allocations	December 16th, 2020
8	Reporting the transaction results to subscribers	December 17th, 2020
9	Payment / Delivery	December 18th, 2020
10	Publication of the results of the Transaction and the rates retained in a legal publication newspaper by the Issuer	December 22th, 2020

II.2. INVESTMENT SYNDICATE AND FINANCIAL AGENTS

Type of Financial Agents	Name	Address
Financial Advisors	CFG Bank Corporate Finance Société Générale Marocaine de banques	5-7, rue Ibnou Toufail – Casablanca 55, boulevard Abdelmoumen – Casablanca
Agent in Charge of Centralization	Société Générale Marocaine de banques	55, boulevard Abdelmoumen – Casablanca
Agents in Charge of the Placement	CFG Bank Société Générale Marocaine de banques CDG Capital	5-7, rue Ibnou Toufail – Casablanca 55, boulevard Abdelmoumen – Casablanca Place Moulay El Hassan – BP 408 Rabat
Domiciliary establishment ensuring the financial service of the issuer	BMCI	26, place des Nations Unies - 20 100 – Casablanca

III. CHARACTERISTICS OF THE OPERATION

The current Transaction concerns a total amount of MAD 2 billion.

The FEC intends to issue 20,000 ordinary, unlisted bonds with a nominal value of MAD 100,000 each.

The characteristics of this Operation are as follows:

- Ordinary unquoted bonds at an annually revisable rate as of March 31st, 2022 (based on the arithmetic average of the interbank weighted average JJ rates observed over a period of 180 days), with a maturity of 15 years and 104 days, amortized on a straight-line basis by 15 constant maturities, with a nominal value of MAD 100,000.

Characteristics of the securities (reviewable-rate conventional bonds with a maturity of 15 years and 104 days non-listed on the Casablanca stock-exchange)

Nature of securities	Non-listed bonds entirely dematerialized by subscription with the Central Depository (MAROCLEAR) and entered into account at the authorized affiliates.
Legal Form	Bearer bonds.

Transaction Ceiling	MAD 2,000,000,000
Number of securities to be issued	20,000
Nominal value per unit	MAD 100,000
Subscription Price	Per value : 100% of the nominal value.
Maturity	March 31st, 2036 (15 years and 104 days)
Subscription Period	From December 14 th , Till December 16 th , 2020 Included.
Entitlement Date	December 18th, 2020
Date of 1st rate revision	March 31st, 2022
Date of payment of the 1st coupon and the first maturity	March 31st, 2022
Maturity date	March 31st, 2036
Allocation Method	Dutch auction
Nominal interest rate	<p>Rate revisable on an annual basis</p> <p>For the first period (from the entitlement date of the securities (December 18th, 2020) to March 31st, 2022), the reference rate is determined on the basis of an arithmetic average composed of Interbank Average Weighted Interbank Rates, observed over a 6-month period ending on November 27th, 2020 as published by Bank Al Maghrib, plus 1.55%, increased by a risk premium of between 50 and 70 basis points, which is between 2.05% and 2.25%..</p> <p>For subsequent years (after March 31st, 2022), the Reference Rate is calculated on the basis of an arithmetic average of the Interbank Average Weighted Interbank Rates observed over a period of 180 days preceding March 31st of each year of five business days, as published by Bank Al Maghrib.</p> <p>Reference rates thus obtained shall be increased by a risk premium of between 50 and 70 basis points.</p>
Risk premium	Between 50 and 70 bps.
Interest Rate Fixing Date	<p>The interest rate is to be revised annually on March 31st of each year, as of March 31st, 2022.</p> <p>The new rate will be determined no later than 5 working days before March 31st of each year, as of March 31st, 2022 and communicated to investors by the domiciliation body using any means deemed practical (email, mail, etc.).</p>
Method of calculating interest	<p>Interests shall be calculated on monetary basis, i.e :</p> <ul style="list-style-type: none"> • For the first coupon: [nominal x coupon rate x (exact number of days between the entitlement date of the securities (18 December 2020) and the payment date of the first coupon (31 March 2022) / 360)]; • For the following coupons (i.e. after 31 March 2022) : principal outstanding x facial interest rate x (exact number of days / 360)].
Agent in charge of calculating the interest rate	Entity Centralising the Operation
Paiement du coupon	<p>The coupons will be paid annually on March 31st of each year, as of March 31st, 2022, or on the first following working day in case that day is a non-working day.</p> <p>No deferral of the interests shall be possible in this operation.</p>
Tradability of the securities	Over-the-counter. The securities shall be freely negotiated without any restriction by the issuance conditions.
Principal Repayment	The principal repayment of the loan's securities, will occur annually and linearly (in 15 constant payments) on March 31 st of each year, after March 31 st , 2022 or the first working day following that date if it is a non-working day.
Anticipated Repayment	<p>The FEC may not proceed with the anticipated repayment of bonds, purpose of this issuance.</p> <p>However, the FEC keeps the right to proceed, with the Bank Al Maghrib consent, to bonds buy-back on the secondary market, provided that the</p>

	regulatory provisions don't oppose to it, as these buy-backs are without consequence to a subscriber willing to keep his securities until normal expiry date and without effect on the normal amortization schedule. The bonds bought-back shall thus only be canceled upon consent of Bank Al-Maghrib.
Assimilation clause	<p>The bonds issued by the FEC cannot be assimilated to any anterior securities issuance.</p> <p>In case the FEC subsequently issues new bonds with completely similar rights, it will be authorized, without requesting the consent of the holders of former bonds, to proceed to the assimilation of the whole securities successively issued, thus unifying the operations of their financial service and their negotiation.</p>
Loan Ranking	The bonds issued by the FEC and their interests constitute direct, general, unconditional and unsubordinated obligations of the issuer, ranking equally amongst themselves and the other present or future unsecured debts of the issuer.
Guarantee	The bonds issued by the FEC are not subject to any guarantee.
Rating	The bonds issued by the FEC have not been rated.
Applicable Law	Moroccan Law
Competent Jurisdiction	Commercial Court of Rabat
Bondholders Representation	<p>Pending the General Meeting of Bondholders, the Chief Executive Officer of the FEC by virtue of the powers granted to him by the Board of Directors, held on May 29th , 2019, appointed Hdid Consultants as interim agent of the bondholders, in accordance with the relevant legal provisions. This decision will take effect as of the opening of the subscription period and will expire at the end of the nomination of the definitive representative by the General Meeting of the Bondholders. The Chief Executive Officer pledges that the General Meeting of the Bondholders will be convened by the interim agent no later than 180 days before the first amortization of the bonds in order to appoint the definitive representative.</p> <p>Moreover, it should be noted that the Hdid Consultants firm is the permanent agent of the bond issues carried out by the FEC in 2017, 2018 and 2019.</p> <p>Apart from these mandates, Hdid Consultants does not hold any other mandate vis-à-vis the FEC and has no capital relationship with the latter.</p>

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PART II. ISSUER'S PRESENTATION

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I. GENERAL INFORMATION

Corporate name	FONDS D'EQUIPEMENT COMMUNAL (FEC)
Head office	Espace Oudayas. Angle avenue Annakhil et avenue Ben Barka, B.P. 2175 Hay Riad, Rabat
Telephone	05.37.56.60.90 through 93
Fax	05.37.56.90.94
Website	www.fec.ma
Email	fec@fec.ma
Creation date	June 13, 1959
Financial year	From 1 January to 31 December.
Company object (articles 3 and 3 bis of Law No. 31-90 promulgated by Dahir No. 1-92-5 of Safar 5, 1413 (August 5, 1992) reorganizing the Communal Equipment Fund, as modified and supplemented by Law 11-96)	<p>The Fonds d'Equipement Communal is in charge of contributing to the development of local communities; to this end, it can:</p> <ul style="list-style-type: none"> ▪ grant to local authorities, their associations as well as local public institutions any and all technical or financial assistance, including in the form of loans or advances for financing studies and equipment works; ▪ assist local communities in the identification, evaluation and the monitoring of their projects' implementation; ▪ provide assistance in any form whatsoever to the State or a public body for the study and implementation of all plans and local development programs. <p>The Fonds d'Equipement Communal can also allocate between all local authorities any amount, the management of which would be entrusted to it to that effect.</p> <p>It can also make any civil or commercial securities or real-estate transactions, related to its purpose, required to enable it to exercise the activities mentioned above.</p> <p>To implement the tasks assigned to it, the Fonds d'Equipement Communal is authorized to perform all operations that the banks are entitled to practice under Dahir NO. 1-93-147 of 15 Muharram 1414 (6th July, 1993) Relating to the exercise of the activity of credit institutions and to the control thereof, which has been repealed and replaced by Law No. 103-12 on credit institutions and similar bodies, promulgated by Dahir No. 1-14-193 of December 24, 2014.</p>
Share capital on December 31st, 2019	MAD 1,000,000,000
Capital Allocation	Capital owned 100% by the State
Competent Courts	Rabat Courts
Consultation place of legal documents	The legal documents can be consulted at the head office of the FEC
Legal texts applicable to the society	<p>Public institution governed by:</p> <ul style="list-style-type: none"> ▪ Law No. 31-90, promulgated by Dahir No. 1-92-5 of 05 safar, 1413 (August 05th, 1992) carrying the reorganizing the Fonds d'Equipement Communal As amended and supplemented by Law 11-96; ▪ Decree of the Minister of Finance, Trade, Industry and Craftsmanship No. 2549-96 of 24 jomada II 1418 (October 27th, 1997) approving the operations of the Funds as a bank institution; ▪ The decree No. 2-90-351 of 19 Jomada II, 1413 (December 14th, 1992) adopted for the application of law No. 31-90 mentioned above; ▪ Organic Law N° 02-12 concerning appointment to higher positions in application of the provisions of articles 49 and 92 of the Constitution, promulgated by Dahir N° 1-12-20 of 27 Chaabane 1433 (July 17, 2012), as modified and completed; <p>Due to its activity, the FEC is governed by Law No. 103-12 relative to credit institutions and assimilated bodies, promulgated by Dahir No. 1-14-193 of December 24th, 2014.</p> <p>Making public offering, the FEC is submitted to the legal and statutory requirements relative to financial markets, especially:</p>

- law No. 43-12 relating to the Moroccan Capital Market Authority promulgated by dahir n ° 1-13-21 of March 13th, 2013;
- Order of the Minister of Finance and Foreign Investment no. 2560-95 of 9th October 1995 relating to certain negotiable debt securities as amended and supplemented;
- dahir providing law no. 19-14 relating to the Stock Exchange, Stock Exchange Companies and Financial Investment Advisors ;
- General regulation of the stock exchange approved by the order of Minister of Economy and Finances No. 2208-19 of July 3rd, 2019;
- Law No. 44-12 on the public offering and the information required of legal entities and organizations making public offerings, promulgated by Dahir No. 1-12-55 of 28 December 2012;
- Dahir No. 1-96-246 of January 9th, 1997 carrying promulgation of the law No. 35-96 relative to the creation of a central depository and to the institution of a general regime for the inscription in account of certain values, modified and completed by the law No. 43-02;
- General regulation of the central Depository approved by the order of Minister of Economy and Finances No. 932-98 of April 16th, 1998 as completed and amended;
- General regulation of the AMMC such as approved by the order of Minister of Economy and Finances No. 2169/16 of the 14th of July 2016;
- Bank Al Maghrib's circular No. 2/G/96 of January 30th, 1996 relative to certificates of deposit and its modification;
- The AMMC circular;
- Law No. 35-94 relating to certain Negotiable debt securities, promulgated by Dahir 1-95-03 of January 26th, 1995 as amended and completed.

II. FEC'S ACTIVITY

After the independence, the public authorities wanted to have instruments to help them mobilise the financial resources needed for local development.

The Fonds d'Equipelement Communal was set up in 1959 as a public institution whose management was entrusted to the Caisse de Dépôt et de Gestion (CDG) until 1992. Ever since, the FEC has gone through several stages in line with the evolutions of the Moroccan economy and the public sector. In 1997, the FEC obtained a banking licence, which enabled it to consolidate its role in the financing of investments of Local Authorities, their groupings and local public establishments.

As a bank, the FEC seeks to control risks and to look for a level of profitability that makes the activity sustainable and more secure. As an institution with a mission of collective utility, the FEC is engaged in strengthening the local expertise and in promoting the investments which bring development. These two missions together confer to the FEC the strength of its positioning as a bank dedicated to the financing of the local public sector.

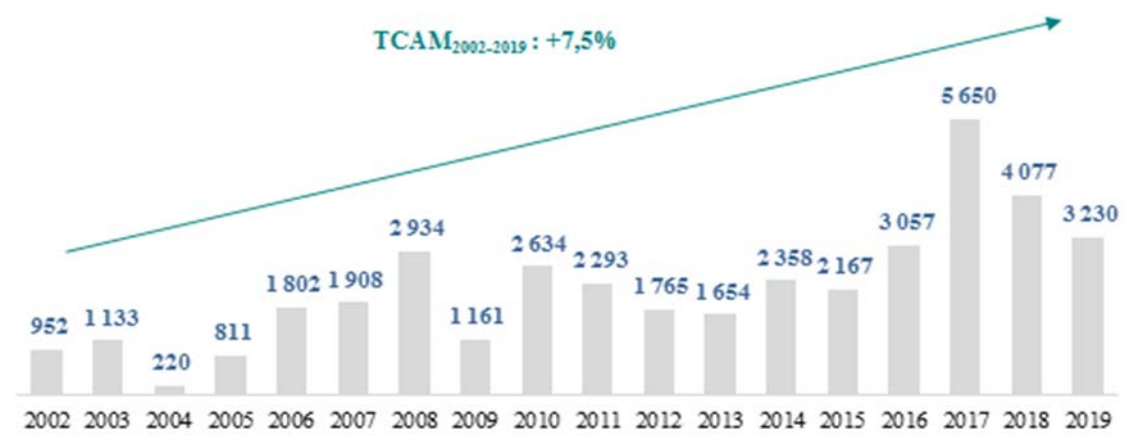
The Bank offers to its customers products and services adapted to their needs and focuses on assisting them technically for building up and deploying their equipment projects. The FEC accompanies thus its customers in expressing their investment choices and offers them the possibility to realize high value-add projects. These projects aim at improving the Citizen's quality of life and cover areas such as urban mobility, connectivity of rural areas, development of areas with an economic activity, development of sports and leisure facilities, rural electrification, sanitation and access to safe drinking water, public lighting, establishment of green areas, cleanliness and environmental protection, improvement of touristic facilities, upgrade of schools, cultural and artistic animation, development of commercial infrastructures, integration of information technologies and promotion of clean technologies.

II.1. LOAN ACTIVITIES

As part of its activity, the FEC offers:

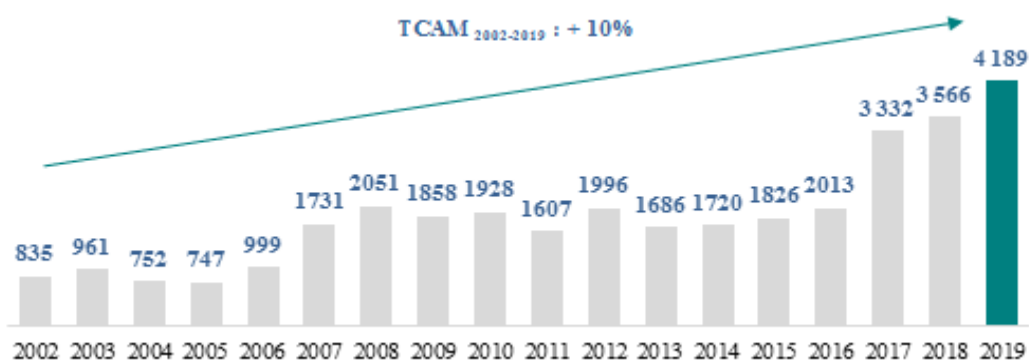
- conventional loans to finance investment projects;
- Lines of credit (LOCs), in place since 2004, for the financing of development programs. This type of financing allows Local Authorities to have the visibility needed to secure funding for their development projects. It encourages Local Authorities to plan their investment programs in the medium and long term and enables them, thanks to its flexibility, to optimize the financing of the different components of the program.

II.1.1 EVOLUTION OF LOAN COMMITMENTS BY FINANCIAL YEAR OVER THE PERIOD 2002 TO 2019 (IN MAD)



Source : FEC

II.1.3 EVOLUTION OF LOAN DISBURSEMENTS BY FINANCIAL YEAR OVER THE PERIOD 2002 TO 2019 (IN MAD)



Source : FEC

III. Information on the Share Capital

As at December 31, 2019, the FEC's share capital is entirely owned by the State and amounts to MAD 1,000,000,000. Since its creation, the FEC is 100% owned by the State

IV. Gouvernance of the FEC

IV.1 Board of Directors

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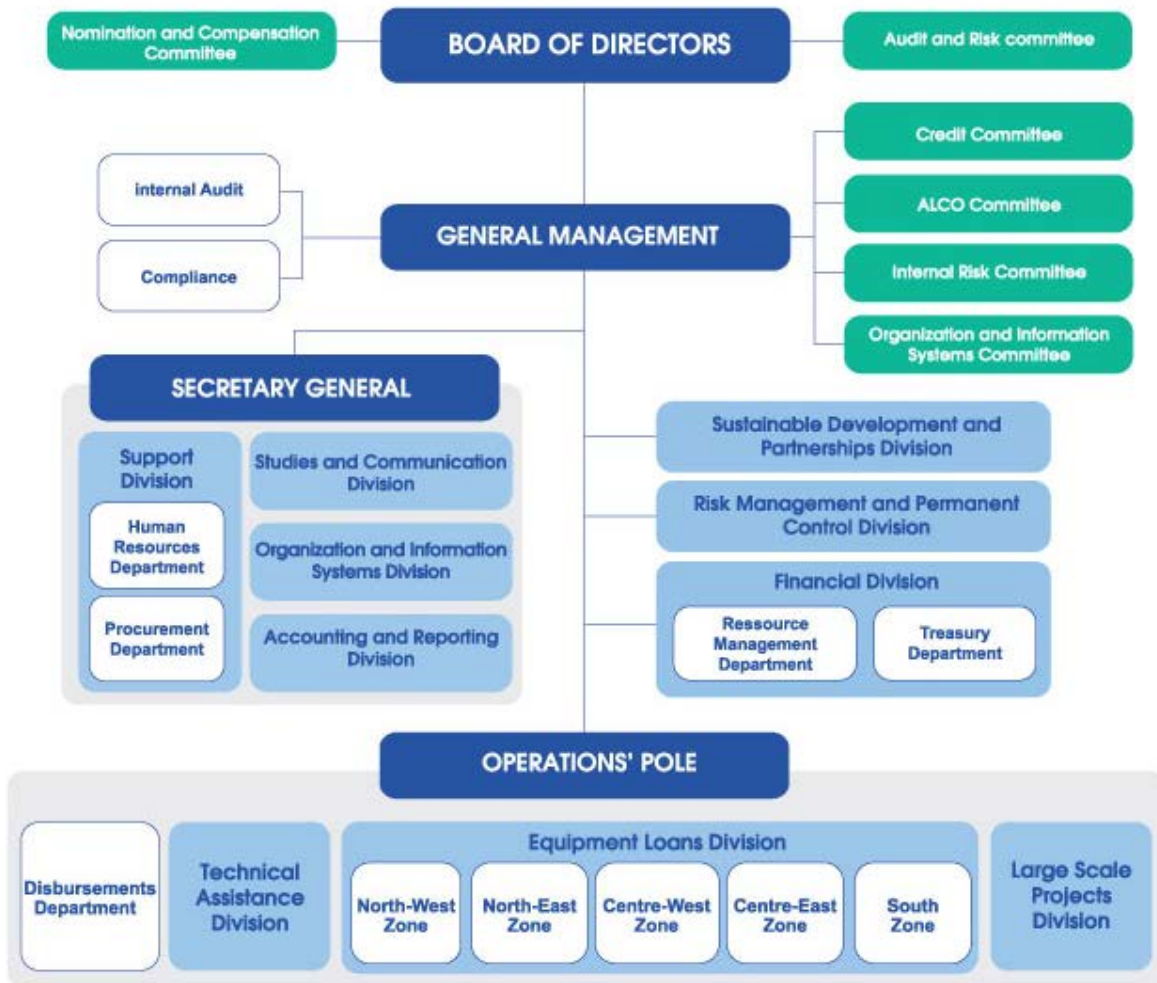
Members of the FEC Board of Directors as at June 15th, 2020¹

First and Last Names	Role within the Board	Status	Appointment Date
The Head of Government, or the Governmental Authority delegated by him for this purpose	N.a	President	(Cf. article 3 of Decree no. 2-90-351 of 14 December 1992, taken for the application of law no. 31-90 on the reorganisation of the FEC).
Members of the FEC's Board of Directors Representing the Administration			
Two representatives of the Ministry of the Interior	N.a	Members not appointed intuitu personae	(Cf. article 3 of Decree no. 2-90-351 of 14 December 1992, taken for the application of law no. 31-90 on the reorganisation of the FEC).
Mrs. Saadia LAAROUSSI	Representative of the Ministry of Economy, Finance and Administrative Reform	Member	09-Nov-15
Mr. Hicham TALBY	Representative of the Ministry of Economy, Finance and Administrative Reform	Member	20-Apr-16
Mr. Abdelouahab BELMADANI	Representative of the Ministry of Health	Member	29-Oct-18
Mr. Ahmed IMZEL	Representative of the Ministry of Public Works, Transport, Logistics and Water	Member	23-Oct-17
Mr. Allal REKKADI	Representative of the Ministry of Energy, Mines and Environment	Member	24-May-17
Mr. Khalid HATTAB,	Representing the Director of the Caisse de Dépôt et de Gestion	Member	20-Jul-17
Members of the FEC's Board of Directors Representing the Locally Elected Officials			
Mr. Mohammed BOUDRA	President of the Al Hoceima City Council – Province of Al Hoceima	Member	03-May-17
Mr. Abdelaaziz OMARI	President of the Casablanca City Council – Prefecture of Casablanca	Member	03-May-17
Mrs. Amina BOUHDOUD	President of Lagfifate Town Council – Province of Taroudant	Member	03-May-17
Mrs. Hakima GHERMAL	President of the Communal Council of Al Hamam – Province of Khenifra	Member	03-May-17
Mr. Mohammed CHAOUKI	President of the Town Council of Foug Jemaa – Province of Azilal	Member	03-May-17
Mr. Badr EL MOUSSAOUI	President of the Municipal Council of El Marsa – Province of Laayoune	Member	03-May-17
Mr. El Mustapha AL GHAZOU	President of the Communal Council of Had Kourt – Province of Sidi Kacem	Member	03-May-17
Mr. Mohammed MOUBDI	President of the Communal Council of Fkih Bensalah - Province of Fkih Bensalah	Member	03-May-17

¹ The composition of the FEC's Board of Directors is fixed pursuant to the provisions of article 3 of Decree no. 02-90-351 of December 14, 1992, taken for the application of law no. 31-90 on the reorganization of the FEC.

V. MANAGEMENT BODIES

Organization chart of the Fonds d'Equipement Communal



Source : FEC

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PART III. FINANCIAL STATEMENT

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I. Annual Accounts

I.1. THE INCOME STATEMENT

Million MAD	2017	2018	2019	Var. 18/17	Var. 19/18
Banking operating income	999,0	1 082,6	1172.8	8,4%	8.3%
Interest and similar income from transactions with credit institutions	8,6	7,0	2.2	-18,3%	-68.7%
Interests and income from customer transactions	990,4	1 058,1	1169.6	6,8%	10.5%
Interest and similar income from debt securities	-	-	-	ns	ns
Other banking products	-	17,4	1.0	ns	-94.2%
Banking Operating Expenses	515,1	588,1	622.6	14,2%	5.9%
Interest and similar expenses on transactions with credit institutions	243,4	260,0	268.4	6,8%	3.2%
Interest and similar expenses from issued debt securities	271,5	327,7	353.9	20,7%	8.0%
Other bank expenses	0,2	0,4	0.3	76,6%	-18.3%
Net Banking Income	483,9	494,4	550.1	2,2%	11.3%
Non-banking revenue	2,2	1,9	1.9	-15,7%	3.6%
Non-bank operating expenses	0,2	0,2	0.2	12,5%	-5.4%
General Operating Expenses	58,3	58,8	59.2	0,9%	0,7%
Staff costs	44,0	42,7	44.9	-3,0%	5.3%
Taxes and duties	0,8	0,8	0.8	0,0%	0.2%
External expenses	6,7	7,2	5.7	8,0%	-21.8%
Other General operating expenses	3,2	4,0	3.7	25,4%	-6.7%
Allocation to depreciations and provisions of assets	3,6	4,0	4.0	13,2%	-0.5%
Allocations to provisions and unrecoverable debt	13,7	11,2	12.9	-18,3%	15.4%
Appropriations to provisions on debts and pending	0,1	6,7	2.3	>100%	-66.0%
Losses on unrecoverable debts	-	-	-	ns	ns
Other Provisions	13,6	4,5	10.6	-66,9%	136.3%
Reversals of provisions and recoveries on written off loans	2,3	14,2	5.4	>100%	-61.9%
Reversals of provisions on debts and pending	2,3	0,6	5.4	-72,5%	-743.1%
Other Provisions Reversals	-	13,6	-	ns	100.0%
Operating result	416,3	440,4	485.2	5,8%	10.2%
Non-current income	0,1	0,3	0.3	88,1%	20.3%
Non-recurring expenses	0,0	10,0	10.9	>100%	8.7%
Pre-tax income	416,5	430,6	474.7	3,4%	10.2%
Taxes on income	159,7	160,8	182.9	0,7%	13.8%
Net Income	256,7	269,8	291.8	5,1%	8.1%

Source : FEC

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I.2. BALANCE SHEET

Million MAD	2017	2018	2019	Var. 18/17	Var. 19/18
Assets	18 859,5	20 392,0	23 552,7	8,1%	15,5%
Cash, central banks, public treasury, postal	28,6	1,0	73,6	-96,3%	>100%
Claims on credit and assimilated institutions	2,9	1,7	1,3	-42,0%	-25,8%
Advances to customers	18 720,8	20 286,3	23 197,6	8,4%	14,4%
Receivables acquired through factoring	-	-	-	ns	ns
Trading and investment securities	-	-	-	ns	ns
Other assets	53,0	49,2	229,1	-7,2%	>100%
Investment securities	-	-	-	ns	ns
Equity securities and similar assets	0,0	0,0	0,0	0,0%	0,0%
Subordinated debts	-	-	-	ns	ns
Fixed assets given in leasing and renting	-	-	-	ns	ns
Intangible assets	1,1	0,7	0,5	-36,7%	-36,7%
Tangible assets	52,9	53,0	50,7	0,2%	-4,3%
Liabilities	18 859,5	20 392,0	23 552,7	8,1%	15,5%
Central banks, public treasury, postal	-	-	-	ns	ns
Amounts owed to credit and related institutions	6 516,1	6 772,7	8 332,7	3,9%	23,0%
Customer deposits	-	-	-	ns	ns
Issued debt securities	9 110,8	9 129,4	10 405,9	0,2%	14,0%
Other liabilities	30,2	26,7	48,6	-11,6%	82,1%
Provisions for liabilities and charges	13,6	4,5	15,1	-66,9%	>100%
Regulated provisions	-	-	-	ns	ns
Subsidies, allocated public and special guarantee funds	-	-	-	ns	ns
Subordinated debt	-	1 000,0	1 000,0	ns	0,0%
Revaluation Surplus	-	-	-	ns	ns
Reserves and additional paid-in capital	1 932,1	2 188,8	2 458,7	13,3%	12,3%
Capital	1 000,0	1 000,0	1 000,0	0,0%	0,0%
Shareholders, unpaid capital (-)	-	-	-	ns	ns
Retained earnings (+/-)	-	-	-	ns	ns
Net income pending allocation (+/-)	-	-	-	ns	ns
Net income for the fiscal year (+/-)	256,7	269,8	291,8	5,1%	8,1%

Source : FEC

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II. Half-Year Accounts

II.1. THE INCOME STATEMENT

Million MAD	S1 2019	S1 2020	Var. S1 20/19
Banking operating income	563.8	627.7	11.3%
Interest and similar income from transactions with credit institutions	1.2	1.2	1.3%
Interests and income from customer transactions	561.9	626.5	11.5%
Interest and similar income from debt securities	-	-	ns
Income from property titles	-	-	ns
Income from capital goods leasing and renting	-	-	ns
Commissions on service delivery	-	-	ns
Other banking products	0.7	-	-100.0%
Banking Operating Expenses	289.9	333.8	11.7%
Interest and similar expenses on transactions with credit institutions	129.1	146.2	13.3%
Interest and similar expenses on transactions with customers	-	-	ns
Interest and similar expenses from issued debt securities	169.7	187.5	10.5%
Charges on assets leased and rented	-	-	ns
Other bank expenses	0.1	0.1	-6.7%
Net Banking Income	264.9	293.9	10.9%
Non-banking revenue	0.9	1.0	8.9%
Non-bank operating expenses	0.1	0.1	5.7%
General Operating Expenses	29.6	29.8	0.9%
Staff costs	23.6	23.5	-0.8%
Taxes and duties	0.4	0.4	0.0%
External expenses	1.8	2.5	38.0%
Other General operating expenses	1.7	1.5	13.2%
Allocation to depreciations and provisions of assets	1.9	1.9	-1.3%
Allocations to provisions and unrecoverable debt	4.6	1.3	-70.9%
Appropriations to provisions on debts and pending	4.6	1.3	-70.9%
Losses on unrecoverable debts	-	-	ns
Other Provisions	-	-	ns
Reversals of provisions and recoveries on written off loans	1.3	3.6	187.4%
Reversals of provisions on debts and pending	1.3	3.6	187.4%
Recoveries on written off loans	-	-	ns
Other Provisions Reversals	-	-	ns
Operating result	232.8	267.3	14.8%
Non-current income	0.2	0.0	-100%
Non-recurring expenses	5.4	56.2	934.2%
Pre-tax income	227.6	211.1	-7.2%
Taxes on income	86.2	95.2	10.4%
Net Income	141.4	115.9	-18.0%

Source : FEC

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II.2. BALANCE SHEET

Million MAD	2019	S1 2020	Var. S1 20/19
Assets	23 552,7	23 602,8	0,2%
Cash, central banks, public treasury, postal	73,6	61,2	-16,8%
Claims on credit and assimilated institutions	1,3	1,2	-4,6%
Advances to customers	23 197,6	23 199,6	0,0%
Receivables acquired through factoring	-	-	ns
Trading and investment securities	-	-	ns
Other assets	229,1	290,8	26,9%
Investment securities	-	-	ns
Equity securities and similar assets	0,0	0,0	0,0%
Subordinated debts	-	-	ns
Fixed assets given in leasing and renting	-	-	ns
Intangible assets	0,5	0,7	57,2%
Tangible assets	50,7	49,3	-2,9%
Liabilities	23 552,7	23 602,8	0,2%
Central banks, public treasury, postal	-	-	ns
Amounts owed to credit and related institutions	8 332,7	8 113,1	-2,6%
Customer deposits	-	-	ns
Issued debt securities	10 405,9	10 489,0	0,8%
Other liabilities	48,6	119,2	145,4%
Provisions for liabilities and charges	15,1	15,1	0,0%
Regulated provisions	-	-	ns
Subsidies, allocated public and special guarantee funds	-	-	ns
Subordinated debt	1 000,0	1 000,0	0,0%
Revaluation Surplus	-	-	ns
Reserves and additional paid-in capital	2 458,7	2 750,4	11,9%
Capital	1 000,0	1 000,0	0,0%
Shareholders, unpaid capital (-)	-	-	ns
Retained earnings (+/-)	-	-	ns
Net income pending allocation (+/-)	-	-	ns
Net income for the fiscal year (+/-)	291,8	115,9	-60,3%

Source : FEC

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PART IV. RISK FACTORS

I. INTEGRATED RISK MANAGEMENT

Risk Management: Control and Governance Principles

The governance of risk management at the Fonds d'Équipement Communal is based on:

- the strong commitment of the Board of Directors to prioritize risk management;
- the strong involvement of all the management of the institution in the process;
- clearly defined procedures and responsibilities within the organization;
- the allocation of appropriate resources for risk management and the development of risk awareness among all stakeholders.

Structure and Governance of Risk Management

Governance and risk management are ensured by the bodies described hereafter :

Governing Bodies

The Board of Directors is chaired by the Head of Government or by the Government Authority delegated by him for this purpose.

It also includes the following members:

- 2 representatives of the Ministry of the Interior;
- 2 representatives of the Ministry of Economy, Finance and Administrative Reform ;
- 1 representative of the Ministry of Health ;
- 1 representative of the Ministry of Public Works, Transport, Logistics and Water;
- 1 representative of the Ministry of Energy, Mines and Environment ;
- The General Manager of the Caisse de Dépôt et de Gestion ;
- Members representing local elected representatives: 8 local councillors appointed from among the local councillors on a list drawn up for this purpose.

The Board of Directors gathers and meets upon convocation by its President as often as the FEC's needs require and at least twice a year.

The Government Commissioner appointed to the FEC, in accordance with the legal texts in force, attends the meetings of the Board of Directors in an advisory role.

Audit and Risk Committee

The Board of Directors is assisted by an Audit and Risks Committee, in accordance with the legal and regulatory provisions relating to the internal control of credit institutions.

The Audit and Risks Committee comprises, in addition to the General Manager of the Caisse de Dépôt et de Gestion, Chairman:

- The Wali, General Inspector of Territorial Administration (Ministry of the Interior) ;
- The Director of the Treasury and External Finance (Ministry of the Economy, Finance and Administrative Reform).

The Audit and Risks Committee is responsible in particular for assessing the quality of the internal control system and the consistency of the systems for measuring, monitoring and controlling risks.

Governing Body

The General Management of the FEC evaluates the effectiveness of the risk management process and conducts a regular review of key risk management policies, strategies and initiatives.

Twice a year (or more often if circumstances require it), the Executive Management makes presentations to the Board of Directors on the main aspects and major developments of the risk management strategy.

Credit Committee

The Credit Committee is responsible for examining and granting loans under the conditions set by the Board of Directors.

The FEC's Credit Committee includes, in addition to the FEC's General Manager, Chairman :

- 2 representatives appointed by the Ministry of the Interior ;
- 2 representatives appointed by the Ministry of Economy, Finance and Administrative Reform;
- 1 representative appointed by the Caisse de Dépôt et de Gestion.

The Credit Committee meets when convened by its Chairman as often as required and at least once a month.

Internal Risk Committee

The Internal Risk Committee, chaired by the FEC's General Manager, is in charge of :

- Validating the FEC's global risk management strategy and ensuring its implementation ;
- Validating formal risk management procedures by checking their compliance with regulatory requirements;
- Ensuring the monitoring and evaluation of the risk prevention systems set up by the FEC;
- Ensuring the implementation of the recommendations of the Audit and Risks Committee and those of the external auditors in terms of risk prevention;
- Examining risk management information and ensuring its reliability before it is transmitted to third parties.

ALCO Committee

The ALCO Committee, chaired by the General Manager of the FEC, has the following powers :

- Develop and implement the bank's Asset-Liability Management policy, in its various components (refinancing, investment, transformation, hedging, Return on Equity (ROE), etc.), in accordance with the strategic orientations of the Board of Directors and the legislative and regulatory provisions;
- Evaluate the pricing policy applied to customers;
- Define the limits necessary to manage interest rate and liquidity risks;
- Ensure the Bank's balance sheet ratios;
- Assessing the impact of the launch of new products, or any new activity involving interest rate or liquidity risk, on the Bank's financial position;
- To monitor the Bank's risk profile (liquidity, interest rate and exchange rate risk) against the internal and regulatory limits set by the Bank;
- Validate the conventions and the rate flow modes.

Risk Management and Permanent Control Department

The Risk and Permanent Control Department is in charge of ensuring the reliability and security of operations carried out by the FEC as well as the implementation of efficient processes for measuring, controlling and monitoring risks.

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Internal Audit

The Internal Audit is in charge of auditing operations related to the FEC's organization, procedures and operations.

This entity is responsible for carrying out audit assignments and preparing and following up Audit and Risk Committee meetings.

The internal audit team is also responsible for providing the necessary support to the external auditors and following up on the implementation of their recommendations.

Compliance

The Compliance team is in charge of monitoring the compliance of the FEC's operations and acts with the legal and regulatory provisions applicable to the FEC.

It is also in charge of the implementation and monitoring of the Code of Ethics applicable to the FEC staff.

II. RISK EXPOSURE

The risks associated to the FEC's activity are as follows:

Credit risk: Risk that counterparty is unable to fulfill its contractual obligations.

Liquidity risk: Refers to the risk that the FEC cannot meet the demand for cash or fund its obligations as they come due. The liquidity demands may occur at a debt maturation and following a credit agreement.

Interest Rate Risk: The interest rate risk corresponds to the possible effects of interest rates fluctuations on the FEC's margins, its income and its economic value.

Operational risks: Loss risks resulting from deficiencies or failures due to procedures, to the human resources, to the internal systems or to external events.

Risk of non-compliance: Corresponds to the risk of non-conformity to laws, regulations and to applicable regulatory guidelines.

Foreign exchange risk: Due to exchange rate fluctuations.

CREDIT RISK

The FEC is exposed to credit risk because of its lending activity.

GENERAL LOANS POLICY

The FEC requests from its customers an auto-financing effort of at least 20% of the investment cost, except for exceptions justified and approved by the Credit Committee.

The rates applied are either fixed rates or reviewable rates.

The repayment of the loans (granted by the FEC) occurs through fixed annual installments, including principal and interests.

Decision making

The Risk Management is responsible for approving the project to be financed and appreciates the risk level associated with the granting of a new credit as well as the capacity of the client to successfully carry out his project.

The Credit Committee decides whether or not the loan should be granted. The loan is approved by a joint decision signed by the Ministry of Interior and the Ministry of Economy and Finance and administration reform.

Credit risk management process

Upon reception of a project financing request and depending on its size, the Operations Department, proceed to the project evaluation and to the analysis of the customer's financial profile.

The evaluation of the to-be-financed project is based on a deep knowledge of the customer, on the nature of the investment, on the financial arrangement set-up.

The financial situation analysis of the customer is based on the budget data of the approved administrative accounts from the last three years and the respective approved budgets as well as the data of the draft budget of the current year.

As a first step, a retrospective analysis is made in order to establish evolution trends of the main budget lines of the local community.

In the second phase, a prospective analysis will be carried out on the basis of the observed trends in order to measure, over time, the evolution of the borrowing capacity of the local community.

The calculation of the borrowing capacity incorporates the following principles:

- the repayment capacity of the local community depends on its savings level;
- the maximum savings convertible in annuity shall not exceed 80% of the gross savings;
- the maximum debt ratio shall not be higher than 40%, unless expressly waived by the Board of Directors.

Prior to any loan approval, the Risk Management Division will appreciate the risk level incurred by the new loan granting based on:

- the analysis of the customer's information: general and legal data, financial and technical data;
- The analysis of the retrospective and prospective financial situation of the customer, to establish his intrinsic financial quality and to appreciate various debt, solvency ratios as well as the self-financing capacity;
- The appreciation of the customer's quality on the basis of the repayments history of the already granted loans and the situation of his arrears with the FEC;
- The appreciation of the project evaluation on the basis of technical ratios commonly accepted for every type of project;
- The decision to require guarantees for the to-be-granted loan and the proposition of measures to set up for risk correction.

The General Conditions to grant loans

As other debts of local authorities, annuities of the FEC's loans are accompanied by the legal obligation of registration in their budgets.

Loans contracts by FEC stipulate:

- a suspensory condition of disbursements in case of a deterioration of the financial situation of the borrower;
- a suspensory condition of disbursements in case of payments delayed by more than 30 days;

Solvency profile

At the end of June 2020 :

The net weighted risks borne by the FEC amounted to MMAD 6 425 and comprised 85% of the credit risk and 15% of the operational risk.

In compliance with prudential regulations, the solvency ratio stands at 75.90%, while the Tier One ratio stands at 60.10%, reflecting the Institution's sound level of solvency.

Analysis of the credit portfolio

Amounts due from customers composed of 99,78% of commitment to local Communities amounted to a total of MMAD 23 208 as of June 30th, 2020.

The funding commitments given by the FEC to customers amount, as of June 30th, 2020, to MMAD 7069 .

The analysis of the off-balance sheet liabilities, as of June 30th, 2020, reveals that 64.65% of the global volume corresponds to recent loans granted less than 3 years ago.

Provisions, provisioning policy and credit risk covering

The Accounting & Reporting Division handles the process of classification and provisioning of the outstanding receivables.

A weighting rate of 20% is applied to the local communities' borrowings.

The classification and provisioning policy is compliant with the provisions of the circular No. 19/G/2002 of Bank Al Maghrib.

Coefficient of Risk Division

The FEC shall continuously ensure the ratio between the total risk exposure of one customer and his capital never exceeds 20%.

In the context of funding requests, the operating entities as well as the Risk Management Division and the Accounting & Reporting Division shall ensure compliance with the coefficient of risk division.

The coefficient of risk division stands, per the terms of the new circular No. 08/G/2012 of Bank Al Maghrib (applicable since 2013), at 12.59% as of the end of June 2018, thereby standing below the regulatory threshold set by BAM.

With the aim of reinforcing the credit risk measurement and appreciation tools, stress tests have been carried out in order to evaluate the risk aversion level of FEC.

The minimal stress tests, within the meaning of the directive, including some potential changes in the FEC's portfolio composition, demonstrate the resilience capacity of FEC to the credit risk. The FEC shows for all the scenarios a solvency ratio that is higher to the regulatory threshold and a ratio of outstanding receivables below the 1%.

ASSET/LIABILITY MANAGEMENT

Asset/Liability Managers

The Financial Department is in charge of Asset/Liability management.

The ALCO Committee is in charge of the transversal and collegial monitoring of the financial risks to which the institution is exposed and the approval of decisions that would affect the asset-liability management.

Asset/Liability Management

The bank has a mechanism that covers the main sources of interest rate, liquidity and currency risks.

Liquidity risk

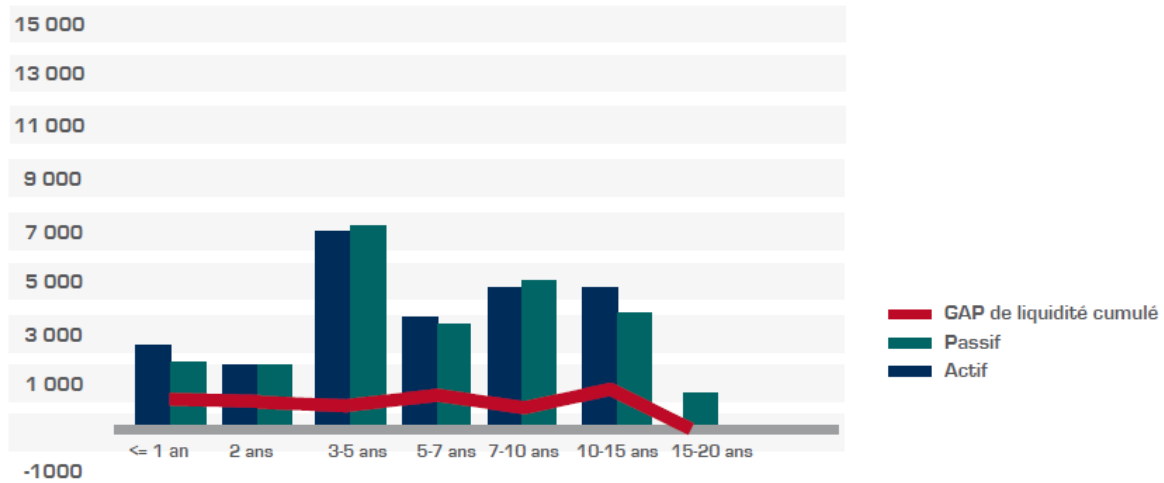
The bank carries out a static flow in liquidity of the positions of assets and liabilities, resulting from the banking portfolio and broken down on the regulatory tranches of maturity.

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» Exposition as of June 30th, 2020

Annual static liquidity gaps as of June 30th, 2020 :

ANNUAL LIQUIDITY GAPS



Rate risk

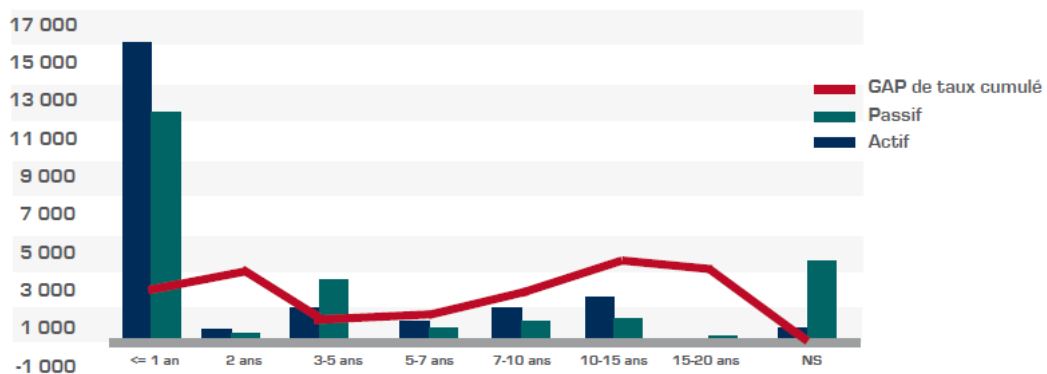
The bank performs a static rate flow of asset, liability and off-balance sheet positions from the banking portfolio, broken down into regulatory maturity tranches.

Floating rate items are spread over the time period until the next rate reset date, and fixed rate items by residual maturity.

» Exposition as of June 30th, 2020

Annual static liquidity gaps as of June 30th, 2020 :

ANNUAL RATE GAPS



At the end of June 2020, the results of the stress test reveal that a shock rate of +200 bps would generate a Loss of -7% of GNP on a 12 months horizon and an increase in the economic value by +18% in terms of equity.

FOREIGN EXCHANGE RISK

The hedging of the foreign exchange risk related to the majority of external borrowing mobilized by the FEC is borne by the State (Ministry of Economy and Finance/Treasury and External Finance Directorate) against remuneration, within the framework of a system specific to each credit line. In

addition, on the occasion of the two drawings made during fiscal year 2019 on a credit line contracted in 2018 with a foreign lender, the FEC set up a perfect and full hedge against foreign exchange risk enabling it to be totally immune to this risk.

OPERATIONAL RISKS

Organization and Governance

During the last years and in accordance with Bank Al-Maghrib's provisions and the principles of good governance, the FEC has implemented an evaluative internal control system enabling it to:

- guarantee the reliability and integrity of the financial and accounting information published;
- to make sure that the operations are led in accordance with the applicable laws and regulations and following the guidelines and management rules as defined by the Management and Administration Bodies, respectively;
- to prevent and control the risks associated with its activity through well-defined and regularly monitored procedures.

The General Management oversees the operational risks management system and guarantees the follow-up of the actions taken to reinforce it.

The Internal Risks Committee is responsible for deploying the operational risk management system in the different entities of the Bank.

General Framework

The FEC has undertaken several steps to reinforce its internal control system and to build the necessary foundations for a robust and sustainable operational risk management system, integrating the best practices and in compliance with the regulatory requirements:

Signature delegation mechanism

The FEC has implemented a sophisticated signature delegation system, based on a precise definition of powers and a clear delineation of responsibilities. This mechanism conforms to the following principles:

- the dual-signature rule is mandatory for all operations that affect the FEC's accounts or any other element of its assets;
- the separation of the initiation and the execution on the one hand, and the control on the other;
- Substitutions are systematically foreseen in case of absence or unavailability of a person, in order to avoid any deadlock.

General procedure manual

The FEC has developed a general procedure manual that covers all functional processes from the Piloting, Business and Support divisions based on the general cartography of the processes and procedures that was established according to the ISO 9001 V2008 Quality Standard.

Furthermore, the integration of the modeling tool 'MEGA PROCESS' has allowed for a unique repository of the procedures, structured and accessible to all collaborators of FEC through an internal website. This repository is regularly maintained.

» Manuel de procédures et d'organisation comptable

The FEC has an accounting organizational and procedure manual allowing it to ensure that:

- all operations realized by the FEC are accurately converted into accounting statements;
- all statements are compliant with the Accounting Plan of the Credit Institutions and with the applicable regulations;

- all financial and accounting information internally and externally published are reliable, complete and understandable for the users

Internal control manual

In accordance with the applicable regulations and best practices, the FEC has an internal control manual that enables it to ensure the compliance and the proper application of the implemented procedures and completes the internal control system in terms of check points formalization.

Business Continuity Plan

The FEC adopted, in accordance with the provisions of Circular No. 4/W/2014 relative to the internal control of credit institutions and the Directive No. 47/G72007 of Bank Al-Maghrib, a Business Continuity Plan approved by the Board of Directors, which ensures, according to various crisis scenarios, the operation in degraded mode as well as the resumption of activities.

The implementation of the FEC's BCP concerned in particular the implementation of:

- Information System Continuity Plans;
- Logistic Continuity Systems;
- Human Resources Continuity Systems;
- Operations Continuity Systems.

In order to ensure the implemented operational systems are maintained, The BCP corpus of documents (Criticality Study, Continuity Strategy, Procedures, Communication Plan...) is updated regularly and a maintenance and development plan of the FEC's BCP is elaborated.

Triggering of the Covid pandemic BCP-19 :

During the first quarter of 2020, the FEC triggered, on March 2, 2020, its Business Continuity Plan (BCP), for the management of the COVID-19 health crisis and activated the work of its Crisis Management Committee (CMC), with the priority objective of guaranteeing the health security of the FEC's employees, while maintaining the Bank's business continuity. The main missions of this CMC are based on :

- The definition of the continuity strategy for operational and banking processes;
- The definition of the communication strategy ;
- Constant monitoring, particularly in relation to the provisions of circulars and (press) releases from the public authorities.

In order to guarantee the health safety of FEC employees, the FEC deployed, from the beginning of March 2020, health prevention measures in accordance with the pandemic risk management plans predefined in the BCP document corpus with an alignment with the recommendations issued by the public authorities, in particular by the Ministry of Health, taking into account changes in the health context linked to COVID-19 (adoption of protective measures by staff, adoption of restrictive measures linked to meetings and travel, use of videoconferencing for communication and exchanges between staff, partners and customers, compulsory wearing of masks, etc.).

Also, the FEC adopted teleworking within the Institution and deployed a system of organization of the structures in reduced manpower and in face-to-face mode with rotation and working from home (or teleworking). Also, cyber security measures related to working-from-home were deployed, in compliance with the DGSSI recommendations.

In line with the national deconfinement strategy, the FEC has adopted a plan for a gradual return to normalcy through an increase in staff, which places the preservation of staff health at the heart of the institution's preoccupation.

Operational Risk Management

The FEC adopted a cartography of operational risks that was rebuilt in 2010 in conformity with Basel II standard and whose update occurs annually. This cartography covers the processes around credit, support and information technology systems and allows to target the processes that require a particular or reinforced monitoring.

The system of operational risk management implemented at the FEC, within the Basel II reform and in application of the Directive No. 29/G/2007 by Bank Al Maghrib, allows for the identification, the evaluation of the operational risks as well as the follow up of the action plans defined for the major identified risks. This system was completed in 2011 by a knowledge base of incidents that gives an objective view on the risks exposure and allows for a reevaluation of these risks based on the results of the operational incidents collected.

The system's full automation is made possible thanks to an application that allows:

- The identification, the evaluation and the monitoring of the operational risks through the risks cartography;
- The conciliation of the risks cartography with the general procedures manual;
- The follow-up of the action plans defined for the major identified risks;
- The collection of incidents related to operational risks.

Organization

On the organizational side, the piloting of the operational risk management system is handled by the Risks & permanent control Management. This department uses correspondents for operational risks 'CRO' provided by the Business and Support lines.

These CROs communicate on all operational incidents, analyze the knowledge base of these incidents and implement action plans to cover major risks exposure.

Therefore, a procedure for the operational incidents collection and communication as well as a ticketing system for the notification of the occurrence of an operational incident were set up and made available to the CROs, allowing them to efficiently perform the tasks of collecting and communicating on these incidents.

The operational risks governance is handled by the Internal Risks Committee.

Operational Risk Covering

In accordance with the regulatory provisions relating to the minimal equity requirements, the FEC proceeds, since December 2011, to the coverage of operational risks.

The requirement of equity for the operational risks covering is calculated based on the « Basic Indicator approach », that equals 15% of the average net banking income, calculated on the 3 last years.

NON-COMPLIANCE RISKS

In accordance with the circular No. 4/W/2014 and the circular No. 49/G/2007 of Bank Al-Maghrib, the FEC adopted a compliance policy and charter as well as cartography of non-compliance risks.

III. RISK FACTORS RELATING TO THE FINANCIAL INSTRUMENTS OFFERED

Liquidity Risk

Subscribers to the ordinary bonds of the Fonds d'Equipelement Communal may be subject to a liquidity risk of the security on the secondary market for private debt. Indeed, depending on market

conditions (liquidity, evolution of the yield curve, etc.) the liquidity of FEC bonds may be temporarily affected.

However, considering the important volume of FEC bonds in circulation on the market (following the issue of MAD 10 billion between 2012 and 2019), the liquidity risk associated with this security is limited.

Risk Related to the Type of Rate Used

This issuance concerns ordinary bonds whose rate is revised annually (from March 31, 2022) with reference to the Weighted Average Interbank Rate. Thus, the valuation of FEC securities subject to this operation could vary upwards or downwards, depending on the evolution of the secondary curve of Treasury Bills and the TMPI.

Redemption Default Risk

The obligations that are the subject of this securities note may present a risk that the Issuer may not be able to honour its contractual commitments to the bondholders. This risk results in the potential non-payment of coupons and/or non-repayment of principal.

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WARNING

The above mentioned information constitutes only a part of the prospectus approved by the Moroccan Financial Authority (AMMC) on December 4th, 2020 under reference VI/EM/026/2020.

The AMMC recommends reading the full prospectus that is available to the public in French version.

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