

KINGDOM OF MOROCCO

FONDS
D'EQUIPEMENT
COMMUNAL
صندوق التجهيز
الجماعي

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ANNUAL FINANCIAL REPORT | 2024

THE **BANK** FOR LOCAL FUNDING

The background of the image is a photograph of a modern, multi-story building at night. The building has large glass windows and a prominent white facade. A dark blue semi-transparent rectangle is overlaid on the right side of the image, containing the text. The text is in a bold, white, sans-serif font. The overall mood is professional and modern.

A Bank dedicated to Territorial Development

The FEC: the Bank of Territorial Communities

With over 65 years of experience, the Fonds d'Equipeement Communal (FEC) as a leading technical and financial partner in the local sector, works consistently and ambitiously to facilitate access to borrowing for its clients in financing their investments and territorial development projects, particularly through financial solutions tailored to their needs and expectations.

Through its responsible commitment as a public Bank dedicated to financing territorial development, the FEC ensures that its role is part of a logic of consolidation and renewal in light of developments in the Moroccan economy and the local public sector. It constantly works to adapt its services and interventions to the challenges faced by territorial actors and to the priorities of sustainable territorial development, particularly in terms of reducing territorial and social disparities, transitioning to low-carbon development, and strengthening the resilience of territories to the effects of climate change.

It is in this spirit that the Bank has made the strategic choice to integrate Environmental, Social, and Governance (ESG) sustainability factors into its financing operations and its relationships with stakeholders. This responsible commitment to the fundamental principles of sustainable development has notably been translated into the integration of Environmental and Social (E&S) risk criteria into the Bank's overall risk management and decision-making processes.

In this regard, the Bank adopted an E&S policy, which came into effect in April 2022, formalizing its commitment to systematically integrate sustainability factors into its due diligence processes and financing operations. The operational implementation of this commitment is based on a framework consisting of relevant procedures and tools to effectively manage the risks inherent in projects submitted for its financing.

It should be noted that this E&S policy takes into account all national laws and their implementing regulations, as well as all relevant international conventions ratified by the Kingdom, for the implementation of environmental and social safeguard measures.

The FEC's commitment to enhancing the greening of its activities represents a strategic challenge, particularly in light of the increasing financial support it provides in line with the evolution of territorial investment levels and the scale change since the start of the implementation of advanced regionalization.

This evolution enables the FEC to both support the growth dynamics of territories and contribute to their inclusive development by adding an additional dimension to their actions aimed at improving the conditions and quality of life of local populations. This promotes projects with significant social and environmental impact beneficial to territorial stakeholders.

It is also worth noting that the integration of sustainability principles and environmental and climate concerns constitute an important asset for the Bank, particularly in its strategy of opening up to the international financial market, enabling it to access competitive financing, including climate finance, to offer the best support and financing conditions to its clients.

MANAGEMENT REPORT | 2024

ABBREVIATION

AAGR	AVERAGE ANNUAL GROWTH RATE
AFD	AGENCE FRANÇAISE DE DEVELOPPEMENT
AfDB	AFRICAN DEVELOPMENT BANK
BAM	BANK AL-MAGHRIB
BDH	BILLIONS OF DIRHAMS
BOEs	BANKING OPERATING EXPENSES
BOI	BANKING OPERATING INCOME
DFIs	DEVELOPMENT FINANCE INSTITUTIONS
E&S	ENVIRONMENTAL AND SOCIAL
GOEs	GENERAL OPERATING EXPENSES
MDH	MILLIONS OF DIRHAMS
MRDC	MAXIMUM RISK DIVISION COEFFICIENT
NBI	NET BANKING INCOME
NPLs	NON-PERFORMING LOANS
OBSCs	OFF-BALANCE SHEET COMMITMENTS
PGRs	PROVISIONS FOR GENERAL RISKS
PRTDS	PROGRAM FOR THE REDUCTION OF TERRITORIAL AND SOCIAL DISPARITIES
RDP	REGIONAL DEVELOPMENT PLAN
ROA	RETURN ON ASSETS
ROE	RETURN ON EQUITY
SBLs	SUBORDINATED BOND LOANS
TBs	TREASURY BILLS
TCs	TERRITORIAL COMMUNITIES
TDs	TERM DEPOSITS

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Highlights of 2024

In 2024, the Bank strengthened its position as a key player in financing territorial development by relying on the solidity of its fundamentals as well as its dynamic approach to implementing strategic projects.

Thus, the Institution continued its commitment alongside Territorial Communities, supporting them in the achievement of their investment projects and contributing actively to the sustainable development of territories, particularly by reinforcing the integration of environmental, social and climate risk management, in line with international sustainability standards.

At the end of the 2024 financial year, loan commitments and loan disbursements reached 2,569 MDH and 1,821 MDH respectively, contributing to the implementation of several projects in various sectors of intervention. It should be noted that the loan activity at the end of 2024 returned to a normative level compared to 2023, which had been marked by the co-financing of a strategic project by the FEC for the construction of water supply infrastructure as part of the interconnection of two hydraulic basins, which is distinguished by the importance of its investment volume.

These financings benefited all categories of Territorial Communities, with a strong predominance of Regional Councils, which have significantly increased their share of structured loans granted by the Bank in recent years, thanks to the intensification of their investment projects, particularly in the context of the implementation of advanced regionalization.

As evidence of their role in economic and social development, the FEC signed three financing agreements in 2024 with three Regional Councils, totaling 6 BDH:

- March 2024: Signature of a financing agreement with the Draâ-Tafilalet Region for 1.7 BDH, aimed at financing priority projects within the Regional Development Program (PDR) 2022-2027 and covering part of the Region's projects as part of the Territorial and Social Disparities Reduction Program (PRDTS);
- May 2024: Signature of a financing agreement with the Tanger-Tétouan-Al Hoceima Region for 1.3 BDH, intended to finance priority projects under the Regional Development Program (PDR), aimed at consolidating the economic attractiveness of the territorial areas of the region;
- October 2024: Signature of a financing agreement with the Rabat-Salé-Kénitra Region for 3 BDH, intended to finance the implementation of large-scale investment projects within the Regional Development Program through 2027.

These new operations reaffirm the FEC's determination to support Territorial Communities in the implementation of their investment programs and projects, especially those with significant social impact, in line with the Bank's Environmental and Social (E&S) policy introduced in April 2022, which is aligned with national regulations and international treaties ratified by the Kingdom in terms of sustainability. These operations also strengthen the trust of Territorial Communities in the FEC as a long-standing financial partner.

At the end of 2024 financial year, the Bank recorded a growth in its key financial indicators. Net Banking Income (NBI) reached 672 MDH, a slight increase from the previous year. Customer receivables reached nearly 27.5 BDH by December 2024.

Thanks to the favorable evolution of the NBI, the high quality of the customer portfolio, and the continued control of General Operating Expenses, net earnings reached 368 MDH by the end of 2024, compared to 199 MDH in 2023, marking an increase of nearly 85%. This strong evolution takes into account the exceptional fact linked to the recognition for the 2023 financial year, the FEC's contribution to the Special Fund for managing the effects of the earthquake that hit the Kingdom of Morocco. As a result, the net earnings for the 2024 financial year reflects a return to a normative level, comparable to the achievements of previous years.

In 2024, the FEC continued to implement its structuring projects, ensuring that the institution aligns with its environment and effectively responds to the growing needs of Territorial Communities for the financing of their investment projects:

1. Sustainability Resources: A Pillar of the Financing Strategy for Supporting Territorial Dynamics

To support the growth dynamics of territories, the Bank is committed to sustaining and diversifying its sources of financing to offer the best financing conditions to Territorial Communities.

Indeed, thanks to its internationally open financial and the solidity of its fundamentals, the FEC successfully mobilizes resources to finance its activities, in the absence of customer deposits, both on the national financial market and through leading international financial institutions, without state guarantees. This reflects the trust that international donors, particularly Development Financial Institutions (DFIs), place in the FEC.

In this context, the FEC continues to strengthen its relations with DFIs, preparing for credit line drawdowns based on the Bank's evolving needs and market conditions.

In this regard, and in line with the success of the operations carried out since 2018 with international institutions and negotiated solely based on the Institution's achievements in terms of financial solvency and solidity, two new international financing agreements were signed in 2024.

In March 2024, FEC and the African Development Bank (AfDB) signed a 100 million euros loan agreement to finance new investment and sustainable infrastructure projects led by Territorial Communities.

The goal of this operation is to strengthen and modernize the provision of public service, especially in rural areas, and to foster the emergence of new economic activities, investment and employment opportunities to contribute to improving the living conditions of local populations.

Similarly, in April 2024, the FEC signed a new 100 million euros financing agreement with the Agence Française de Développement (AFD), primarily intended to finance territorial projects that contribute to the resilience of territories against the effects of climate change, support the growth of Kingdom's territories, and strengthen local development actions.

This agreement brings the total financing granted by the AFD to the FEC to 400 million euros, reflects the quality of the partnership between the two institutions and their shared values in supporting the growth of the Kingdom's territories, and support their development actions.

International expansion remains a key pillar of the FEC's refinancing and resource diversification strategy, as demonstrated by the cumulative financing envelope of approximately 700 million euros mobilized from the DFIs over the period 2018-2024.

The Bank's refinancing is also distinguished by a regular presence on the Moroccan financial market, particularly the bond market.

2. Risk Management: Formalization of the Global Risk Strategy and Repeal of the General Policy Statement (GPS)

Changes in the regulatory and competitive environment have prompted FEC to formalize a new risk management framework capable of fully addressing these changes and incorporating the best risk management practices observed at the bank level.

In this context, the FEC proceeded since March 1st 2024 to formalize its new global risk strategy and its derivatives in risk-type-specific strategies and policies, as well as risk appetite framework, covering:

- Credit risk policy;
- Operational risk policy;
- Foreign exchange rate risk management strategy;
- Liquidity risk management strategy;
- Interest rate risk management strategy;
- Compliance policy;
- Environmental & Social (E&S) policy;
- Cybersecurity policy;
- Pricing policy.

This new global risk strategy, officially replaces the FEC's General Policy Statement dating back to 1993, and became effective on March 1st, 2024.

3. A Sustainability Strategy for Sustainable Territorial Development

In line with its strategic sustainability vision, the Bank ensures the management of Environmental & Social (E&S) risks for financed projects to comply with national regulations and international best practices. The E&S due diligence process involves assigning an E&S risk rating to each project and identifying the associated mitigation measures required to reduce these risks to acceptable levels.

Continuing its efforts to align operations with leading international standards, the Bank proactively integrates E&S issues, particularly by incorporating the new "climate risk" component into its overall risk management system and in its financing decisions.

In this context, and aligned with its climate action plan, the Bank has strengthened its internal capacities and deployed technical tools and resources to manage climate-related risks and opportunities. These tools enable the identification, validation, and evaluation of projects with potential climate co-benefits and verify their resilience to climate change impacts.

The maturity level reached in managing E&S risks and the progress made in climate risk integration have helped the Bank to enhance significantly its extra-financial performance.

In November 2024, the Bank updated its E&S policy and procedures, originally enacted in 2022, by integrating the new "climate risks and opportunities" component. This evolution, in line with the Bank's strategic vision for sustainable territorial development, meets the necessary prerequisites for access to international donors' financing.

4. Compliance and Governance

The year 2024 saw the implementation of several documents and key policies reflecting the Bank's commitment to aligning with the best standards and practices applicable to credit institutions. Through this rigorous approach, the Bank strives to strengthen its governance while ensuring optimal risk management and increased transparency of its activities.

Formalization of the FEC's policy on fighting against Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF)

The FEC formalized its Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) policy, which came into effect on March 1st, 2024. This policy outlines the key principles adopted by the Bank in this area, in compliance with applicable legislative and regulatory requirements.

A Strong Commitment to the Fight Against Corruption

The FEC's anti-corruption policy came into effect on March 1st, 2024, as part of the FEC's alignment with the provisions of the Wali of BAM's Directive No. 1/W/2022. It is on the prevention and management of corruption risks by credit institutions, as well as the anti-corruption guide developed under the cooperation agreement in the field of prevention and the fight against corruption in the financial sector.

This policy outlines the main principles implemented by the Bank in the fight against corruption and defines the key components of the FEC's anti-corruption framework, allowing it to identify, prevent, detect, and address any acts of corruption and, more generally, any breach of integrity.

Strengthening of the Ethics and Deontological Framework

As part of the reinforcement of its ethics and deontology framework, the FEC updated its "Code of Ethics" in 2024, now renamed "Code of Ethics and Deontology", taking into account new legislative and regulatory requirements, particularly the provisions of BAM's Directive No. 1/W/2022 on the prevention and management of corruption risks by credit institutions.

The new Code of Ethics and Deontology, which came into effect on March 1st, 2024, includes new provisions related to the fight against corruption, influence peddling, the establishment of an ethical alert system, and the management of conflict-of-interest situations.

5. Implementation of the Bank's IT Strategy, an Essential Pillar for Modernization and Improving Customer Experience

In light of the challenges associated with digital technologies the FEC continues to roll out its IT and digital roadmap.

In this regard, the execution of priority projects defined in the IT roadmap has been initiated. The overhaul of the FEC's network operational security is nearing completion to ensure enhanced security, better service continuity, and high availability of information systems, in compliance with the National Information Systems Security Directive (DNSSI).

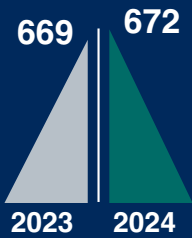
In the first quarter of 2025, after the completion of preparatory work, the Bank launched an open tender for the strategic project to overhaul the Core Banking system, which will cover the FEC's loan and borrowing management needs.

The new Core Banking system aims to improve the efficiency of the Bank's services, strengthen internal collaboration between various entities, and provide a better experience for its clients, particularly by simplifying and automating operations related to loans and borrowings, while incorporating the best practices for optimal performance.

KEY FIGURES 2024

In MDH

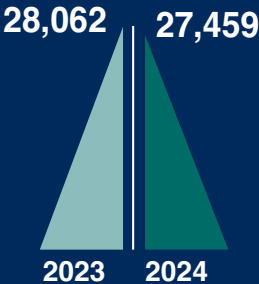
Net Banking Income



At the end of the 2024 fiscal year, the Bank recorded a positive development of its main financial indicators, as soon as the NBI reached 672 MDH, slightly increased compared to the previous fiscal year.

On the operational level, loan commitments and disbursements have reached respectively, 2569 MDH and 1,821 MDH for the 2024 fiscal year, allowing the Bank to contribute to the financing of several projects carried out by Territorial Communities in various sectors of intervention.

Customer Receivables



It should be noted that the loan activity at the end of December 2024 was marked by a return to a normative level compared to the 2023 fiscal year. This had been marked by the co-financing by the FEC of a strategic project, related to the implementation of works of water supply in the context of the interconnection of two hydraulic basins, which is distinguished by the importance of its investment volume.

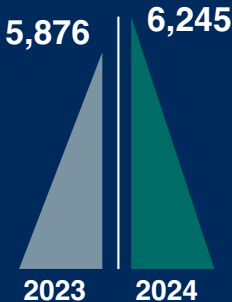
Customer Receivables reached nearly 27.5 BDH at the end of December 2024.

Given the favorable evolution of the NBI, the good quality of the customer portfolio and the continuous control of the General Operating Expenses, the net earnings reached 368 MDH at the end of 2024, against 199 MDH at the end of 2023, which is an increase of almost 85%. This strong evolution is due to the exceptional fact linked to the accounting for the 2023 financial year, of the FEC's contribution for the benefit of the special fund for the management of the effects of the earthquake that hit the Kingdom of Morocco. Thus, the net earnings carried out for the 2024 financial year marks a return to a normative level, comparable to the achievements of the previous fiscal year.

Net Earnings



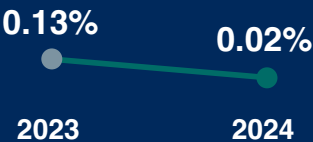
Equity Capital and similar



Equity Capital and similar reached 6 BDH in 2024, and recorded an increase of more than 6% compared to 2023, allowing the Bank to strengthen its financial base, in order to continue to support the growing needs of TCs.

A decrease in the rate of NPLs, which is maintained at a relatively low level, thanks to the control of the risk of counter-party to date, and the rigorous monitoring of overlaps, thus reflecting the quality of the Bank's portfolio.

Non-Performing Loans (NPLs)



Loan Activity as of December 31st, 2024

1. Loan Commitments

The loan activity at the end of 2024 was characterized by a return to a normative level compared to 2023, which was marked by the co-financing of a strategic project by the FEC involving the construction of water supply works for the interconnection of two hydraulic basins, distinguished by the scale of its investment volume.

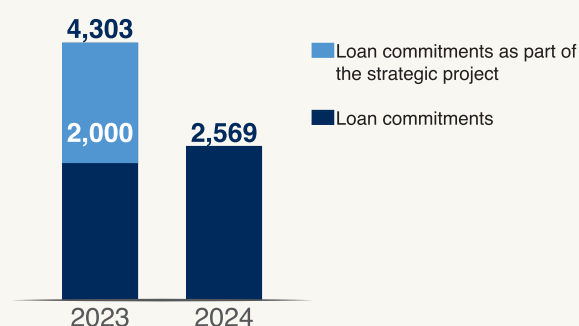
These financings enabled the Bank to contribute to significant investments by Territorial Communities. They focused mainly on the development of road infrastructure, particularly under the Territorial and Social Disparities Reduction Program (PRDTS), as well as urban development projects, drinking water supply, and the construction of hospital infrastructure. These financings further supported the FEC's efforts in combating water stress and improving healthcare provision in various Prefectures and Provinces of the Kingdom.

The year 2024 was marked by the signing of three major financing agreements, respectively with the Drâa-Tafilalet Region, the Tanger-Tétouan-Al Hoceïma Region, and the Rabat-Salé-Kénitra Region, through the granting of three lines of credit totaling 6 BDH. These new financing lines aim to support strategic development projects and accompany the transformation dynamic initiated by the Regions to consolidate the attractiveness of their territories.

The signing of these agreements reflects the trust placed by Territorial Communities in the FEC as their longstanding technical and financial partner. It also reaffirms the Bank's determination to support all regions of the Kingdom in implementing their investment projects-particularly those with a high social impact-in line with its Environmental and Social Policy, which is distinguished by its alignment with national regulations and international sustainability treaties ratified by the Kingdom in terms of sustainability.

Loan commitments reached nearly 2.6 BDH in the 2024 financial year, with approximately 79% corresponding to loan allocations granted during the same financial year. These financings covered the implementation of 34 projects, covering 10 sectors of intervention, for a total investment of approximately 4.8 BDH.

Loan commitments (In MDH)



The year 2024 marks a return of lending activity to a normative level compared to the year 2023

Breakdown of loan commitments by type of borrower

The breakdown of loan commitments by type of borrower in 2024 is as follows:

In MDH	2022		2023		2024	
Territorial Communities	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Regional Councils	1,780	66%	3,633*	84%	2,322	90%
Prefectural and Provincial Councils	632	24%	420	10%	48	2%
Communal Councils	274	10%	250	6%	199	8%
Total	2,686	100%	4,303	100%	2,569	100%

* Including an amount of 2 BDH under the aforementioned strategic project

The loan commitments for the 2024 financial year benefited all categories of Territorial Communities, with a predominance of Regional Councils, which continue to increase their share in the overall loan commitment structure. They were followed by Communal Councils and Prefectural and Provincial Councils, accounting for 90%, 8%, and 2%, respectively, of the loans committed by the end of 2024.

Evolution of the structure of loan commitments by type of borrower 2022-2024



■ Loan commitments to Regional Councils accounted for 90%, amounting to 2,322 MDH, thus confirming the central role of the Regions in implementing public policies for territorial development, particularly through the Regional Development Programs (PDR) and the Program for the Reduction of Territorial and Social Disparities (PRDTS) in rural areas.

These financings covered the implementation of projects under the PDR for 39% and under the PRDTS in rural areas for 47%.

Through these contributions, the FEC has contributed to the financing of projects related to drinking water supply, construction of rural roads, healthcare facilities, promotion of tourist sites, as well as development of platforms for hosting economic activities, thereby helping to enhance the attractiveness of targeted territories.

■ Communal Councils accounted for 8% of total loan commitments at the end of 2024, amounting to 199 MDH, which financed several urban development projects, including upgrading under-equipped neighborhoods, liquid sanitation, and road infrastructure.

■ Loan commitments to the Prefectural and Provincial Councils amounted to 48 MDH by the end of 2024, and involved the implementation of projects that are part of territorial development programs.

Breakdown of loan commitments by sector of intervention

The breakdown of loan commitments by sector of intervention in 2024 is as follows:

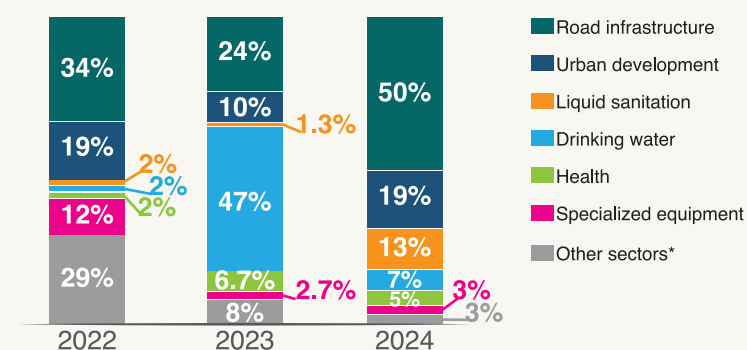
Sectors of intervention	2022		2023		2024	
	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Road infrastructure	907	34%	1,028	24%	1,281	50%
Urban developments	499	19%	442	10%	478	19%
Liquid sanitation	43	2%	57	1.30%	346	13.50%
Drinking water	46	2%	2,035	47%	178	7%
Health	57	2%	287	6.70%	138	5%
Specialized equipment	331	12%	115	2.70%	80	3.10%
Urban transport	157	6%	-	-	37	1%
Cultural and sports facilities	286	10%	195	5%	20	1%
Electricity	65	2%	94	2.20%	-	-
Commercial equipment	102	4%	-	-	-	-
Education and Professional training	193	7%	29	0.70%	-	-
Tourism	-	-	21	0.40%	10	0.4%
Rolling Equipment	-	-	-	-	1	0.04%
Total	2,686	100%	4,303	100%	2,569	100%

The loan commitments for the 2024 financial year covered projects in diverse sectors of intervention, reflecting the Institution's commitment to support territorial development in all its dimensions and to promote an inclusive and sustainable economy.

Through these financings, the Bank contributes to strengthening the Kingdom's economic fabric and stimulating growth and employment, while improving citizens' quality of life as well as the attractiveness of territories.

An analysis of the breakdown of loan commitments by sector shows a predominance of road infrastructure, urban development, and liquid sanitation sectors, since they totaled more than 82% of total loans committed by the end of 2024.

Evolution of the structure of loan commitments by sector of intervention 2022-2024



* Electricity, Education and Professional training, Urban transport, Commercial equipment, Tourism, Rolling Equipment, cultural and sports facilities

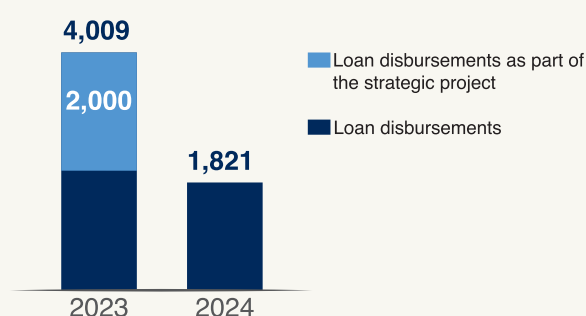
- The road infrastructure sector represented nearly 50% of the total volume of loan commitments by the end of 2024, amounting to 1,281 MDH, a significant increase compared to the level recorded in 2023, thus confirming its continued expansion in recent years. More than 84% of these commitments were under the PRDTS in rural areas, supporting the strengthening of road networks and opening up rural areas, particularly the construction of tracks and road connections.
- The urban development sector, historically predominant, comes second in the loan commitment structure at the end of 2024, with a share of nearly 19%, which is an amount of 478 MDH, dedicated to finance road development projects, public lighting, restructuring of under-equipped neighborhoods, and the development of public squares and green spaces.
- The liquid sanitation sector saw its share increase in 2024 reaching over 13% of the total volume of loan commitments, or 346 MDH, dedicated to the implementation of priority programs for upgrading infrastructure for domestic and industrial wastewater drainage and treatment, mainly in urban areas.
- The drinking water sector represented nearly 7% of total loan commitments by the end of 2024, or 178 MDH, for projects focused on reinforcing drinking water networks and combating water stress.
- Loan commitments related to the healthcare sector exceeded 5%, totaling 138 MDH, to contribute to the financing of the construction of a hospital aimed at expanding healthcare services.
- The specialized equipment sector recorded 80 MDH in committed loans by the end of 2024, mainly dedicated to finance the construction of a logistics zone.
- Other sectors, including tourism, urban transport, cultural and sports facilities, represented nearly 3% of total loan commitments. These projects primarily focused on enhancing territorial attractiveness through the promotion of tourist sites and cultural heritage, as well as improving urban mobility.

2. Loan disbursements

Similar to loan commitments, loan disbursements at the end of 2024 was marked by a return to a normative level compared to 2023, reaching over 1.8 BDH.

These financings benefited various categories of Local Authorities and supported the implementation of 94 projects across multiple infrastructure and superstructure sectors, both in urban and rural areas.

Loan disbursements (in MDH)



The year 2024 marks a return of lending activity to a normative level compared to the year 2023

Breakdown of loan disbursements by type of borrower

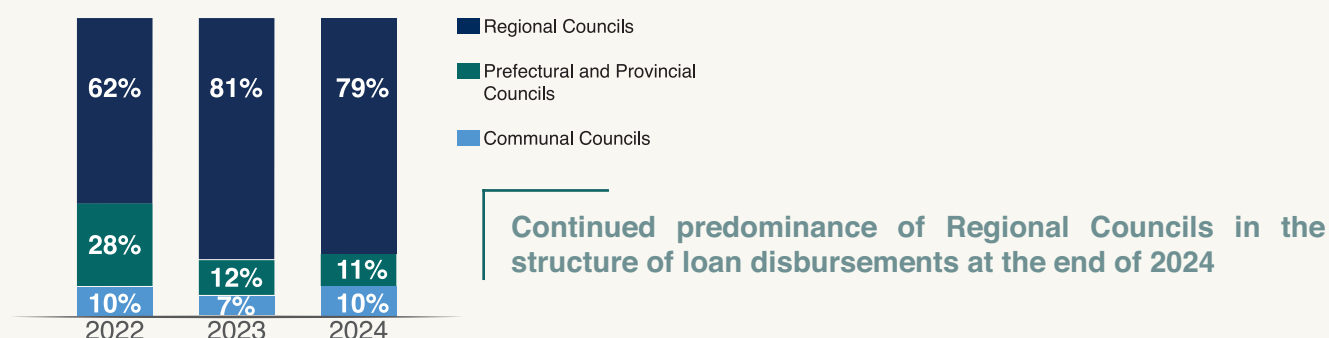
The breakdown of loan disbursements by type of borrower in 2024 is as follows:

In MDH	2022		2023		2024	
Territorial Communities	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Regional Councils	1,791	62%	3,262*	81%	1,429	79%
Prefectural and Provincial Councils	827	28%	488	12%	203	11%
Communal Councils	283	10%	259	7%	189	10%
Total	2,901	100%	4,009	100%	1,821	100%

* Including an amount of 2 BDH within the framework of the aforementioned strategic project

Loan disbursements for the 2024 financial year benefited all categories of Territorial Communities with a predominance of Regional Councils in the structure of loan disbursements, followed by Prefectural and Provincial Councils and Communal Councils with respectively shares of 79%, 11% and 10% of loan disbursements' volume at the end of 2024.

Evolution of the structure of loan disbursements by type of borrower 2022-2024



- Loan disbursements to Regional Councils amounted to 1,429 MDH, representing 79% of the total volume at the end of 2024.

These financings focused on the implementation of road infrastructure projects aimed at improving accessibility for rural populations, particularly under the PRDTS. They also financed the expansion of sanitation networks and the construction of wastewater treatment plants to protect the environment, health infrastructure such as provincial and local hospitals, and the modernization of socio-cultural facilities. Additionally, these disbursements focused on the development of industrial parks, and the construction of educational and vocational training institutions, particularly within the framework of State-Region program contracts.

- Loan disbursements to the Prefectural and Provincial Councils reached 203 MDH, representing more than 11% of total disbursements by the end of 2024. Through these loans, the Bank contributed to the financing of territorial development programs, environmental protection projects, and the construction and upgrading of healthcare facilities aimed at fighting poverty. Disbursements also covered road infrastructure and engineering structures to ease congestion in major urban cities, the modernization of specialized equipment, and the development of a tourist site.

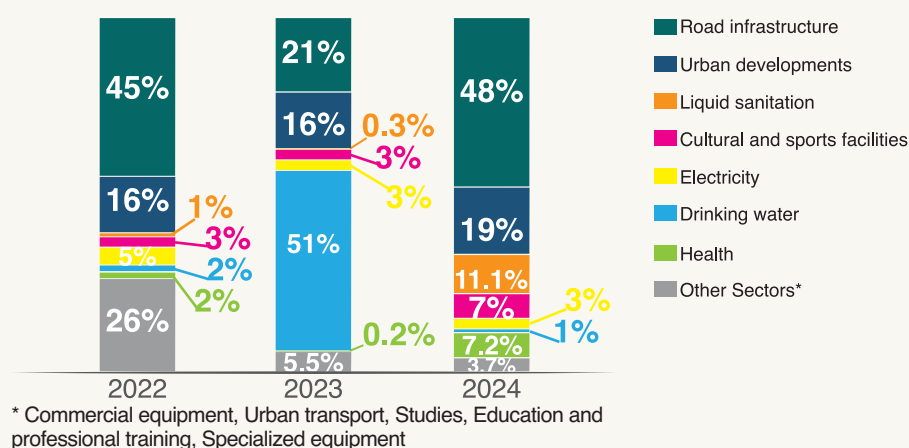
- Loan disbursements to Communal Councils amounted to 189 MDH, representing 10% of the total volume at the end of 2024. These financings focused on the implementation of several urban upgrading projects, mainly focused on improving basic infrastructure, redeveloping under-equipped neighborhoods, as well as improving energy efficiency in the public lighting network.

Breakdown of loan disbursements by sector of intervention

The breakdown of loan disbursements by sector of intervention in 2024 is as follows:

Sectors of intervention	2022		2023		2024	
	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Road infrastructure	1,304	45%	849	21%	872	48%
Urban developments	480	16%	659	16%	340	19%
Liquid sanitation	41.80	1%	12	0.30%	203	11.10%
Drinking water	67	2%	2,033	51%	21	1%
Health	55	2%	9	0.20%	130	7.20%
Specialized equipment	232	8%	43	1%	46	2%
Urban transport	134	5%	30	1%	-	-
Cultural and sports facilities	87	3%	138	3%	126	7%
Electricity	135	5%	125	3%	52	3%
Commercial equipment	87	3%	92	3%	2	0.10%
Education and professional training	278	10%	19	0.50%	29	1.60%
Studies	0.20	0.01%	-	-	-	-
Total	2,901	100%	4,009	100%	1,821	100%

Evolution of the structure of loan disbursements
by sector of intervention 2022-2024



■ Similar to the changes observed in the structure of loan commitments, the structure of loan disbursements also evolved, with a notable increase in the share of the road infrastructure sector, which accounted for nearly 48% of total disbursements at the end of 2024, amounting to 872 MDH. These disbursements primarily focused on the implementation of road network reinforcement projects, through the construction of road links and engineering structures, particularly under the PRDTS in rural areas.

■ The urban development sector represented 19% of the total loan disbursements, amounting to 340 MDH, which mainly contributed to the financing of projects related to the development of roads, public squares, and waterfront promenades, as well as the upgrading of basic infrastructure and the restructuring of under-equipped neighborhoods, particularly under territorial development programs.

■ The liquid sanitation sector in the structure of loan disbursement at the end of 2024 recorded a significant increase, reaching over 11% for an amount of 203 MDH. These financings mainly focused on reinforcing the liquid sanitation networks, construction of treatment plants, and implementing flood control and environmental protection infrastructure.

- The healthcare, cultural and sports facilities sectors represented over 14% of the total volume of loan disbursements at the end of 2024, and mainly focused on projects aimed at improving healthcare provisions and promoting cultural heritage. Thus, the Bank contributed to financing the construction of provincial and local hospitals, which are part of the State-Regions contracts resulting from the PDRs, the construction of medical centers to combat poverty, the construction of a museum, a popular arts center, a conference center and a large theater, as well as the development of an amusement park.
- The electricity and specialized equipment sectors represented nearly 6% of the overall volume of loan disbursements at the end of 2024. These financings mainly concerned the improvement of energy efficiency in the public lighting network and rural electrification within the framework of the PRDTS, as well as the construction of a bus station, the development of an industrial park and the creation of an urban supervision center within the framework of a development program.
- Loan disbursements for 2024 also covered the education and vocational training, drinking water, and commercial equipment sectors. This financing enabled the implementation of projects that fall within the framework of State-Regional contracts resulting from the PDRs, including the construction of a university complex and a healthcare training institute, as well as community schools in rural areas.

3. Evaluation of environmental and social risks of financed projects

In accordance with its Environmental and Social (E&S) policy, the FEC systematically evaluates the E&S risks of projects submitted for its financing.

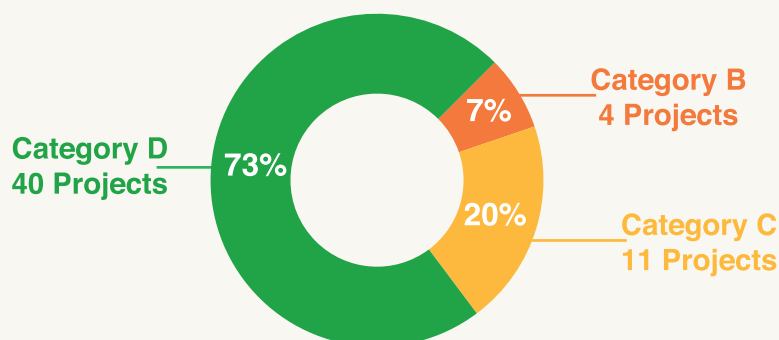
The 55 projects allocated by the Bank in 2024 focused on sustainable socio-economic investments in terms of E&S, thereby contributing to sustainable and resilient territorial development in the face of climate change effects.

Thus, the results of the E&S rating for the 2024 financial year are as follow:

- 73% of the financed projects are classified in “Category D”, which includes projects with minimal risks whose probable impacts are controllable;
- 20% of the financed projects are classified in “Category C”, which includes projects with minimal risks requiring some specific mitigation measures;
- 7% of the financed projects are classified in “Category B”, which includes projects with limited risks that require the integration of the recommended measures of the E&S impact studies carried out.

Furthermore, no “Category A” project has been identified. This category includes projects with negative environmental or social impacts that are considered significant, high, or irreversible and difficult to control.

Breakdown of projects by E&S risk category*



Predominance of projects classified in “Categories D and C”, which is almost 93%, and which concern projects with minimal and easily controllable risks

* Projects allocated at the end of December 2024 including 21 projects under 3 programs

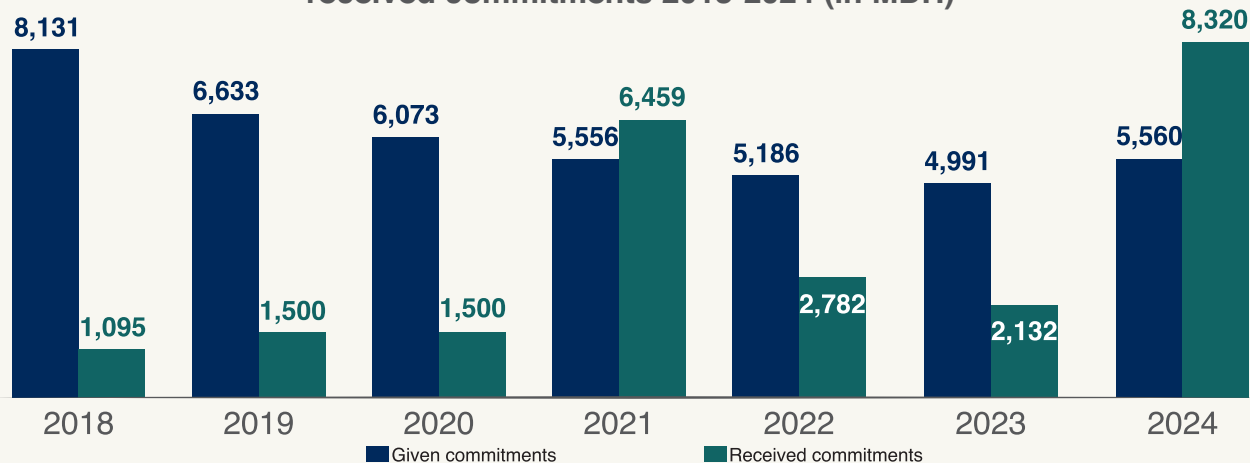
4. Situation of off-balance sheet commitments (OBSCs)

The financing commitments granted by the FEC in favor of customers amounted to nearly 5,560 MDH at the end of 2024. The evolution of these commitments from December 2023 to December 2024 is as follows:

Evolution of OBSCs (in MDH)

Situation as of December 31, 2023		4,991
New given commitments		2,569
Loan disbursements		1,821
Cancellations		179
Situation as of December 31, 2024		5,560

Evolution of given commitments and received commitments 2018-2024 (in MDH)



Over the last few years, the FEC has ensured that the level of commitments given converges with the level of commitments received to strengthen the Asset/Liability ratio for better management of liquidity and interest rate risks.

Similarly, the Bank has continued to clean up its OBSCs portfolio, notably through awareness campaigns and follow-up actions with Territorial Communities. These operations led to the cancellation of a total amount of over 179 MDH in 2024, recalling that the FEC had already canceled an amount of nearly 1,980 MDH between 2019 and 2023.

Combined with disbursements related to normative activity, this approach allowed the Bank to reduce the overall volume of OBSCs by over 32% in 2024 compared to the level recorded in 2018, decreasing from 8.13 BDH in 2018 to 5.56 BDH in 2024, with nearly 66% corresponding to recent loans committed within less than 3 years.

Financing of the activity as of December 31, 2024

1. Evolution of Resources

The FEC's resources are established to 7,148 MDH at the end of 2024, and consist mainly of annuity collections of more than 56%, or an amount of 4,033 MDH, and borrowing resources of almost by 22%, or an amount of 1,593 MDH as shown in the following table:

Resources (in MDH)	2023	2024	Sahre in 2024 in %
Annual installement recoveries	4,265	4,033	56.4%
Borrowing resources	2,550	1,593	22.3%
- Domestic borrowings (medium and long term)	2,000	500	7%
- External borrowings	550	1,093	15.3%
Others (Interest income, refunds...)	13	26	0.4%
Repayment of term advances	-	400	5.6%
Outstanding advances on the money market	-	150	2.1%
Sale of Treasury bonds / Term deposit buyback	1,153	911	12.7%
Initial balance	54	35	0.5%
Total Resources	8,035	7,148	100%

Annual installments recoveries

As of December 31, 2024, the annual recovered instalments amounted to 4,033 MDH, with a breakdown by seniority, showing a predominance of instalments for the 2024 fiscal year, representing 99.73% of the total amount, which is 4,022 MDH. The remaining repayments relate to maturities prior to 2024, representing 0.16% of the total recoveries, which is an amount of 11 MDH.

Borrowing resources

The FEC's resources consist mainly of medium and long-term borrowing mobilized on the domestic financial market, through bank loans, bond issues, and certificates of deposit, as well as external loans contracted with international donors.

In addition, and depending on the evolution of its needs and the conditions of the financial market, the FEC occasionally calls for short-term bridging resources, pending their transformation into medium and long-term financing.

In parallel with the mobilization of the resources necessary to finance the activity for the 2024 fiscal year, the FEC carried out a certain number of actions to establish new financing in order to sustain and diversify its resources and continue to meet the Territorial Communities' growing needs.

It should be noted that the FEC does not have customer deposits and does not benefit from Bank Al-Maghrib's advances.

Financing from DFIs

As part of its financial strategy, which is open to international financing, the FEC continued, throughout the 2024 financial year, discussions with Development Finance Institutions (DFIs), with the objectives of:

- Preparing drawdowns on contracted credit lines based on the Bank's changing needs and financial market conditions;
- Implement the establishment of new lines of credit.

To this end, the FEC has concluded two new financing agreements in 2024, for a total amount of 200 million euros:

- A 100 million euros loan agreement was signed on March 15, 2024, with the African Development Bank (AfDB). The FEC fully drew down this loan in April 2024 and established a comprehensive hedge against exchange rate risk, ensuring full protection against currency fluctuations;
- Following the success of previous operations initiated since 2018, which led to the conclusion of two lines of credit for a total amount of 300 million euros, accompanied by technical assistance grants, the FEC and the Agence Française de Développement (AFD) signed on April 30, 2024, a new financing agreement for an amount of 100 million euros.

Bank Loans

During the 2024 financial year, the FEC mobilized a total amount of 500 MDH over a maturity of 15 years, through the drawing of a long-term bank credit line.

Indeed, as part of its financial strategy, the FEC ensures that it maintains access to long-term bank loans, which adapt to the characteristics of the Bank's uses, particularly in terms of maturity and type of rate, while offering flexibility of use in terms of volume and availability of funds.

Thus, as part of its actions aimed at diversifying and sustaining its sources of financing, the FEC has contracted new long-term bank credit lines, for a total amount of 5,600 MDH, and this, following a consultation launched in June 2024 among domestic banks.

Bond Issues

As part of the 9 BDH bond program approved by its Board of Directors on May 29, 2019, the FEC successfully completed two bond issues totaling 3 BDH over the period 2020-2022. These issues enabled the FEC to finance itself under optimal conditions and to diversify its long-term financing sources.

However, it should be noted that in recent years, market conditions have been particularly marked by rising interest rates, and have not been conducive to the implementation of the remaining 6 BDH of the said bond issue program, under the best financial conditions. Consequently, the FEC has turned to other sources of financing, including long-term bank credit lines and financing from Development Financial Institutions (DFIs).

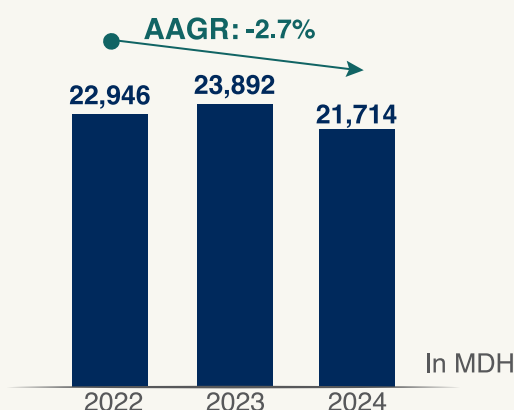
Short-term borrowings

In order to meet temporary financing needs and ensure optimal cash flow management, the FEC made short-term bridge borrowings in 2024 through interbank market advances.

Evolution of the debt structure

The evolution of the outstanding debt shows a slight decrease over the period 2022-2024. In fact, the outstanding debt fell from 22.9 BDH as of December 31, 2022 to 21.7 BDH as of December 31, 2024, representing a decrease of 2.7%, mainly due to the maturity and repayment of a certificate of deposit line issued in 2019, which matured in December 2024.

Evolution of outstanding borrowings¹



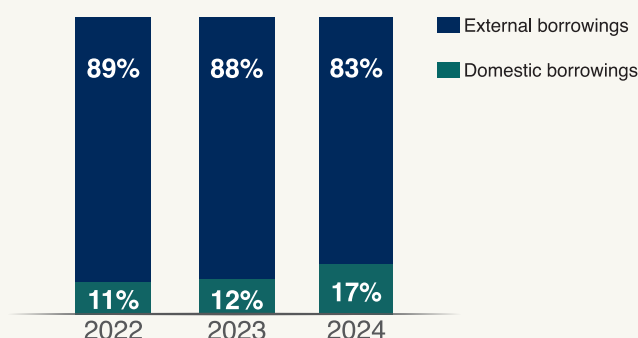
Debt structure by origin

An analysis of the debt structure by origin reveals a predominance of resources from the domestic financial market over those from the foreign market, as domestic borrowing represents 83% as of December 31, 2024.

However, it should be noted that there has been an upward trend in the share of foreign borrowings in the overall debt, which has risen from 11% at the end of 2022 to 17% at the end of 2024. This was particularly following the drawdowns made over the last three fiscal years on the credit lines contracted by the FEC with AFD and the AfBD.

The evolution of the debt structure reflects the FEC's strategy of diversification of financial resources, with a stronger orientation towards DFIs, based on market opportunities in terms of interest rate conditions and exchange rate risk coverage.

Breakdown of outstanding borrowings by origin

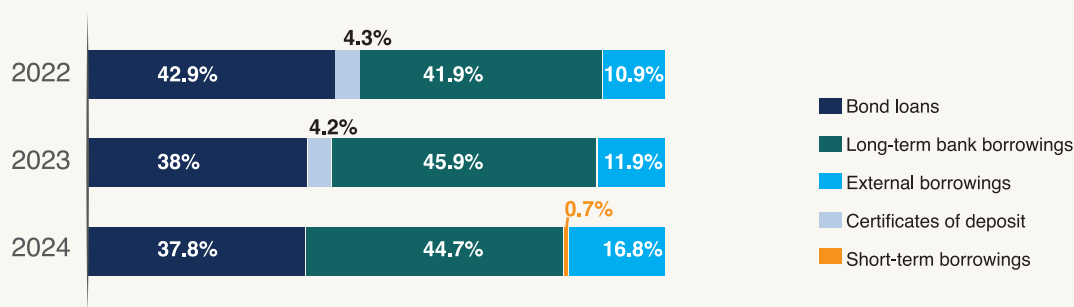


Breakdown of debt by type of borrowings

As of December 31, 2024, the FEC's debt is mainly composed of long-term bank loans and bond issues, which represent respectively 44.7% and 37.8% of the total debt, followed by external borrowings, which represent 16.8% of the total debt. Finally, the share of certificates of deposit was completely reimbursed as of December 31, 2024.

1. Outstanding borrowings correspond to outstanding capital excluding accrued interest and commissions, foreign exchange hedging, interest rate differentials and conversion differences.

Breakdown of debt by type of borrowings



The evolution of the outstanding debt by type of borrowing confirms the predominance of long-term resources compared to medium and short-term resources.

The structure of the debt by type of borrowing reflects the FEC's financial strategy, centered on the diversification of medium and long-term resources, while balancing asset/liability management constraints and financing cost optimization objectives.

Indeed, over the period 2022 to 2024, the share of long-term bank loans and bond issues is at sustained levels and represents 82.5% of the overall outstanding amount at the end of 2024. Similarly, the outstanding amount of external borrowing increased to nearly 16.8% of the overall outstanding debt at the end of 2024.

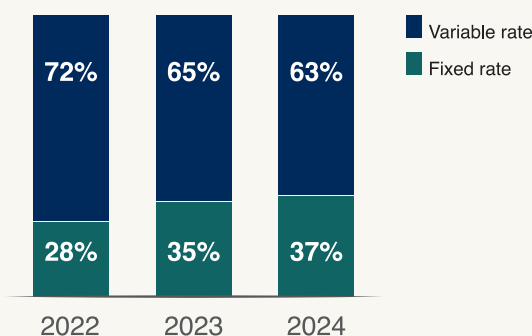
Furthermore, certificates of deposit have no outstanding amounts at the end of 2024, due to the absence of new issues during this period and the final maturity in 2024 of a line of certificates of deposit.

Debt structure by type of interest rate

The analysis of the evolution of the debt structure highlights the continued predominance of variable-rate resources, whose share slightly decreased to 63% at the end of December 2024. This decrease is mainly due to the mobilization of fixed-rate resources over the last three financial years.

Moreover, it should be emphasized that the evolution of the debt structure by type of interest rate follows the financing strategy of the FEC, which, taking into account the financial market conditions in terms of cost and maturity, favors the mobilization of resources in line with the characteristics of loans granted to customers, in order to ensure better asset/liability matching.

Debt structure by type of interest rate



2. Evolution of Uses

The FEC's uses were characterized as of December 31, 2024 by:

- A volume of loan disbursements of 1,821 MDH;
- A level of loan repayments representing nearly 68% of total uses, and which amounts to 4,847 MDH.

The breakdown of the uses structure at the end of 2024 is detailed in the following table:

Uses (in MDH)	2023	2024	Share in 2024 in %
Borrowing transfers	4,009	1,821	25.5%
Loan Repayments	2,175	4,847	67.8%
- Domestic borrowings	1,930	4,495	62.9%
- External borrowings	245	352	4.9%
Budgetary expenditure	48	51	0.7%
Others (VAT, IR, Refunds...)	147	170	2.4%
IS regulations	221	204	2.8%
DAT investment	850	-	-
Outstanding advances on the money market	400	-	-
State Grant (Special Earthquake Fund for managing the effects of the earthquake that hit the Kingdom of Morocco)	150	-	-
Final balance	35	55	0.8%
Total Uses	8,035	7,148	100%

Results and financial indicators as of December 31, 2024

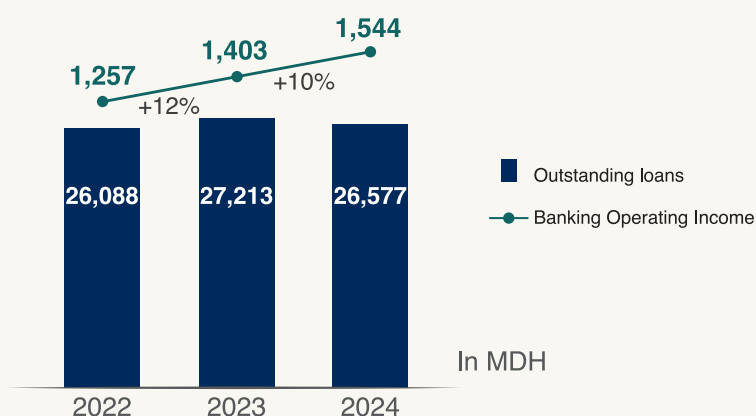
The FEC's financial statements closed on December 31, 2024, in accordance with the current regulatory provisions and in compliance with the accounting principles provided for by the Accounting Plan for Credit Institutions (APCI) are presented as follow:

1. Operating indicators

(In MDH)

Income and Expense Statement	2022	2023	2024	Variation 2023/2024
Banking Operating Income	1,257	1,403	1,544	10%
Banking Operating Expenses	596	734	873	19%
Net Banking Income	661	669	672	0.4 %
General Operating Expenses	60	62	62	-
Cost of risk	-1	2	-2	< 100%
Non-current Expenses	28	180	28	-84%
Corporate tax	216	211	217	3%
Net earnings	338	199	368	85%

Banking Operating Income (BOI)

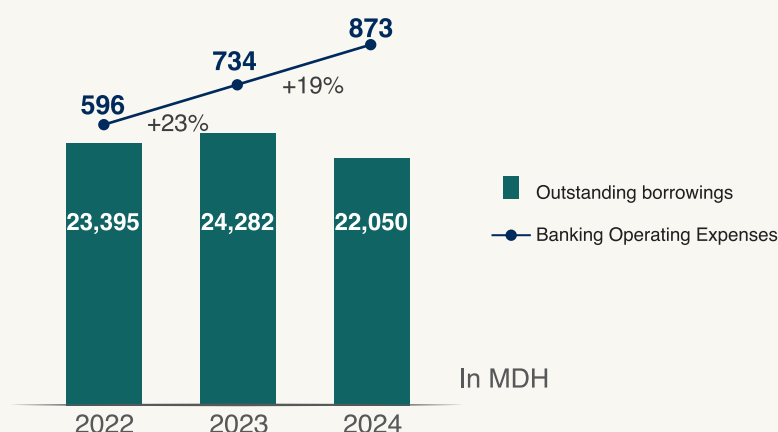


Banking Operating Income amounted to 1,544 MDH at end of 2024, compared to 1,403 MDH in 2023, representing a 10% increase, despite a 2% decrease in outstanding loans during 2024 which was characterized by a return of lending activity to a normative level compared to 2023.

Thus, the evolution of banking operating income at the end of 2024 is mainly explained by:

- The interest rate effect, resulting from the increase in the TMPI (reference rate) applicable / related to variable-rate loans;
- The recovery rate of almost 100%, which allowed the recognition of almost all expected interest income for the financial year.

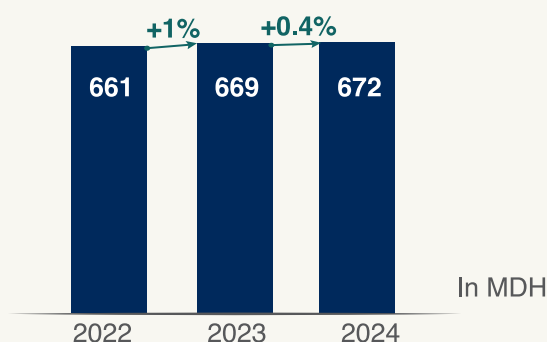
Banking Operating Expenses (BOE)



As of December 31, 2024, banking operating expenses recorded an increase of 19% compared to December 31, 2023, to reach 873 MDH, against 734 MDH at the end of the previous financial year.

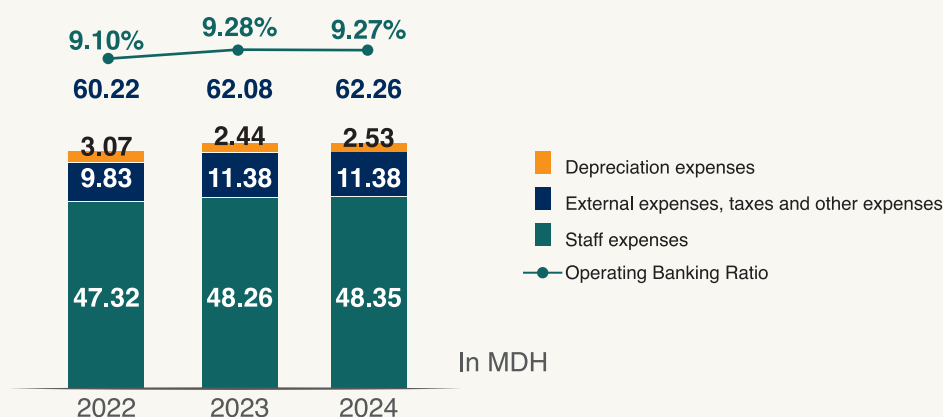
This development is mainly explained by the rate effect resulting from the increase in reference rates, related to revisions of variable rate loans, despite the decrease in outstanding debt of more than 9% in 2024, from 24.3 BDH at the end of 2023 to 22.1 BDH at the end of 2024, notably within the framework of a debt reengineering operation.

Net Banking Income (NBI)



The combined evolution of the BOIs and BOEs generated a NBI of 672 MDH as of the end of 2024, slightly higher than the previous year, thanks in particular to the quality of the loan portfolio to date, and the increase in customer receivables.

General Operating Expenses (GOE)

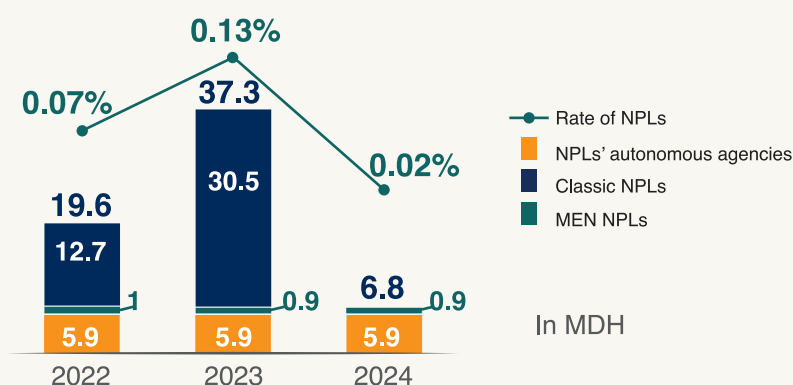


The continued rationalization of operating expenses allows the FEC to continue to control general operating expenses in 2024, which remained at a level similar to that recorded the previous financial year.

As of the end of 2024, the GOEs mainly consist of personnel expenses accounting for 78%, external expenses for 18%, and depreciation expenses of fixed assets for 4%.

Consequently, the Operating Ratio reached 9.27% as of the end of 2024.

Non Performing Loans (NPLs) and cost of credit risk



The Non Performing Loans (NPLs) amounted to approximately 7 MDH as of December 31, 2024, representing a decrease of 82% compared to December 31, 2023.

Thanks to the effective counterparty risk management and rigorous monitoring of recoveries, the Bank continues to improve the quality of its risk profile and loan portfolio, which has allowed it to stabilize the stock of NPLs provisions and improve the cost of credit risk, as shown in the table below:

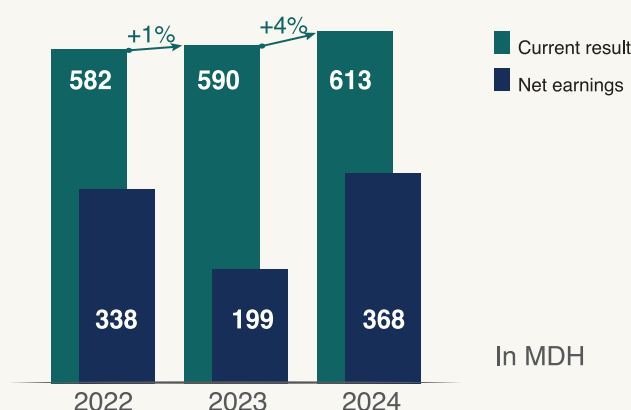
In MDH	2022	2023	2024
Allocations to provisions on NPLs (1)	0.61	2.20	-
Reversals of provisions on NPLs (2)	1.27	0.67	2.48
Cost of credit risk (3) = (1) – (2)	-0.66	1.53	-2.48

Provisions for General Risks (PGRs)

In order to ensure coverage against certain general risks, the FEC proceeded during the 2024 fiscal year to the constitution of net allocations to provisions of an amount of 0.42 MDH, thus bringing the total amount of PGRs to 88.89 MDH.

Furthermore, it should be noted that, in compliance with the tax regulations in force, these allocations to provisions have been fully reintegrated in the basis of calculation of corporate income tax.

Net earnings



Considering the elements presented above, particularly:

- the favorable evolution of the NBI;
- the continuous control of GOEs;
- the good quality of the customer portfolio.

Net earnings amounted to 368 MDH at the end of 2024, compared to 199 MDH at the end of 2023, representing an increase of nearly 85%.

This strong increase also reflects the exceptional fact linked to the recognition, for the 2023 financial year, of the FEC's contribution of 150 MDH to the Special Fund for the management of the effects of the earthquake that hit the Kingdom of Morocco.

Thus, the net earnings achieved for the 2024 financial year marks a return to a normative level, comparable to the achievements of previous financial years.

2. Balance sheet

(In MDH)

ASSETS	2022	2023	2024	LIABILITIES	2022	2023	2024
Cash values, Central Banks and Public Treasury and receivables from credit institutions and similar	54	1,260	56	Central Banks, Public Treasury	-	-	-
Receivables from customers	26,849	28,062	27,459	Debts to credit institutions and similar	12,666	14,428	14,099
Other assets	563	539	560	Debt securities issued	9,958	9,226	7,338
Investment securities	1,131	-	-	Other liabilities	271	283	345
Fixed assets	42	41	41	Equity and similar funds	5,744	5,965	6,334*
Total	28,639	29,902	28,116	Total	28,639	29,902	28,116

* Including a provision for general risks amounting to 88.89 MDH

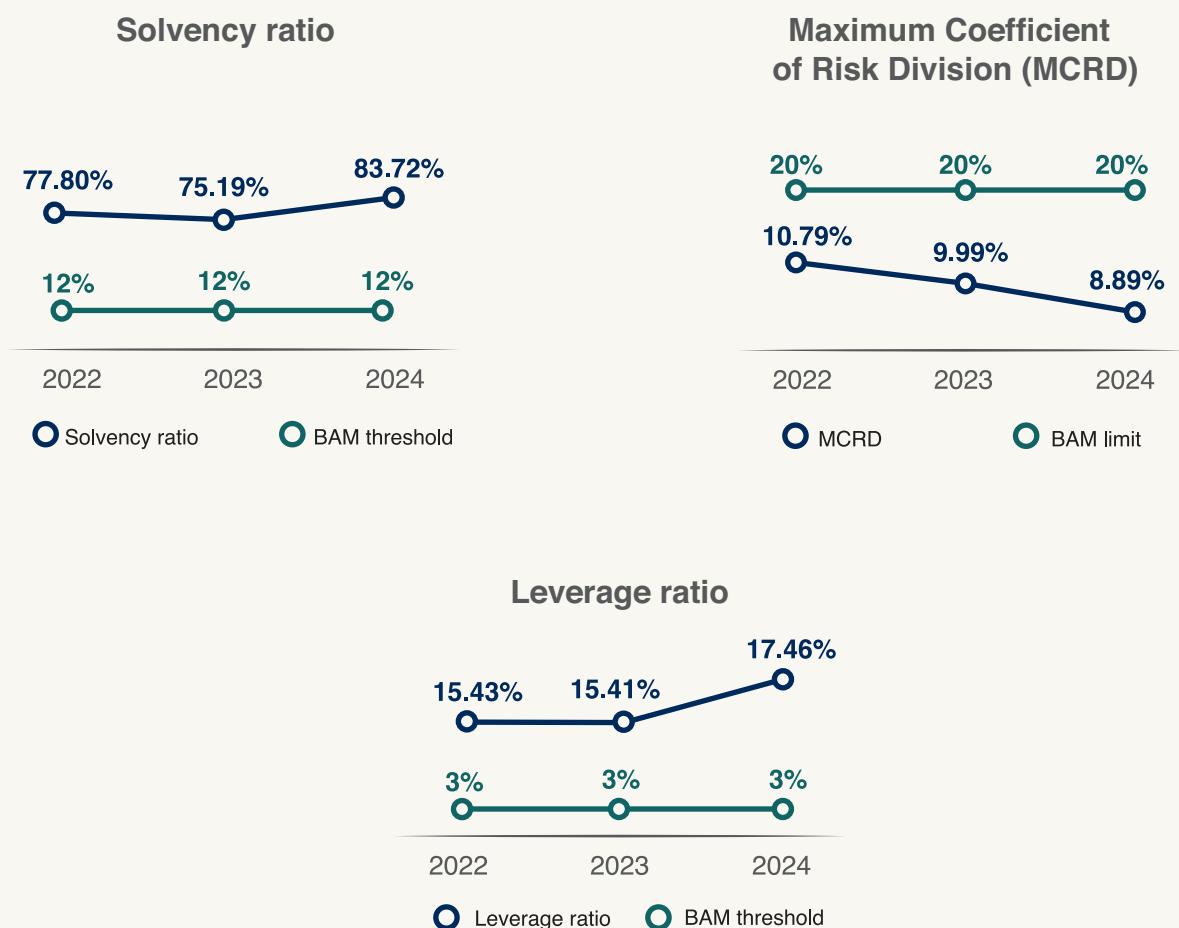
The analysis of the balance sheet structure shows that the assets, which amount to 28,116 MDH and which are composed almost exclusively of customer receivables, experienced a decrease of 2% at the end of 2024.

This is mainly explained by the return of the loan activity to a normative level compared to the year 2023, which was marked by the co-financing by the FEC of a major strategic project, which is distinguished by the importance of its investment volume.

The liability structure is characterized by the predominance of financing debts, consisting of long-term borrowings and debt securities issued, which represent more than 76% of the total balance sheet.

3. Regulatory ratios

The FEC constantly ensures compliance with the prudential ratios established by Bank Al-Maghrib aimed at preserving the financial balance of credit institutions and covering risks, as shown by the following indicators:

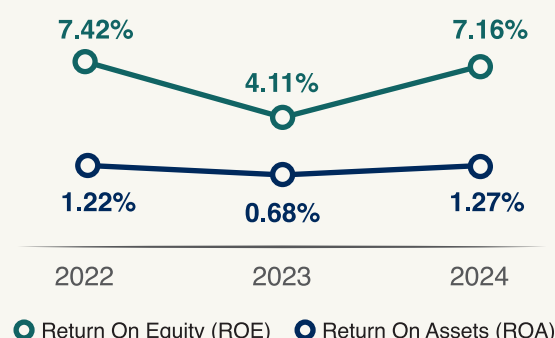


4. Profitability indicators

In MDH	2022	2023	2024
Net earnings	338	199*	368
Equity capital (excluding subordinated bond loans)	4,733	4,948	5,316
Average equity capital² (excluding subordinated bond loans)	4,554	4,841	5,132
Return On Equity (ROE)	7.42%	4.11%	7.16%
Net earnings	338	199*	368
Total balance sheet	28,639	29,902	28,116
Total average balance sheet³	27,597	29,271	29,009
Return On Assets (ROA)	1.22%	0.68%	1.27%

* The net result for the 2023 financial year was marked by the recognition of the FEC's contribution of 150 MDH for the benefit of the Special Fund for the management of the effects of the earthquake that hit the Kingdom of Morocco

ROE and ROA respectively reached 7.16% and 1.27% at the end of 2024 against 4.11% and 0.68% at the end of 2023. Their evolution is mainly linked to the increase in Net earnings and asset evolution.



2. (Equity (excluding subordinated bond loans) of year N-1 + Equity (excluding subordinated bond loans) of year N) / 2

3. (Total balance sheet for year N-1 + Total balance sheet for year N) / 2

KINGDOM OF MOROCCO

FONDS
D'EQUIPEMENT
COMMUNAL
صندوق التجهيز
الجماعي

F
E
C

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT | 2024

THE **BANK** FOR LOCAL FUNDING

ABBREVIATION

ALCO	ASSET/LIABILITY MANAGEMENT COMMITTEE
AMMC	MOROCCAN CAPITAL MARKET AUTHORITY
ARC	AUDIT AND RISKS COMMITTEE
BAM	BANK AL-MAGHRIB
BD	BOARD OF DIRECTORS
BGACW	BOOK OF GENERAL ADMINISTRATIVE CLAUSES APPLICABLE TO WORKS CONTRACTS
CER	CORPORATE AND ENVIRONMENTAL RESPONSIBILITY
DFIs	DEVELOPMENT FINANCE INSTITUTIONS
E&S	ENVIRONMENTAL AND SOCIAL
ESG	ENVIRONMENT, SOCIAL AND GOVERNANCE
ESIA	ENVIRONMENTAL AND SOCIAL IMPACT ASSESSEMENT
ESMS	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
GHG	GREENHOUSE GASES
IRC	INTERNAL RISKS COMMITTEE
ISSC	INFORMATION SYSTEM SECURITY COMMITTEE
MLDI	MULTIDIMENSIONAL LOCAL DEVELOPMENT INDEX
NCIA	NATIONAL COMMITTEE FOR IMPACT ASSESSMENTS
NCC	NOMINATION AND COMPENSATION COMMITTEE
NSDS	NATIONAL SUSTAINABLE DEVELOPMENT STRATEGY
OISC	ORGANIZATION AND INFORMATION SYSTEMS COMMITTEE
SA	STATUTORY AUDITORS
SDGs	SUSTAINABLE DEVELOPMENT GOALS
TCs	TERRITORIAL COMMUNITIES
URIC	UNIFIED REGIONAL INVESTMENT COMMISSION

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1. General elements

1.1. Profile and strategy of the FEC's corporate and environmental responsibility (CER)

1.1.1. The Fonds d'Équipement Communal: a public bank dedicated to financing territorial development

As a public Bank dedicated to financing territorial development, the Fonds d'Équipement Communal (FEC) is now positioned as the key technical and financial partner of Territorial Communities (TCs). In its mission, the Bank constantly works to facilitate its clients' access to credit for the financing of their investments and their territorial development projects, particularly through financing solutions adapted to their priority needs.

Committed as a responsible Bank, the FEC ensures that its role is anchored in a logic of consolidation and renewal in light of the evolutions of the Moroccan economy and the local public sector. It continually adapts its services and interventions to the challenges faced by TCs and the priorities of sustainable territorial development, particularly in reducing territorial and social disparities, transitioning to low-carbon development, and strengthening the resilience of territories to the effects of climate change.

Territorial Communities, that constitute the basis of sectoral public policy implementation, are now at a crossroads, considering their role in both strengthening infrastructure and equipment and responding effectively to the imperatives of sustainable and resilient territorial development

1.1.2. The FEC's CER strategy

As part of its CER approach and with the objective of adapting its services and interventions to the priorities of sustainable territorial development, the Bank has strategically chosen to integrate «Environmental, Social, and Governance» (ESG) sustainability factors into its activities and financing operations, as well as its relations with stakeholders. This responsible commitment to the fundamental principles of sustainable development is particularly reflected in the integration of E&S and climate risk criteria into the Bank's overall risk management and decision-making processes.

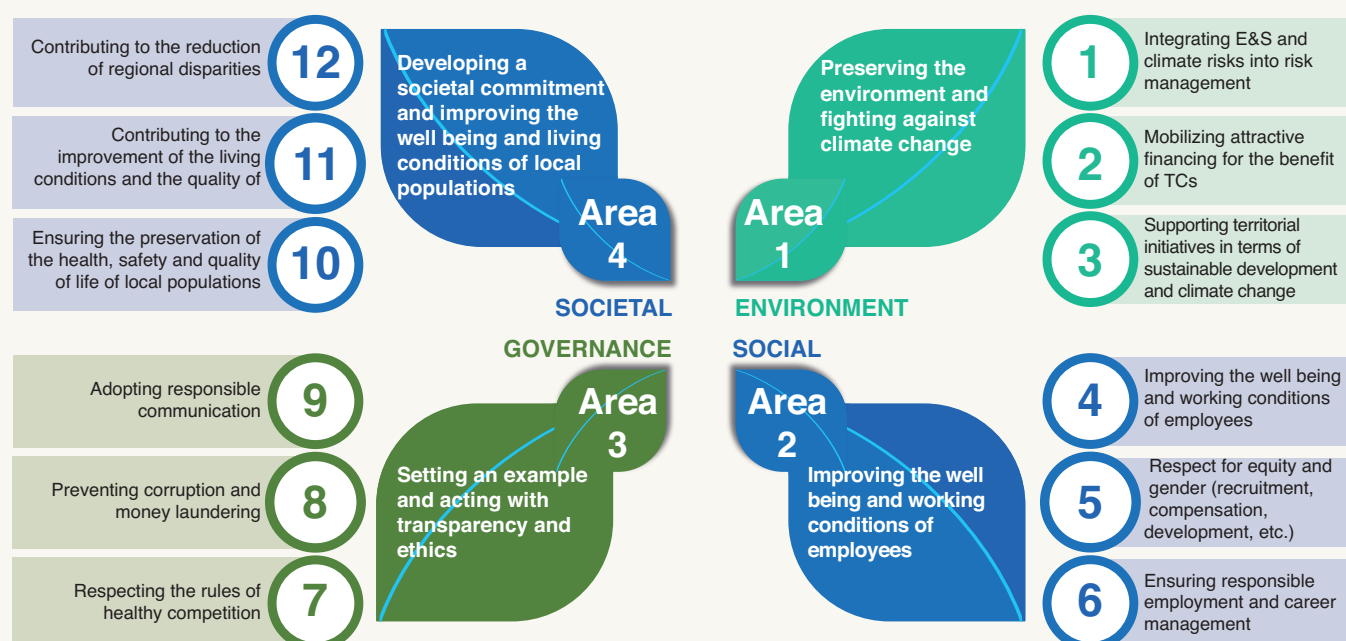
Through its sustainability strategy, the Bank aims for a progressive alignment of its territorial investment financing operations with international and national sustainability and climate commitments, thus contributing to establishing sustainable, low-carbon, resilient and inclusive territorial development.

To implement its strategic vision, the Bank has established its ESMS as a fundamental pillar for proactive management of environmental, social, and climate risks, mainly composed of E&S¹ policy and procedures ensuring standardized E&S and climate risk assessment processes.

Similarly, the Bank has implemented measures to improve its governance and strengthen its technical capacities for developing its portfolio of climate co-benefit projects and the structuring of a sustainable financing offer "Sustainable Finance" for the benefit of Territorial Communities.

To align with national and international standards and best practices and to evaluate its CER approach, the Bank has initiated a process to define its priority and significant issues. This process identified 12 commitments shared with stakeholders and added value carriers, structured around 4 axes consolidating the main actions undertaken in this area and allowing the strategic vision of the Bank in this matter to be implemented.

1. Policy updated by the Board of Directors on October 2024 for the integration of climate risk assessment.



1.2. Scope of ESG reporting

The scope of this report concerns exclusively the Environmental, Social and Governance (ESG) indicators relating to Territorial Communities' projects financed by the Bank in the context of its lending activity.

1.3. Materiality of ESG aspects

The materiality analysis is based on a double prioritization of ESG stakes, in order to identify those that meet both the Bank's performance objectives and the expectations of stakeholders. This analysis provides the Bank with a materiality matrix of ESG aspects, which allows it to better communicate on the important stakes, to streamline dialogue with its stakeholders, with the aim of complying with their new expectations and regulatory changes.

The materiality matrix of the stakes established represents the relevance of the stakes identified on the basis of the magnitude of their impact on the performance of the Bank and its stakeholders. These stakes are prioritized into four themes, according to three levels of priority:

- Priority stakes;
- Important stakes;
- Stakes with moderate impacts.

PRIORITIZATION OF STAKES



1.4. Methodology of the non-financial information process, quantitative indicators and calculation methods

The methodological approach for identifying, collecting and processing extra-financial information related to E&S aspects is based on an analysis of technical documents related to projects submitted for FEC's financing. During the evaluation of the E&S and climate risks for each project, the relevant indicators are identified and the related information is provided at the level of environmental and social data sheets for each project.

The quantitative indicators related to climate co-benefit components are calculated based on technical tools developed with the support of experts in the field. These tools use methodologies recognized nationally and internationally, particularly in terms of quantifying carbon emission reductions and verifying resilience to climate hazards.

For information related to E&S complaints, the FEC relies on a claims management process, which generates periodic reports on these complaints. It is worth noting that the FEC joined the national complaints platform Chikaya.ma.

The relevant non-financial information, as well as the main quantitative indicators selected and gradually deployed are described as follow:

Environmental information

Project E&S risk management

- Percentage in number of projects by E&S risk category
- Number of projects rejected for reasons of high E&S risks
- Number of E&S complaints received

Benefits and positive impacts on the environment

- Amount of energy saved (KWh/year)
- Volume of waste water treated (m³/day)
- Volume of waste water reused (m³/day)
- Volume of CO₂ emission reduction (TeqCO₂)
- Quantity of renewable energy produced (KWh/year)

Social information

Benefits and positive impacts on the population

- Number of disenclaved inhabitants
- Number of financed public transportation users
- Number of inhabitants whose drinking water supply quality system is improved
- Number of inhabitants whose sanitation system quality is improved
- Number of inhabitant protected against flooding
- Number of students whose mobility conditions are improved
- Number of inhabitants with access to electrical energy
- Number of inhabitants whose quality of care service is improved
- Number of jobs created

Responsible career and skills management

- Number of employee representatives
- Number of strike days per financial year
- Number of workplace accidents per financial year
- Number of dismissals by financial year and by category
- Number of resignations by financial year and by category
- Number of recruitments per financial year and per category
- Turnover rate per financial year
- Number and nature of social disputes per financial year

Governance

- Number of mandates per administrator
- Number and nature of actions taken to prevent corruption
- Number of complaints about breaches of ethics and professional conduct
- Number of corruption incidents

1.5. External verification of ESG information

The impact indicators are used, within the framework of contractual accountability requirements, to establish periodic reports for the Bank's financial partners, in particular international donors. To this end, information on achievements in terms of E&S and Climate risk management, project components with climate co-benefits and contribution to the reduction of territorial and social disparities are examined and refined.

2. Specific elements: environmental, social and governance information

2.1. Environmental information

2.1.1. Information on risks and opportunities related to sustainability and climate

The Bank has proactively and voluntarily been committed to integrate environmental, social, and climate-related issues into its financing activities. This commitment is part of a strategic vision, implemented since 2021 through the deployment of its Environmental and Social Management System (ESMS) and the entry into force of its Environmental & Social (E&S) policy. In 2024, the Bank strengthened this approach by defining new climate-related criteria, in addition to the existing E&S criteria. These requirements are now fully integrated into the risk management systems and financing decision-making processes.

The environmental information presented below primarily concerns the sustainability and climate-related risks and opportunities that could affect the projects financed by Territorial Communities and the Bank's business model, particularly in terms of mobilizing competitive national and international financing. This information aims to inform the Bank's stakeholders about the processes implemented to identify, assess, prioritize, and monitor sustainability and climate-related risks and opportunities, as well as to evaluate the Bank's performance in this area.

As part of its continuous improvement approach, information on sustainability and climate-related risks and opportunities is structured around four pillars: governance, strategy, risk management, and indicators and objectives.

2.1.2. Governance of sustainability and climate issues

The Bank has established appropriate governance for the oversight, management, and monitoring of sustainability and climate-related risks and opportunities.

Given their strategic importance, the Bank's governing bodies, primarily the Board of Directors and General Management, oversee sustainability and climate stakes, which rely on dedicated committees and operational Divisions to carry out their responsibilities.

GOVERNANCE OF SUSTAINABILITY AND CLIMATE STAKES

BOARD OF DIRECTORS

- Approves and validates strategic guidelines related to sustainability and climate
- Oversees the implementation of the strategy in this area



Audit and Risks Committee

- Reviews the materiality of the risks associated with sustainability and climate issues
- Studies and validates the Institution's risk appetite for E&S and climate risks



General Management

- Proposals for managing sustainability and climate-related risks
- Ensures compliance with banking regulations



Internal Risks Committee

Risk and Permanent Control Division

Sustainable Development Division

2.1.2.1. Role and responsibilities of the Bank's governing bodies

a. Board of Directors

Entrusted with all necessary powers and responsibilities for the Bank's administration, the Board of Directors plays a leading role in defining and validating the Bank's strategic directions at least twice a year, while ensuring their implementation by General Management. These strategic directions include components related to sustainability and climate.

On the recommendation of General Management, the Board of Directors approved, on October 28, 2021, the Bank's E&S Policy, which outlines the Bank's commitments in terms of assessing, managing, and monitoring sustainability-related risks and opportunities. The Board also approved the policy update in October 2024, following the integration of climate-related risks and opportunities.

The Board of Directors is primarily composed of representatives from government departments (Ministries of Interior, Economy and Finance, Equipment and Water, Energy Transition and Sustainable Development), who possess expertise in sustainability and climate-related matters.

The process of informing the Board of Directors and relevant committees about sustainability and climate risks is carried out through semestrial and annual financial reports, which include, among other things, a report on the integration of Environmental, Social, and Governance criteria.

Additionally, in accordance with Directive 5/W/2021, particularly Articles 18 and 19, it is required to submit, at least annually, reports to the Central Bank detailing the Bank's practices and performance in managing climate change and environmental risks.

b. Audit and Risks Committee

The Board of Directors is supported in its duties by an Audit and Risks Committee, particularly in assessing the quality and consistency of the Bank's internal control system, as well as in risk strategy and management. This committee is involved in all areas or administrative, accounting, and financial processes, whether functional or operational, and reviews all financial and non-financial communication documents.

c. General Management

General Management oversees the implementation of the Bank's strategy for managing sustainability and climate-related risks and opportunities. It proposes to the Board of Directors the necessary measures and actions to manage these risks and ensure the Bank's compliance with banking regulations in this area. These proposals are first reviewed by the Audit and Risks Committee.

General Management also monitors and evaluates progress toward the objectives related to the management of sustainability and climate risks and opportunities through key performance indicators. These include the evolution of the E&S risk profile of projects, the exposure of financed assets to climate risks (e.g., floods, droughts etc.), the potential for carbon emission reduction of financed projects, and their contribution to strengthening population resilience to climate change effects (e.g., water stress, heatwaves etc.).

To fulfill its risk management responsibilities, General Management relies on the Internal Risk Committee, which ensures the alignment of the Bank's activities with its strategic orientations and its degree of risk aversion.

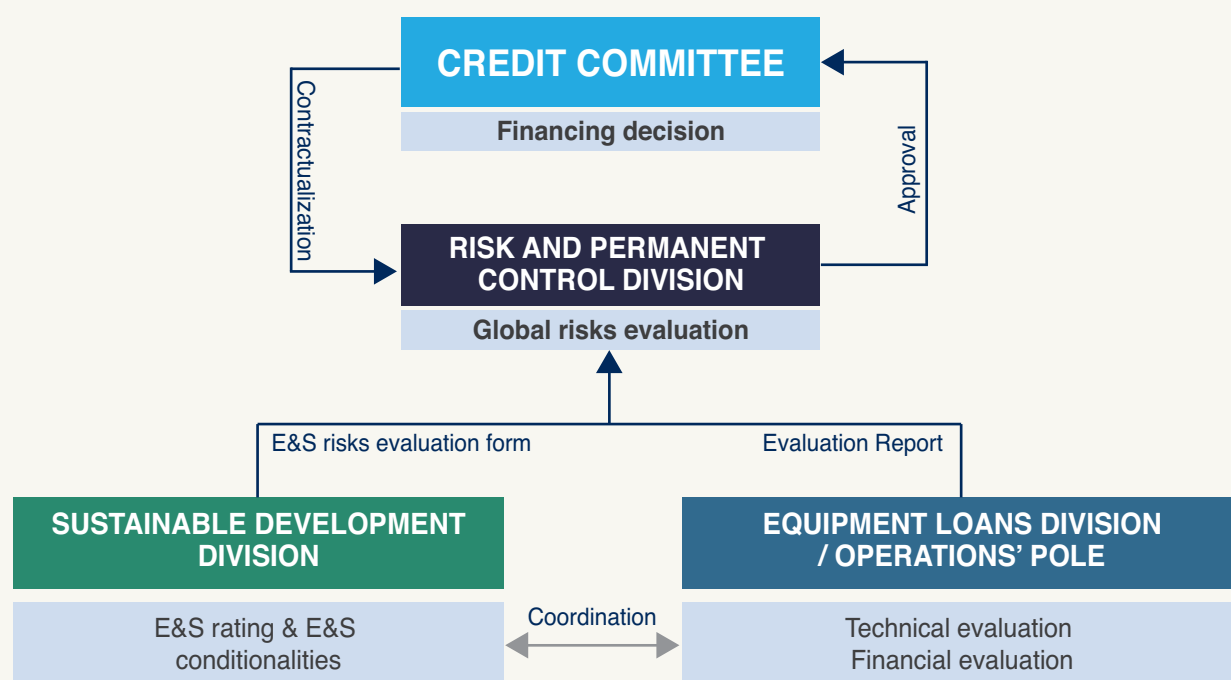
The Compliance Function, overseen by the Legal, Compliance, and Governance Division, monitors and controls the risk of non-compliance.

The Internal Audit Function provides management and governance bodies with reasonable assurance on the effectiveness of operations control. It also provides advisory support to improve operations and contributes to value creation.

The Risk and Permanent Control Division ensures the establishment of overall risk limits and the implementation of mechanisms to continuously guarantee the reliability and security of operations.

The Sustainable Development Division is in charge of preparing and updating the Bank's E&S policy, and for operational implementation of E&S and climate risk management within project financing activities.

Financing decisions are made by the Credit Committee based on technical, financial, environmental, and social criteria. The organizational structure for managing E&S and climate risks is presented below:



2.1.3. Strategy for managing risks and opportunities related to sustainability and climate

In 2024, the Central Bank and the World Bank jointly conducted an assessment of the Moroccan banking sector's exposure to climate-related financial risks, namely physical risks and risks stemming from the transition to a resilient, low-carbon economy. The assessment revealed that Moroccan banks' portfolios are particularly exposed to drought and flood risks, as well as the implementation of a carbon tax.

Recognizing that the direct and indirect consequences of climate change present both risks and opportunities, the Bank has proactively integrated these considerations into its overall risk management framework. The Bank also continuously works to diversify its technical and financial tools to support Territorial Communities in their transition toward low-carbon and resilient territorial development.

2.1.3.1. Increasing the financing of projects with climate co-benefits

Territorial Communities are considered key players in the territorial implementation of national objectives for mitigation and adaptation. They are therefore increasingly called upon to develop and implement low-carbon and climate-resilient programs and projects.

Achieving this objective requires better integration of climate considerations in territorial planning, strengthened internal capacities, and significant financial resources.

Aware that climate challenges require strong commitments from all stakeholders, the Bank has adopted a pro-climate approach to support Territorial Communities in fostering the emergence of sustainable development projects with climate co-benefits.

a. Climate Integration Roadmap

The Bank has developed a climate integration roadmap, which underpins its pro-climate approach and aims to align its financing activities with national objectives for territorial resilience and low-carbon transition. Integrating climate into the financing strategy will help mobilize competitive funding, including climate finance, and improve financing conditions for Territorial Communities to support the emergence of projects with climate co-benefits. This will also enable the Bank to scale up its climate-related financing.

b. Support for the Emergence of Projects with Climate Co-Benefits

The Bank, with the support of a specialized consulting firm, has developed technical tools to assist Territorial Communities in identifying, validating, and evaluating projects with climate co-benefits.

The Bank has continued its efforts to deploy technical and human resources aimed at improving its governance and strengthening its technical capabilities to develop a portfolio of climate co-benefit projects. It is also working to structure a Sustainable Finance offering to benefit Territorial Communities.

2.1.3.2. Financial inclusion: supporting Territorial Communities with low development index

The Bank has worked to strengthen the trust built over time with Territorial Communities, allowing it today to have an in-depth understanding of the needs and specificities of the local sector, particularly those Territorial Communities with the highest deficits in basic infrastructure, as indicated by the Multidimensional Local Development Index (MLDI). The Bank has continuously innovated to provide appropriate responses to their specific needs, leveraging the benefits of borrowing and strengthening their operational capacities to promote integrated territorial development focused on sustainability and improving citizens' quality of life, following an inclusive and diverse approach.

Since 2023, in collaboration with its partners, the Bank has been implementing a pilot program targeting an initial group of Territorial Communities with low (MLDI). The focus is on projects aimed at reducing territorial and social disparities and adapting to the effects of climate change.

2.1.3.3. The Bank's strategy in response to climate risks

In response to identified climate risks, the Bank has undertaken several actions and measures, structured as follows:

- Development of a climate toolbox to calculate GHG emission reductions and verify the climate resilience of financed projects;
- Development and implementation of a climate action plan to further refine its climate strategy over time;
- Contribution to the financing of projects that strengthen the resilience of populations facing water stress and flood risks;
- Establishment of dedicated governance for the management of sustainability and climate-related risks and opportunities;
- Integration of climate risks and opportunities into the overall risk management process;
- Update of the Bank's E&S policy and procedures to incorporate climate risks and opportunities, approved by the Bank's governing bodies;
- Implementation of awareness and capacity-building sessions for internal stakeholders on climate-related risks and opportunities;
- Definition of monitoring indicators related to E&S and climate risks.

2.1.4. Management of risks and opportunities related to sustainability and climate

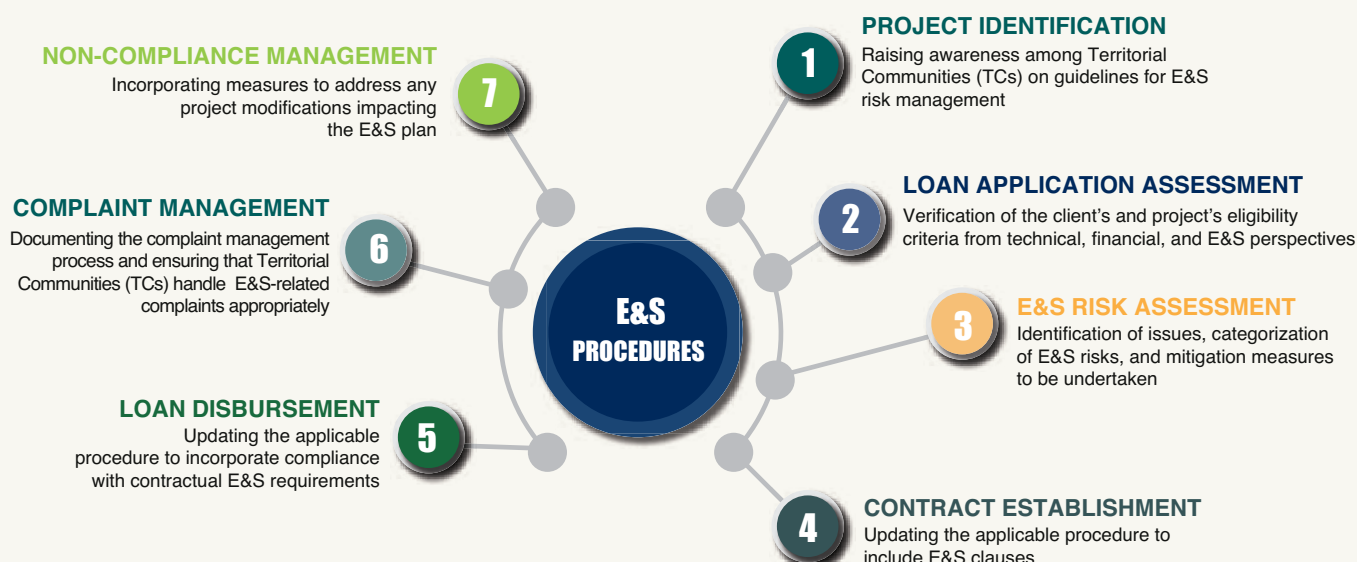
2.1.4.1. FEC's environmental and social policy

As a development Bank dedicated to territorial development, the FEC supports Territorial Communities in achieving national sustainable development goals at the local level, across economic, social, and environmental dimensions.

In this context, and as part of the implementation of its Environmental and Social Management System (ESMS), the FEC adopted its own Environmental and Social (E&S) Policy, which came into effect in April 2022.

This E&S Policy formalizes the Bank's commitment to systematically consider sustainability factors in its due diligence processes and financing operations, through the application of E&S safeguard principles.

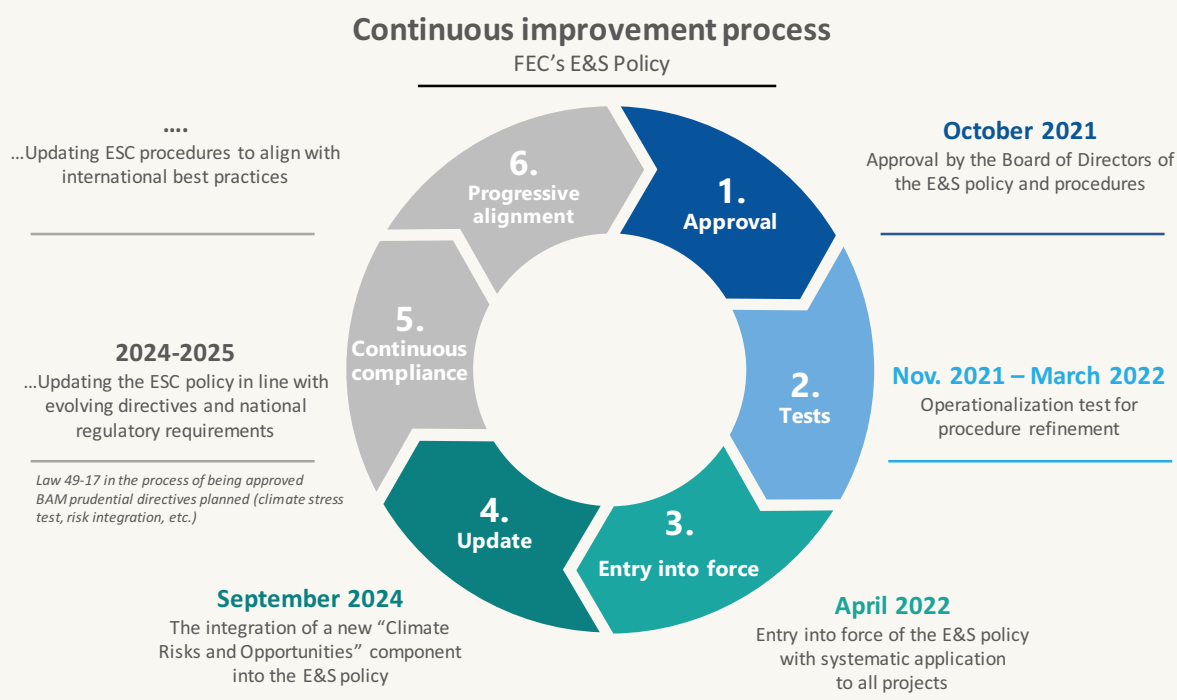
The operational implementation of this commitment relies on a set of operational procedures and relevant tools that enable effective management of E&S and climate risks inherent to projects submitted for financing. These E&S procedures and tools have enabled responsible assessment and management of E&S risks during the financing decision-making process.



The ESMS applies to all programs and projects of Territorial Communities eligible for the FEC's financial support, regardless of category, financing instrument (classic loan, credit line, etc.), or proposed financing terms.

Capitalizing on its achievements, and following a continuous compliance and gradual alignment approach with international best practices, the Bank updated its E&S Policy in October 2024 to enhance the integration of climate change considerations. This aims to promote low-carbon and climate-resilient development of territories as part of the Bank's contribution to achieving the goals of the National Sustainable Development Strategy (NSDS), in accordance with national regulations and the country's international commitments.

This update consists of integrating a new component addressing climate risks and opportunities, particularly through the inclusion of climate-related impacts and risks (e.g., floods, droughts etc.) in the project due diligence process, while ensuring improved project and population resilience to the effects of climate change.



2.1.4.2. Process for identifying and assessing sustainability-related risks and opportunities

Aware of the environmental and social risks associated with the projects it finances, the Bank ensures that sustainability practices and E&S and climate risk management are integrated and supported in its financing activities. These practices aim to minimize, reduce, or offset E&S risks and impacts of financed projects to improve their environmental performance.

By nature, these projects support territorial development and help improve the quality of life and living conditions of local populations especially vulnerable groups through better access to healthcare, education, and basic infrastructure (drinking water, sanitation, electricity, paved roads, etc.), as well as the employment opportunities generated by the projects.

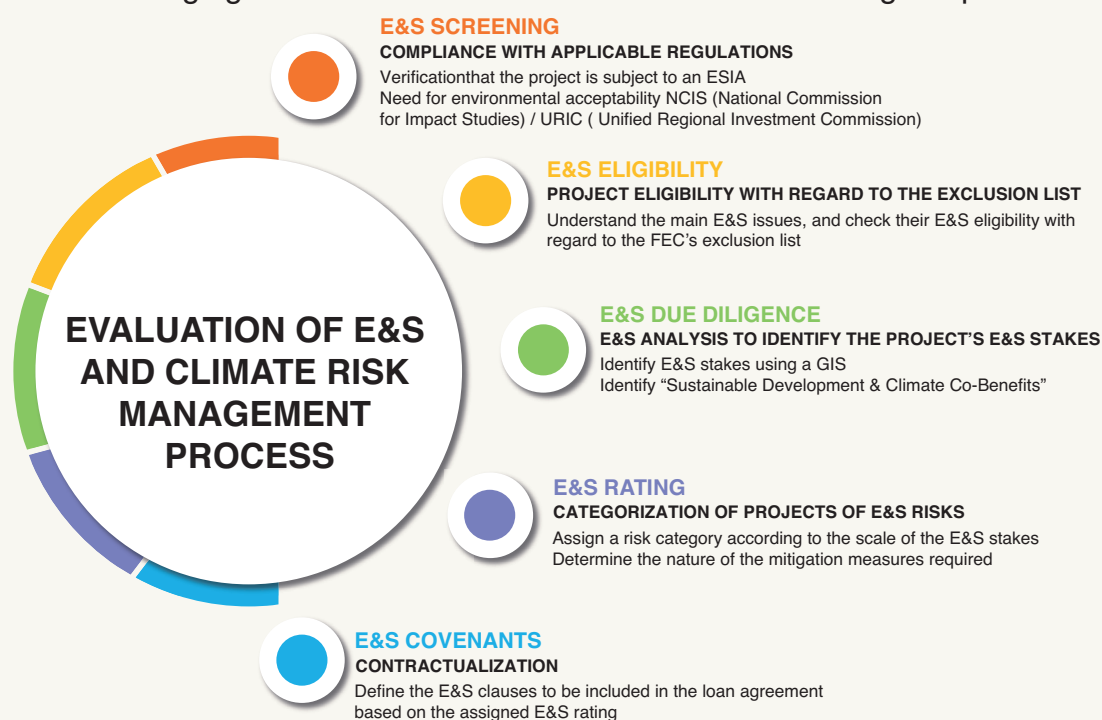
Some financed projects have undeniably positive impacts in terms of environmental protection and biodiversity preservation, especially against pollution such as water pollution (e.g., wastewater treatment plants), and in strengthening population resilience to climate hazards such as floods and water stress.

The process for assessing Environmental, Social, and Climate (E&S) risks is carried out concurrently with the technical and financial evaluation of loan applications. It involves assigning an E&S rating to each project submitted for financing by the Bank, based on the scale of the identified E&S risks.

The environmental and social due diligence aims to:

- Ensure that the project does not fall under the exclusion list set out in the FEC's E&S Policy;
- Identify the key environmental and social issues of the projects, and verify compliance with the relevant legislative and regulatory requirements;
- Assign an E&S risk category to each project based on its issues and the scale of environmental and social risks, ranging from highest to lowest risk:
 - » Category A: Projects likely to cause significant and/or irreversible negative environmental and/or social impacts that are difficult to control;
 - » Category B: Projects with limited potential environmental and social risks and/or minor impacts that can be mitigated with appropriate measures;
 - » Category C: Projects with minimal adverse environmental and social risks or impacts, but requiring specific measures;
 - » Category D : Projects with minimal risks; and whose potential impacts are controllable through standard, well-established measures, or considered to have no significant environmental and social risks.

The process for managing E&S and climate risks is illustrated in the diagram presented below:



2.1.4.3. Process for managing sustainability-related risks and opportunities

The Bank applies E&S safeguard measures to improve the E&S performance of projects it finances. Positive impacts are highlighted and promoted, while any potential negative impacts on the environment, workers, or local communities are identified and properly managed using appropriate mitigation measures based on the project's E&S rating.

The Bank enforces project exclusion criteria and does not finance activities that pose significant environmental risks to the natural environment or high or substantial social risks. The environmental and social risks of the financed projects are generally low to moderate, manageable, and controllable. Projects subject to the national legislation on impact assessments must provide an Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Management Plan (ESMP), along with the environmental authorization, in the form of an environmental acceptability letter issued by a national or regional commission, as applicable.

Financing cannot be granted for a project unless land tenure issues are resolved and regularized. The project's E&S rating determines the extent of required mitigation measures to anticipate, minimize, or reduce negative impacts, or to compensate for them if they persist. These include:

- General measures defined in the General Administrative Clauses related to environmental protection, health and safety of workers and the population, and construction waste management...;
- Specific measures that require an E&S Management Plan based on the project's nature and scale.

The nature and scope of mitigation measures recommended according to the E&S rating are summarized below:

Project ratings according to the level of E&S risks

E&S RISK LEVEL		EXTENT OF MITIGATION MEASURES
Category A	High risk	- Environmental acceptability Letter - E&S Impact Study - E&S Management Plan - GCC-T Measures* (The General Conditions of Contract)
Category B	Medium risk	- Environmental acceptability Letter - E&S Impact Notice - E&S Management Plan - GCC-T Measures* (The General Conditions of Contract)
Category C	Low to medium risk	- E&S management Plan (Restricted) - GCC-T Measures* (The General Conditions of Contract)
Category D	Low risk	- GCC-T Measures* (The General Conditions of Contract)
A	This category includes projects that may result in adverse environmental and/or social impacts that, at the time of the project assessment are deemed to be significant, high and/or irreversible and difficult to control.	
B	This category includes projects presenting limited potential environmental and social risks and/or with the potential to generate few impacts, generally specific to the project site, largely reversible and which can be easily addressed through mitigation measures.	
C	This category includes projects with minimal environmental and social risks or adverse impacts, but which still require specific measures to limit the risk of environmental impacts.	
D	This category includes projects with minimal risks and whose probable impacts are easily controllable by known and applied standard measures, or projects considered to have no significant environmental and social risks.	

* Book of General Administrative Clauses applicable to Works contracts (decree n°2-14-394 of May 13, 2016).

The results of the E&S risk assessment are documented in an E&S Risk Evaluation Sheet, which outlines the project's positive and negative impacts on the environment and local population, the mitigation measures to be implemented, and the E&S conditions to be applied based on the project's assigned E&S risk rating.

2.1.4.4. Litigation or legal proceedings related to environmental issues

The Bank has implemented a complaints management mechanism for E&S-related complaints and a dedicated procedure that allows it to be informed of any potential E&S complaints related to financed projects. It also ensures that the concerned Territorial Community handles these complaints appropriately, through to resolution and closure.

With this mechanism in place and operational, the FEC has not received any environmental or social complaints from Territorial Communities to date concerning projects financed by the institution.

2.1.4.5. Process for identifying and assessing climate-related risks and opportunities

The Bank's commitment to integrating climate change issues is a response to Morocco's international climate commitments, national policy guidelines, and the evolving regulatory requirements of domestic financial regulators. Notably: Directive No. 5/W/2021 from Bank Al-Maghrib, concerning the management framework for climate and environmental financial risks; Circular No. 03/2019 of February 20, 2019 from the Moroccan Capital Markets Authority (AMMC) on the publication of non-financial information by issuers, as amended by Circular No. 02/20 of December 22, 2020.

To operationalize climate change considerations, the Bank has updated its operational procedures and established a comprehensive toolset, in particular for calculating Green House Gas (GHG) emissions by type of project; assessing project resilience to climate change effects to the best of the Bank's knowledge; as well as Systems to monitor environmental, social, and climate performance indicators.

a. Identification of Projects with Climate-Related Risks and Opportunities

The Bank identifies and assesses the climate co-benefit components of projects submitted for its financing. A qualitative and quantitative analysis is conducted to determine the potential for carbon emission reductions, energy savings, and renewable energy production, as well as to verify the resilience of the projects to climate hazards intensified by climate change.

The identification of projects with potential climate co-benefits is based on a list of potential climate actions categorized by sector and types of investments financed by the Bank. This list was developed using internationally recognized standards, particularly the EU Taxonomy and the IDFC² Mitigation Common Principles.

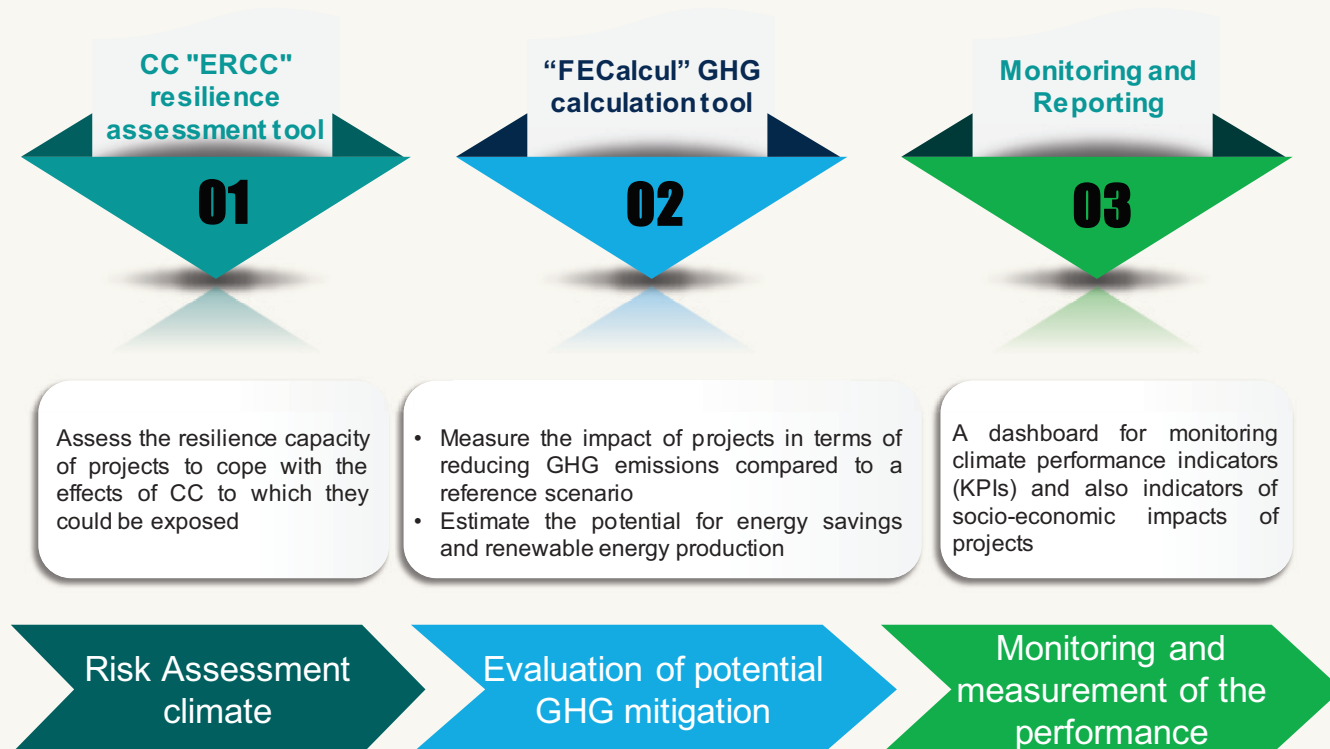
b. Assessment of Climate-Related Risks and Opportunities

The identification of a project's potential for climate co-benefits or its exposure to climate risks triggers the data collection process needed for the use of the Bank's tools, such as the Green House Gas (GHG) emissions calculator by project type, and the resilience assessment tool to evaluate the project's ability to withstand climate hazards it may face.

■ Measurement of GHG Emission Reduction Potential

The evaluation of the impact of financed projects in terms of expected GHG emission reductions compared to a baseline scenario is carried out using the GHG emissions calculation tool by project type. This tool covers various types of mitigation actions potentially associated with the Bank's financed projects. It includes 17 types of climate co-benefit projects across 7 sectors related to renewable energy production, energy efficiency in public lighting and buildings, sustainable mobility, energy recovery from sludge, sustainable waste management, and urban tree planting.

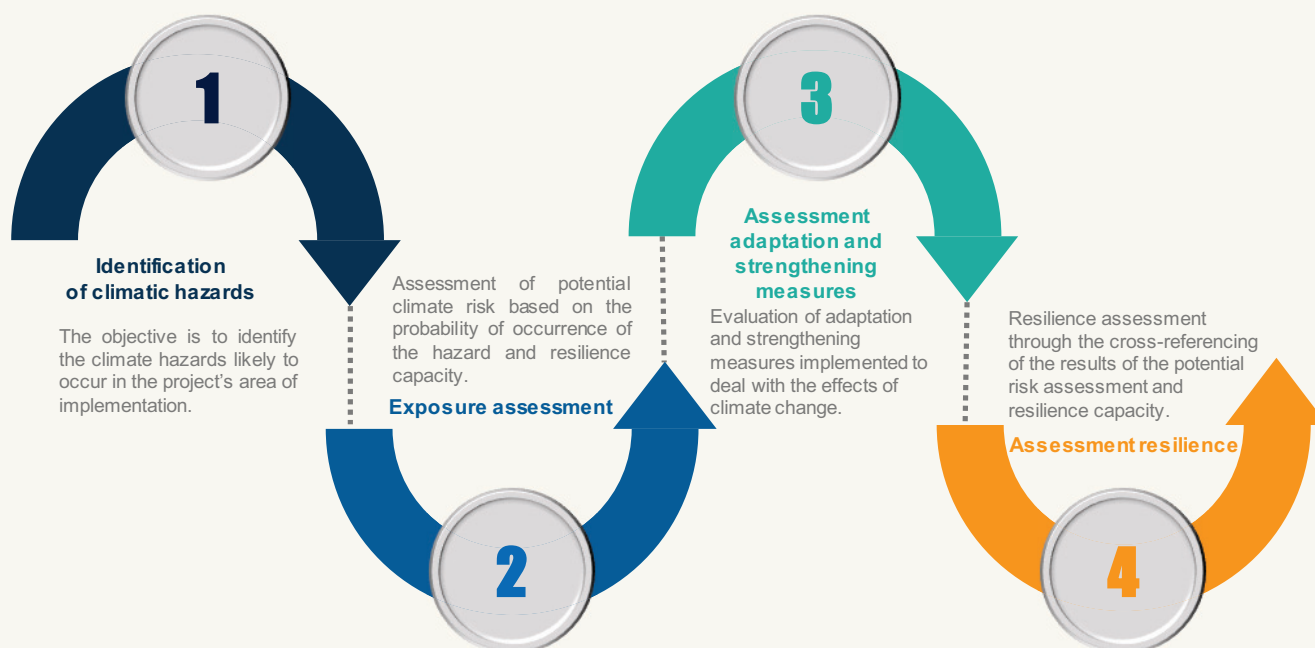
The methodological approach for calculating GHG emission reductions is based on the use of emission ratios and factors drawn from a database developed using various national and international sources.



■ verification of climate change resilience

The Bank systematically conducts an assessment of project exposure to physical climate risks. The resilience assessment tool is used to evaluate the capacity of projects to withstand the effects of climate change, taking into account both intrinsic and extrinsic parameters (geographic location, exposure to climate hazards, etc.). The assessment of resilience depends on potential climate risks and the adaptation and strengthening measures implemented.

The methodological approach for assessing resilience follows four stages, as illustrated in the diagram below:



Through a scoring system and cross-referencing matrix, the Bank assigns a climate resilience rating to projects, classified into five categories: Very High Resilience, High Resilience, Moderate Resilience, Low Resilience and Very Low Resilience. This climate resilience rating highlights whether structural or non-structural measures are required to strengthen the resilience of projects to be financed.

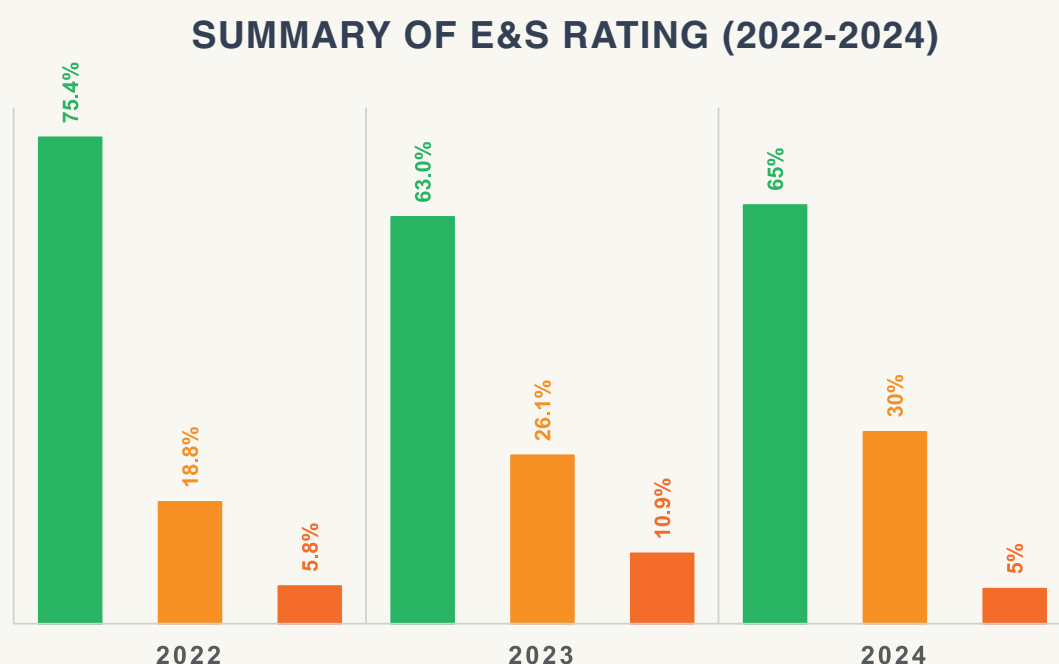
2.1.5. Indicators and objectives related to sustainability and climate risks and opportunities

Information on indicators and targets allows for an evaluation of the Bank's performance in terms of sustainability and climate-related risks and opportunities, as well as progress made toward achieving established targets. To this end, and to the best of its knowledge, the Bank uses all reasonable and justifiable information at its disposal.

The integration of climate-related risks and opportunities into the Bank's strategy, particularly through the incorporation of this component into the E&S policy as well as the overall risk management framework is primarily based on the implementation of indicators and targets. These indicators are used to assess and manage climate-related risks and opportunities, and to measure the material impact of the Bank's activities on the environment and climate, and the impact of climate change on the Bank itself.

2.1.5.1. Indicators related to sustainability risks

In accordance with the Bank's E&S policy, every project submitted for financing undergoes a systematic evaluation and environmental & social (E&S) risk rating. The breakdown of E&S ratings from 2022 to 2024 is summarized as follows:



Among the 152 projects rated during the 2022, 2023, and 2024 fiscal years, the results show that the vast majority of 92.8% fall under Categories D and C, meaning projects with minimal and easily manageable risks. Category B projects represent 7.2%, indicating limited potential E&S risks that can be addressed through appropriate mitigation measures.

Notably, no Category A projects were identified. This category includes projects that may cause significant, high, or irreversible negative environmental or social impacts that are difficult to control.

2.1.5.2. Indicators related to sustainability opportunities

a. Economic and Social Impact of the FEC's activities on the Population and Territorial Development

Recognizing that public investment is an essential instrument for driving territorial economic growth, the Bank has continued its efforts to increase its financial support in order to accompany regional investment dynamics and the scale-up following the implementation of advanced regionalization.

The Bank's commitment to strengthening the greening of its activities is a strategic challenge, aiming to contribute to a resilient and inclusive territorial development through the financing of local investments with strong social and environmental impacts. These investments help to reduce disparities in all forms, improve living conditions for local populations, and create wealth and job opportunities.

In 2024, loan commitments and disbursements reached 2,569 MDH and 1,821 MDH, respectively. These amounts enabled the FEC to contribute to the financing of several projects initiated by Territorial Communities across various sectors. It is worth noting that the Bank's lending activity as of the end of December 2024 returned to a normal level compared to 2023. The previous year had been marked by the FEC's co-financing of a strategic project involving the construction of water supply infrastructure as part of the interconnection of two hydraulic basins, characterized by its significant investment volume.

These financings supported the implementation of investment projects in various sectors, including road infrastructure, urban development, cultural and sports facilities, urban transport, health, education, and vocational training; all while improving the living conditions and quality of life of local populations. The indicators presented below, related to projects financed in the 2022, 2023, and 2024 fiscal years, are provided for illustrative purposes.

Contributing to the reduction of social and territorial disparities

The Bank continues its efforts to support Territorial Communities in addressing multidimensional deficits, particularly in terms of access to basic infrastructure and services in rural areas. The financed projects primarily aim to improve the accessibility of isolated populations to the national road network, and connect them to drinking water, sanitation, and electricity networks. These high social impact projects significantly contribute to enhancing living conditions, health, and safety for vulnerable populations, as well as to the socio-economic development of Territorial Communities.

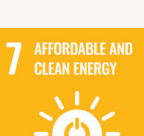
Rural roads and opening up access

SDGs	Indicators & Achievements	2022	2023	2024	Total
 1 NO POVERTY  10 REDUCED INEQUALITIES  11 SUSTAINABLE CITIES AND COMMUNITIES	Rural Roads and Opening up Access				
	Financing of projects aimed at reducing deficits in rural roads and improving transportation conditions and access to services, as well as the socio-economic development of landlocked rural populations.				
	■ Length of rural roads made accessible (Km) ■ Beneficiary population ■ Number of douars (villages) served ■ Number of beneficiary Territorial Communities: ■ Communes ■ Prefectures and Provinces ■ Regions	722	410	410	1,542
		369,057	486,555	292,703	1,148,315
		746	188	191	1,015
		77	64	114	255
		23	18	21	62
		10	4	7	10

Drinking water

SDGs	Indicators & Achievements	2022	2023	2024	Total
 1 NO POVERTY  3 GOOD HEALTH AND WELL-BEING  6 CLEAN WATER AND SANITATION	Securing and Improving Access to Drinking Water				
	Financing and implementation of projects aimed at improving access to drinking water, contributing to better public health and socio-economic development, making it possible to help fight against the rural exodus.				
	■ Length of drinking water network (Km) ■ Beneficiary population ■ Number of beneficiary Territorial Communities: ■ Communes ■ Prefectures and Provinces ■ Regions	73	32	126	231
		5,556	22,637	100,114	137,307
		2	6	32	40
		2	1	8	11
		2	1	4	7

Rural electrification

SDGs	Indicators & Achievements	2022	2023	2024	Total
 1 NO POVERTY  7 AFFORDABLE AND CLEAN ENERGY	Access to the Electricity Network				
	Financing of projects aimed at improving access to electricity and living conditions for the population.				
	■ Length of electricity network (Km) ■ Beneficiary population ■ Number of beneficiary Territorial Communities: ■ Communes ■ Prefectures and Provinces ■ Regions	1,250	40	78	1,368
		18,085	765	2,885	21,735
		74	2	1	77
		5	2	1	8
		1	1	1	3

Liquid sanitation

SDGs	Indicators & Achievements	2022	2023	2024	Total
3 GOOD HEALTH AND WELL-BEING 	Access to the Sanitation Network				
	Financing of projects aimed at connecting to the sanitation network and treating wastewater to ensure better protection of the population's health from waterborne diseases, improve hygiene conditions, and protect natural environments (water, soil...) from all forms of water pollution.				
	■ Length of sanitation network (Km)	-	49	28	77
	■ Beneficiary population	-	421,844	49,400	471,244
	■ Volume of treated wastewater (m³/d)	-	66,000	10,162	76,162
6 CLEAN WATER AND SANITATION 	■ Number of beneficiary Territorial Communities:	-			
	■ Communes	-	2	32	34
11 SUSTAINABLE CITIES AND COMMUNITIES 	■ Prefectures and Provinces	-	2	8	10
	■ Regions	-	1	4	5
14 LIFE BELOW WATER 					
15 LIFE ON LAND 					

Urban upgrading and redevelopment of underequipped neighborhoods

SGDs	Indicators & Achievements	2022	2023	2024	Total
11 SUSTAINABLE CITIES AND COMMUNITIES 	Urban Upgrading and Redevelopment of Underequipped Neighborhoods				
	Contributing to the implementation of regional and urban development programs by financing development projects and urban upgrading, as well as the redevelopment of under-equipped neighborhoods.				
	■ Length of roads and pedestrian paths (Km)	68	120	94	282
	■ Surface area of developed green spaces (m²)	264,255	11,803	61,718	337,776
	■ Beneficiary population	42,056	251,113	256,348	549,517
	■ Number of beneficiary Territorial Communities:				
	■ Communes	74	16	14	77
	■ Prefectures and Provinces	5	8	12	8
	■ Regions	1	6	5	3

Contributing to the expansion of sports facilities for the promotion of sports activities

SDGs	Indicators & Achievements	2022	2023	2024	Total
3 GOOD HEALTH AND WELL-BEING 	Expansion of Local Sports Facilities				
	Financing of projects aimed at the construction of community sports facilities (sports fields, multi-sports halls, swimming pools, etc.) enabling the population, particularly in rural and peri-urban areas, to practice sports under better conditions, promoting development and talent.				
5 GENDER EQUALITY 	■ Number of sports facilities	60	-	16	76
	■ Beneficiary population	96,189	-	66,000	162,189
	■ Number of beneficiary Territorial Communities:		-		
	■ Communes	47	-	13	60
	■ Prefectures and Provinces	6	-	5	11
	■ Regions	2	-	1	3

Contributing to the expansion of access to schooling and improved teaching conditions

SDGs	Indicators & Achievements	2022	2023	2024	Total
4 QUALITY EDUCATION 	Education and Training				
	Expansion of Access to Schooling				
5 GENDER EQUALITY 	Financing of projects aimed at constructing community schools and acquiring school transport vehicles to reduce school dropout, improve access to schooling, and enhance learning conditions, notably for girls.				
	■ Number of Community schools built and Campuses	4	-	-	4
	■ Number of school transport vehicles	92	-	-	92
10 REDUCED INEQUALITIES 	■ Beneficiary student population	2,688	-	-	2,688
	Promotion of Vocational Training				
	Financing for the construction of a vocational training institute in healthcare fields.				
	■ Capacity of the institute (students/trainees)	-	100	-	100
	Promoting Reading Culture				
	Financing of a project to establish 9 reading points forming a public reading network, geographically distributed across neighborhoods, allowing easy access to reading resources and tools for all social categories.				
	■ Number of reading points	-	9	-	9
	■ Number of children and young beneficiaries	-	68,525	-	68,525
	Improvement of higher education condition				
	Financing of a university campus redevelopment project aimed at improving traffic conditions within the campus, promoting sports, and improving learning conditions.				
	■ Number of student beneficiaries	-	60,000	-	60,000
	■ Number of beneficiary Territorial Communities:			-	
	■ Communes	4	3	-	7
	■ Prefectures and Provinces	3	3	-	6
	■ Regions	1	3	-	4

Strengthening and improving healthcare services and infrastructures

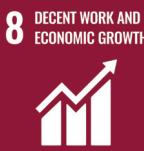
SDGs	Indicators & Achievements	2022	2023	2024	Total
	Strengthening and Improving Healthcare Services				
	Financing of health infrastructure projects (provincial hospitals, proximity hospitals, and specialty centers) aimed at strengthening and improving healthcare service capacity, addressing deficits in hospital and specialty facilities and medical equipment. These projects aim to provide accessible, modern, high-quality care close to local populations, reducing travel time to distant medical centers.				
	■ Number of healthcare facilities	-	5	1	6
	■ Capacity of healthcare facilities	-	450	150	600
	■ Beneficiary population	-	2,874,000	174,048	3,048,048
	■ Number of beneficiary Territorial Communities:	-			
	■ Communes	-	5	1	6
	■ Prefectures and Provinces	-	5	1	6
	■ Regions	-	1	1	2

Contributing to the enhancement of cultural, ecological, and historical heritage

SDGs	Indicators & Achievements	2022	2023	2024	Total
	Enhancement of Cultural Heritage				
	Financing of cultural infrastructure projects (theaters, art centers, museums, etc.) to promote human and cultural development through the strengthening of cultural and artistic offerings and improving attractiveness at the Commune level.				
	■ Number of cultural infrastructures developed	3	3	1	7
	■ Beneficiary population of cultural offerings	521,227	421,844	421,844	1,364,915
	■ Number of beneficiary Territorial Communities:				
	■ Communes	1	2	1	4
	■ Prefectures and Provinces	1	2	1	4
	■ Regions	1	2	1	4

SDGs	Indicators & Achievements	2022	2023	2024	Total
	Rehabilitation of Ecological and Historical Heritage				
	Financing of projects for the enhancement of ecological and historical heritage of national and global value through the development of tourist sites (trails, walkways, platforms, communication systems, etc.) allowing the diversification and safe practice of tourism activities in favorable conditions.				
	■ Number of developed sites	3	2	1	6
	■ Beneficiary population	387,946	794,462	83,110	1,265,518
	■ Number of beneficiary Territorial Communities:				
	■ Communes	2	2	1	5
	■ Prefectures and Provinces	1	2	1	4
	■ Regions	1	2	1	4

Contributing to the development and promotion of cultural and socio-economic activities

SDGs	Indicators & Achievements	2022	2023	2024	Total
 1 NO POVERTY  8 DECENT WORK AND ECONOMIC GROWTH  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  11 SUSTAINABLE CITIES AND COMMUNITIES	Development of Economic and Industrial Activities				
	Financing of economic and industrial projects (industrial zones, logistics zones, economic hubs, etc.) in sectors with high economic and employment potential. These sustainable projects aim to protect the environment, generate income for local populations, and improve access to modern and sustainable economic opportunities.				
	■ Number of economic and industrial infrastructures	3	6	-	9
	■ Number of sustainable jobs created	5,103	14,104	-	19,243
	■ Number of beneficiary Territorial Communities:			-	
	■ Communes	3	5	-	8
	■ Prefectures and Provinces	2	3	-	5
	■ Regions	2	2	-	4

2.1.5.3. Indicators related to climate risks

Given its geographic location and the current climate change context, Morocco is facing a climate trend characterized by successive periods of drought and increasingly intense and frequent heavy rainfall episodes, resulting in significant impacts on human lives and property. In this context, territories are more than ever called upon to implement programs and projects to combat climate change and its effects. The indicators presented below pertain to projects financed during the 2022, 2023, and 2024 fiscal years.

Contributing to territorial resilience against climate change effects

SDGs	Indicators & Achievements	2022	2023	2024	Total
 13 CLIMATE ACTION  11 SUSTAINABLE CITIES AND COMMUNITIES	Flood Protection / Climate Co-benefits – Adaptation				
	Financing of development projects to mitigate flood risks during heavy rainfall, contributing to enhancing the adaptive capacity of territories and protecting lives and property against climate risks.				
	■ Number of infrastructures built	3	3	-	6
	■ Beneficiary population protected from floods	454,623	1,810	-	456,433
	■ Number of beneficiary Territorial Communities:			-	
	■ Communes	4	3	-	7
	■ Prefectures and Provinces	2	3	-	3
	■ Regions	1	1	-	1

SDGs	Indicators & Achievements	2022	2023	2024	Total
13 CLIMATE ACTION 	Strengthening Resilience to Water Stress / Climate Co-benefits – Adaptation				
	Financing of projects to secure water supply in response to water stress caused by recurring droughts at the level of two Regions. This is a strategic water transfer project between hydraulic basins.				
11 SUSTAINABLE CITIES AND COMMUNITIES 	■ Length of drinking water pipeline (Km)	66.5	-	-	66.5
	■ Volume of water transferred (m³/s)	15	-	15	-
	■ Beneficiary population	11,000,000	-	-	11,000,000
	■ Number of beneficiary Territorial Communities:		-	-	
	■ Regions	2	-	-	2

SDGs	Indicators & Achievements	2022	2023	2024	Total
13 CLIMATE ACTION 	Reuse of Treated Wastewater / Climate Co-benefits – Adaptation				
	Financing of projects promoting the reuse of treated wastewater for irrigating green spaces, helping to alleviate water stress caused by recurring droughts and improve environmental resilience in two regions.				
11 SUSTAINABLE CITIES AND COMMUNITIES 	■ Volume of reused water (m³/d)	-	44,000	10,000	54,000
	■ Surface area of irrigated green spaces (ha)	-	1,000	100	1,100
	■ Number of beneficiary Territorial Communities:	-			
	■ Regions	-	1	1	2

SDGs	Indicators & Achievements	2022	2023	2024	Total
13 CLIMATE ACTION 	Strengthening Climate Resilience of Populations / Climate Co-benefits – Adaptation				
	Projects aimed at reducing the impacts of climate change-related risks on populations through the development of protective infrastructure (flood control structures, runoff retention systems, etc.), ensuring continued access to services and safety for local communities during flood events.				
	■ Beneficiary population	369,057	486,555	292,703	1,148,315
	■ Number of douars (villages) served	746	188	191	1,015
	■ Number of beneficiary Territorial Communities:				
	■ Communes	77	64	114	255
	■ Prefectures and Provinces	23	18	21	62
	■ Regions	10	4	7	10

2.1.5.4. Indicators related to climate opportunities

Contributing to the transition to low-carbon territories

Energy efficiency

SDGs	Indicators & Achievements	2022	2023	2024	Total
	Mitigation of GHG emissions and energy savings / Climate Co-benefits – Mitigation				
	Financing of projects integrating energy efficiency measures that reduce carbon emissions and energy consumption, while also providing economic savings by lowering the energy bills of Territorial Communities.				
	■ GHG emissions reduction	-	63,000	59,257	122,257
	■ Energy saved (MWh)	-	69,000	24,960	93,960
	■ Number of beneficiary Territorial Communities:	-			
	■ Regions	-	1	1	2

Renewable energy

SDGs	Indicators & Achievements	2022	2023	2024	Total
	Renewable Energy Production / Climate Co-benefits – Mitigation				
	Financing of projects integrating renewable energy production solutions, such as energy recovery from sludge through cogeneration and photovoltaic panel installation. These projects help reduce energy bills, avoid carbon emissions, and meet on-site electricity needs.				
	■ GHG emissions reduction	-	258,460	-	258,460
	■ Energy saved (MWh)	-	358,000	-	358,000
	■ Number of beneficiary Territorial Communities:	-		-	
	■ Regions	-	1	-	1

Sustainable Urban transport

SDGs	Indicators & Achievements	2022	2023	2024	Total
	High Service Level Bus Line (BHNS) / Climate Co-benefits – Mitigation				
	Financing of a High Service Level Bus Line (BHNS) project with dedicated lanes offering users better transport conditions in terms of frequency, speed, comfort, accessibility, and safety. The project positively impacts the climate and air quality by reducing car usage and related GHG emissions. It also generates energy savings through efficient public lighting along the line's route.				
	■ GHG emissions reduction	-	-	36,580	36,580
	■ Energy saved (MWh)	-	-	6,860	6,860
	■ Number of daily beneficiary passengers	-	-	60,000	60,000
	■ Number of beneficiary Territorial Communities:	-	-		
	■ Regions	-	-	1	1

2.1.6. Stakeholder dialogue conditions

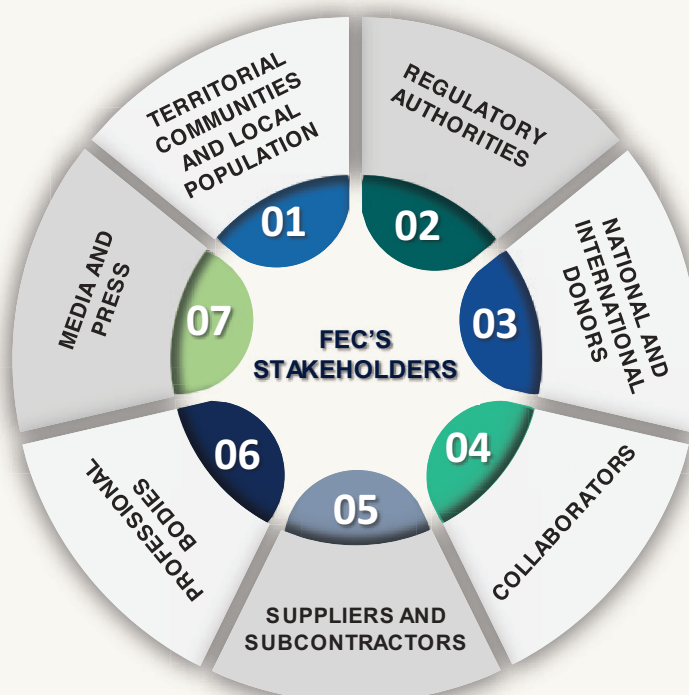
The Bank ensures optimal conditions for dialogue and exchange with key stakeholders through tailored communication channels, either regularly or on an ad hoc basis, to effectively meet their expectations and needs.

Through its E-services platform, the Bank offers Territorial Communities a digital solution that facilitates access to information about financing and support products and services. It also enables them to consult the status of their commitments and monitor or manage their correspondence with the Bank.

Furthermore, the Bank places particular emphasis on actively involving Territorial Communities and institutional partners during the development of new offerings specifically designed for Territorial Communities. The goal is to provide appropriate and effective responses to their financing and support needs.

2.1.7. Stakeholder mapping

The main stakeholders of the FEC are as follow:



The main communication channels with stakeholders are as follow:

Stakeholders	Communication Channels*	Frequency
Territorial Communities (Regions, Prefectures, Provinces, Communes...)	- E-Services platform - Meetings, field missions... - Visits to prospects or clients, meetings, seminars, workshops... - Institutional communication supports - Web site, emails, phone contacts...	Daily, weekly, monthly or punctual and as required
National and international donors	- Due diligence missions, especially in the context of financing with DFIs - Meetings, field missions... - Institutional communication supports - Web site, emails, phone contacts...	Daily, weekly, monthly or punctual and as required
Regulatory authorities	- Reports, financial statements, financial publications and press releases (website, legal notices...) - Web site, emails, phone contacts...	Annual, semestrial and quarterly or punctual
Professional organizations	- Thematic committees - Risk reporting	Monthly or quarterly
Suppliers and subcontractors	- Purchasing regulation - Web site, emails, phone contacts...	Punctual and as needed
Media and press	- Financial publications and press releases (website, legal notices...)	Regular, punctual and as needed

* Non-exhaustive list

2.1.8. Stakeholder selection policies and criteria

Territorial Communities

As part of its mission, the FEC offers tailored financing solutions that meet the needs of Territorial Communities for implementing projects across various sectors that fall within their legal mandates, as defined by Organic Laws No. 111-14, 112-14, and 113-14, related respectively to Regions, Prefectures and Provinces, and Communes. These projects aim to improve citizens' living environments.

To access the FEC's financing solutions, the borrowers must meet conditions that align with the Bank's overall risk strategy.

Suppliers

The selection of the FEC's suppliers is carried out in accordance with the FEC's Purchasing Regulations, as approved by its Board of Directors. These regulations define the conditions and procedures for awarding contracts for works, supplies, and services, as well as the rules for their execution and control.

The FEC's purchasing process follows the principles of free access to public contracts, equal treatment and protection of competitors' rights, and transparency in the contracting authority's decisions.

These principles ensure the efficiency of public Purchasing and the proper use of public funds. They require a prior definition of needs, compliance with advertising and competitive bidding obligations, and the selection of the most economically advantageous offer.

Partners

In fulfilling its mission, the FEC operates in interaction with its evolving environment and in support of public policies. It continuously works to create conditions that foster new financial partnership opportunities with specialized institutions. These new financial synergies go beyond financing lines, especially those related to climate co-benefit projects, and include subsidies for technical assistance to benefit Territorial Communities.

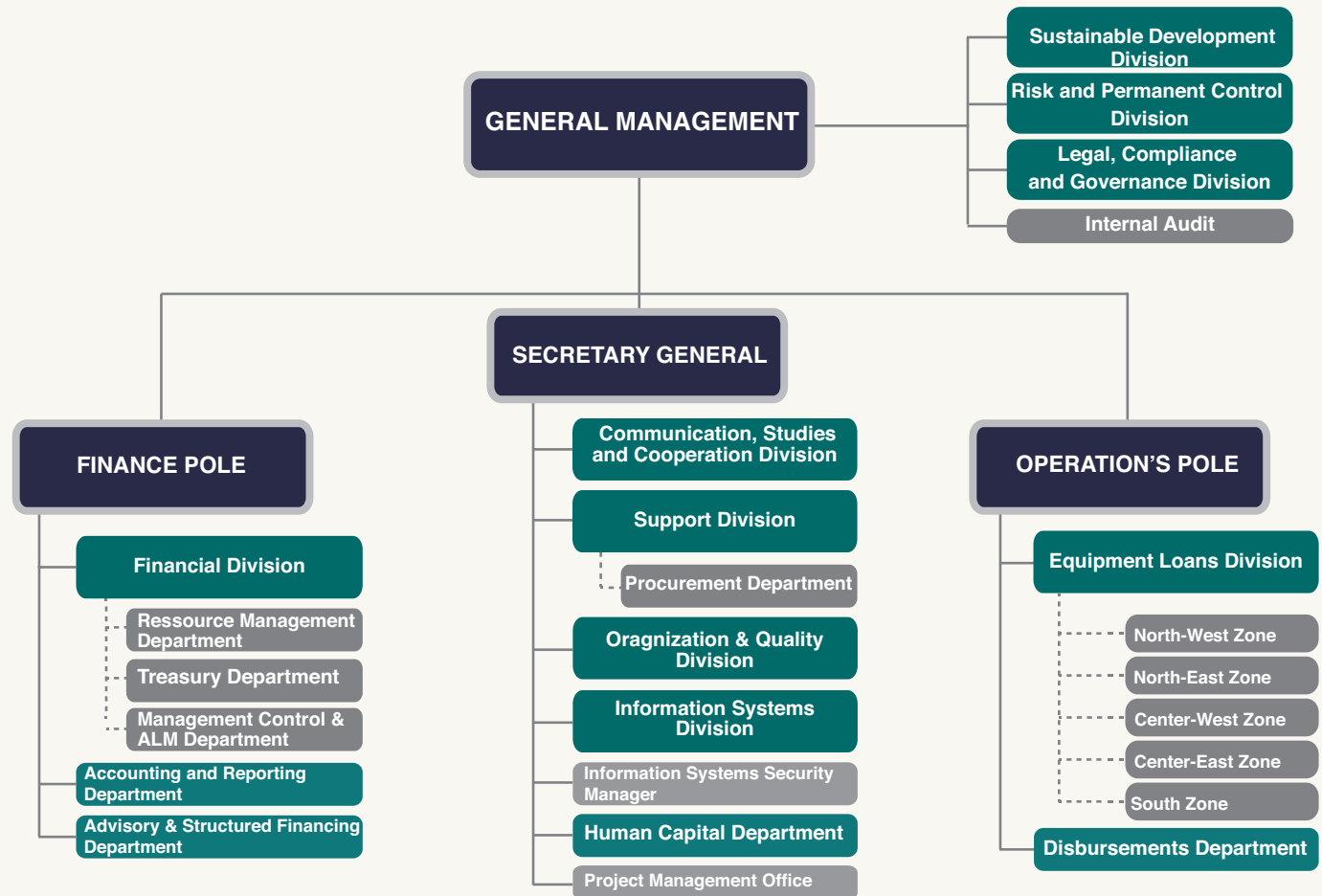
2.2. Social information

2.2.1. Human resources management policy

In a constantly evolving environment that requires the Institution to adapt continuously particularly in view of the challenges and growing investment needs of Territorial Communities in support of sustainable territorial development, the FEC has adopted a strategic vision. This vision has enabled the launch, over recent years, of several structuring projects aimed at anticipating these changes and enhancing its ability to evolve in alignment with its ecosystem.

In this regard, the implementation of this strategic vision has translated, in terms of Human Capital, into organizational actions aimed at optimizing synergies and expertise within the Institution's various entities, particularly through the grouping of business activities into "Pools of Expertise".

The organizational chart of the Fonds d'Équipement Communal is as follows:



Recruitment

Recruitment is governed by a recruitment system approved by the FEC's Board of Directors on October 30, 2013.

As part of this system, 3 internal and external calls for applications were launched during the year 2024, at the end of which (1) recruitment was carried out for the audit function and (2) others are in the process of being completed.

Compensation

The compensation of the Bank's employees is based on a dual system placing employment at the heart of the compensation, by adopting a weighing and classification of jobs according to the missions and responsibilities assigned.

Moreover, the compensation policy for the FEC's employees is governed by the provisions of Title III of the internal staff regulations, and the implementation decisions are taken by the Governor, General Manager.

Career management

The FEC's Career Management is based on the principle of evaluating employees on the basis of the gaps between required and acquired skills. This assessment and evaluation system allows employees to access both horizontal and vertical mobility, targeted training, as well as an annual bonus proportional to performance.

It should be noted that the reorganization movements carried out at the Bank level have allowed certain employees to have more opportunities in terms of mobility, both horizontal and vertical, within the different structures and between them.

Training

In line with the ongoing efforts to inform and raise awareness among all staff members across various areas, thematic workshops and seminars were held during 2024, including:

1. Training and awareness-raising sessions on Information Systems security;
2. Awareness sessions and workshops on the provisions of the FEC's Code of Ethics.

This year was also marked by participation in both national and international workshops and events, with the aim of representing the Institution, promoting experience sharing, and strengthening staff expertise. In this context, the FEC's employees took part in a training program organized by the Central Bank in partnership with the European Bank for Reconstruction and Development (EBRD), focused on «Environmental and Climate-Related Financial Risks for the Banking Sector.»

In addition, the Bank funded a diploma-level training program in finance for a senior executive, allowing him to improve his knowledge and skills in order to further contribute to the Bank's performance.

The training budget for the period 2022-2024 is as follows:

In KDH	2022	2023	2024
Training budget	250	250	400
Training Budget / Staff Ratio	0.5%	0.5%	0.7%
Achievement rate	37.5%	59.5%	24.5%

Gender equality

The provisions of the FEC's Internal Regulations, as well as the decisions derived from them, are based on the principles of gender neutrality and non-discrimination. In this regard, the Bank is committed to ensuring gender equality, in particular through the implementation of concrete actions in all areas of human resources management, including recruitment, remuneration, vertical mobility of which only the criteria of training, experience, and merit are considered, access to various categories of loans and social donations, etc.

2.2.2. Workforce over the last three fiscal years

Breakdown by type of employment contract

The breakdown and evolution of the FEC's workforce over the last three years, by type of employment contract, are as follows:

Breakdown of the workforce by type of contract	2022	2023	2024
Open-ended contract	84	81	79
Fixed-term contract	-	-	-
Statutory	7	6	6
Total	91	87	85

Overall breakdown by gender

The distribution and evolution of the FEC's workforce over the last three years, by gender, is as follows:

	2022		2023		2024	
Gender	Women	Men	Women	Men	Women	Men
Workforce breakdown	42	49	39	48	39	46
Total	91		87		85	

Overall distribution by gender and by supervision rate

The supervision rate of the Bank's workforce (High school degree + Bachelor degree and above) is as follows:

	2022		2023		2024	
Distribution of the workforce by category	Women	Men	Women	Men	Women	Men
≥ High school degree + Bachelor degree and above	29	41	27	40	27	39
< High school degree + Bachelor degree	13	8	12	8	12	7
Workforce by gender	42	49	39	48	39	46
Overall workforce	91		87		85	
Supervision rate	77%		77%		78%	

The supervision rate exceeded 78% in 2024. Depending on gender, this rate is proportional to the total workforce and has remained stable during the period 2022-2024.

Overall distribution by gender and by category

The breakdown and evolution of the FEC's workforce by gender and by category are as follow:

	2022		2023		2024	
Category	Women	Men	Women	Men	Women	Men
General Management	-	1	-	2	-	2
Directors	2	8	2	6	2	6
Managers	7	6	6	6	5	6
Managerial staff	31	29	29	30	30	28
Employees	2	5	2	4	2	4
Workforce by gender:	42	49	39	48	39	46
Total	91		87		85	

Breakdown by seniority

The breakdown and evolution of the FEC's workforce by seniority is as follows:

Seniority	2022	2023	2024
Range > to 20 years	35	33	31
10 years < range < to 20 years	45	42	41
5 ans < range < to 10 years	4	7	7
Range < to 5 years	7	5	6
Total	91	87	85

2.2.3. Employee profit-sharing scheme over the last three fiscal years

To date, there is no profit-sharing plan or participation of the staff in the FEC's capital, given its status of a public institution owned 100% by the State.

2.2.4. Human resources indicators for the last three fiscal years

Number of staff representatives

The staff representatives during the period under review are as follows:

	2022	2023	2024
Employee representatives*	-	-	-

* The staff elections were carried out in accordance with the decree of the Minister of Economy and Finance no. 1010.21 of 06/04/2021. At the end of these elections, no list was presented.

Number of strike days per fiscal year

The FEC has not recorded any strike days in the last three years.

Number of work accidents per fiscal year

Over the last 3 financial years, the FEC has recorded 2 work accidents, which were fully covered under contracts with insurance companies.

Number of layoffs per year and per category

During the fiscal years under review, no layoffs were recorded in the FEC.

Number of resignations by fiscal year and by category

The number of resignations of the FEC's staff over the past three fiscal years is as follows:

Number of resignations	2022	2023	2024
General Management	-	-	-
Directors	-	-	-
Managers	-	1	-
Managerial Staff	1	1	-
Employees	-	-	-
Total resignations	1	2	-

In addition, the number of departures (retirement, temporary leave of absence, etc.) of the FEC's staff over the last three fiscal years is as follows:

Number of departures	2022	2023	2024
General Management	-	-	-
Directors	1	1	-
Managers	-	1	-
Managerial Staff	-	1	1
Employees	1	-	1
Total departures	2	3	2

Number of recruitments by fiscal year and by category

The number of the FEC's staff recruitments over the past 3 fiscal years, by category, is as follows:

Number of recruitments	2022	2023	2024
General Management	-	-	-
Directors	-	-	-
Managers	2	1	-
Managerial Staff	1	-	1
Employees	-	-	-
Total of recruitments	3	1	1

Taking into account the different elements presented above, the turnover within the FEC has evolved during the period under review as follows:

	2022	2023	2024
Recruitments	3	1	1
Departures	2	3	2
Resignations	1	2	-
Workforce	91	87	85
Turnover rates* (in %)	3.3%	3.4%	1.8%

* Turnover = (Recruitments + Departures + Resignations) / 2 / Workforce

The turnover rates recorded at the Bank level ranged from 1.8% to 3.4% over the past three years.

Number and nature of social disputes by financial year

No social dispute (collective or individual) was recorded over the 2022-2024 period.

2.3. Governance

2.3.1. Composition of the governance body

The FEC's Board of Directors (BD)

In accordance with the provisions of Article 4 of Law n° 31-90 on the reorganization of the FEC, promulgated by Dahir n° 1-92-5 of August 5, 1992, as amended and supplemented, and the provisions of Article 3 of Decree n° 2-90-351 of December 14, 1992, issued to implement the aforementioned Law n° 31-90, the FEC is administered by a Board chaired by the Head of Government or by the Governmental Authority delegated by him for this purpose. In this case, the Minister of the Interior who, according to article 2 of the aforementioned decree, ensures the supervision of the FEC, subject to the powers and responsibilities vested in the Minister of the Economy and Finance by the laws and regulations on public institutions.

In accordance with Article 5 of Law No. 82-20 establishing the National Agency for Strategic Management of State Holdings and Monitoring the Performance of Public Institutions and Enterprises (ANGSPE), the FEC's Board of Directors, at its meeting on May 31, 2023, acknowledged the designation of the ANGSPÉ representative as a member of the Board.

The FEC's Board of Directors is composed of 9 members representing the Administration and 8 members representing the local elected officials. In addition to its Chairman, it includes the following non-executive members³:

- Two representatives of the Ministry of Interior;
- Two representatives of the Ministry of the Economy and Finance;
- A representative of the National Agency for Strategic Management of State Holdings and Monitoring the Performance of Public Institutions and Enterprises (ANGSPE);
- One representative of the Ministry of Health and Social Protection;
- One representative of the Ministry of Equipment and Water;
- One representative of the Ministry of Energy Transition and Sustainable Development;
- The General Manager of the Caisse de Dépôt et de Gestion or his representative;
- Eight communal councilors designated by decision of the Minister of the Interior, in accordance with the provisions of Article 4 of the aforementioned Law n°31-90.

It emerges that in accordance with the provisions of Article 4 of Law n° 31-90 on the reorganization of the FEC, as amended and completed, and those of Article 3 of its implementing decree:

- The members of the FEC's Board of Directors, representing the Administration, are appointed by regulation;
- The members of the Board of Directors representing the local elected officials are appointed by decision of the Minister of the Interior.

3. The Governor of Bank Al-Maghrib is no longer a member of the Board of Directors, which had taken note of BAM's withdrawal from the FEC's Board of Directors during its May 30, 2006 meeting.

As of December 31, 2024, the FEC's Board of Directors is composed as follows:

Composition of the FEC's Board of Directors (BD) as of December 31, 2024 ¹							
Last names and first names	Age	Man / Woman	Nationality	Date of first appointment	Term expiry year of the mandate**	Number of directorships in other companies	FEC Committee Membership
						Total number of mandates	of which in publicly traded companies
President							
Mr. Abdelouafi IAFIT, Minister of the Interior	57 years	Man	Moroccan	--	--	--	--
Executive Directors							
--	--	--	--	--	--	--	--
Non-executive directors²							
Directors of the FEC representing the administration							
Two (2) representatives of the Ministry of the Interior (Members not designated in situ personnel)							
--	--	--	--	--	--	--	--
Mr. Khalid EL HATTAB ³	47 years	Man	Moroccan	March 14, 2023	--	11	3
Mr. Hamid TAWFIKI	60 years	Man	Moroccan	March 31, 2023	--	10	4
Mrs. Saadia LAAROUSSI	51 years	Woman	Moroccan	November 09, 2015	--	--	--
Mr. Mohammed EL IDRISSI	50 years	Man	Moroccan	January, 03 2022	--	1	1
Mr. Abdelouhab BELMADANI ⁵	45 years	Man	Moroccan	October 29, 2018	--	--	--
Mr. Mohamed OUHMED	55 years	Man	Moroccan	April 12, 2021	--	--	--
Mr. Ahmed SKIM ⁶	51 years	Man	Moroccan	October 04, 2024	--	1	1
FEC administrators representing local elected officials							
Mrs. Mina BOUHDOUD	60 years	Woman	Moroccan	May 03, 2017	--	--	--
Mr. Mohammed CHAOUKI	51 years	Man	Moroccan	May 03, 2017	--	--	--
Mr. Badr EL MOUSSAOUI	43 years	Man	Moroccan	May 03, 2017	--	--	--
Five (5) members representing elected officials are being appointed following the September 2021 elections (Termination of office)	--	--	--	--	--	--	--
Independent Administrators⁴							
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* The administrators present or represented unanimously designated Mr. Wali, Secretary General of the Ministry of the Interior, President of the meeting of the 29th of May 2024 and the 7th of November 2024.

** The texts governing the FEC do not provide for any specific provisions related to the duration of the Administrators' mandate.

1- The composition of the FEC's Board of Directors is determined according to the provisions of Article 3 of Decree No. 2-90-351 of December 14, 1992, taken for the application of Law No. 31-90 on the reorganization of the FEC.

2- The members of the FEC's Board of Directors are appointed, as the case may be, by regulation (eight representatives of the administration) and by decision of the Minister of the Interior for the communal councilors (article 4 of the aforementioned law No. 31-90 and article 3 of its implementation decree).

3- In accordance with article 5 of law n°82-20 establishing the National Agency for the Strategic Management of State Holdings and monitoring the performance of Public Institutions and Enterprises (ANGSPE), the FEC's Board of Directors' meeting on May 31, 2023, took note of the designation of the ANGSPÉ representative as a member of the said Board.

4- The provisions of the Circular No. 5/W/16 of the Wali of Bank Al-Maghrib dated June 10, 2016 setting the conditions and procedures for appointing independent administrators within the administrative body of credit institutions could only be taken into account in the context of the envisaged institutional reform of the FEC.

5- During the meeting of the FEC's Board of Directors on the 29th of May 2024 and the 7th of November 2024, Mr. Abdelouhab BELMADANI, representative of the Ministry of Health and Social Protection, was represented by Mr. Abdellah AL MARNISSI.

6- Mr. Razouane attended the meeting of May 23, 2024 as a member of the Board of Directors (end of term on October 4, 2024). At the meeting of November 7, 2024, Mr. SKIM was represented by Mrs. Halima LASSIQ.

Brief information on the qualifications and professional experience of the FEC's administrators

I. Chairman of the FEC's Board of Directors⁴

Mr. Abdelouafi LAFTIT, was reappointed Minister of the Interior by HM King Mohammed VI, may God assist him, on October 7, 2021.

Mr. LAFTIT was born on September 29, 1967 in Tafrisst. A graduate of the Ecole Polytechnique de Paris in 1989 and the Ecole Nationale des Ponts et Chaussées in 1991, he began his professional career in the financial sector in France before joining the Office d'Exploitation des Ports (ODEP) where between 1992 and 2002, he successively held the position of director of ports in Agadir, Safi and Tangier, before being appointed, in May 2002, director of the Regional Investment Center of Tangier-Tetouan.

On September 13, 2003, Mr. LAFTIT was appointed by HM King Mohammed VI, may God assist him, Governor of the Fahs-Anjra Province, before being appointed, in October 2006, Governor of the Province of Nador, position which he held until his appointment in March 2010, Chairman and CEO of the development company for the conversion of the port area of Tangier city. On January 24, 2014, the Sovereign renewed his confidence in him by appointing him Wali of the region of Rabat-Salé-Zemmour-Zaer, Governor of the Prefecture of Rabat. On April 5, 2017, Mr. LAFTIT was appointed by HM King Mohammed VI as Minister of the Interior, a position he currently holds.

II. Members of the Board of Directors representing the Administration:

Mr. Khalid EL HATTAB: Administrator of the FEC representing the National Agency for the Strategic Management of State Holdings and Monitoring of the Performance of Public Institutions and Enterprises (ANGSPE).

With an MBA in Finance from Oklahoma City University (USA), Mr. Khalid EL HATTAB has twenty-three years of experience in management, strategy and development, market and corporate finance, risk management, banks and consulting, in reference organizations (Bank Al-Maghrib, Caisse de Dépôt et de Gestion, Mazars, etc.).

Mr. Khalid EL HATTAB is currently Director of the Finance and Performance Management Pole within the National Agency for the Strategic Management of State Holdings and Monitoring of the Performance of Public Institutions and Enterprises (ANGSPE) and is also administrator and Member/Chairman of the Audit & Risk/Investment Committees of several establishments and companies within the scope of the Agency and operating in the main sectors of the economy, territorial development, investment, tourism, infrastructure, banks...

Mr. HAMID TAWFIKI: FEC's Administrator representing the Caisse de Dépôt et de Gestion (CDG).

Mr. TAWFIKI graduated from the École Polytechnique de Paris and the École Nationale Supérieure des Mines de Paris. He also holds a DEA in Mathematics from the University of Paris Dauphine.

Mr. TAWFIKI has been Deputy Managing of the CDG Group since May 2023. He was previously Administrator and Managing Director of CDG Capital since September 2010. He served as Chairman of the Casablanca Stock Exchange (2016-2020) and Chairman of Maghreb Titrisation (2010-2021).

Mr. TAWFIKI is currently a Board Member of CDG Capital, FEC, SCR, CIH, the Casablanca Stock Exchange, and Atlanta-Sanad.

Before joining the CDG Group, Mr. TAWFIKI was Chairman and Co-founder of Avenir Global Investment Advisors, an investment and asset management consulting firm specialized in sustainable development based in Switzerland.

4. Source: Express biography of the Minister of the Interior, published in the newspaper "Le Matin" on October 8, 2021 (electronic version).

Mr. TAWFIKI has nearly 34 years of experience in International Finance, having held several senior positions in Europe, the Middle East, and Asia. Within the Suez Group and the Crédit Agricole Group, Mr. TAWFIKI was successively: Managing Director, Global Head of Commodity Derivatives; Managing Director, in charge of Capital Market Activities in Emerging Countries; Regional Director of Investment Banking in Asia; Director of Marketing and Investments; and Head of Strategic Studies and International Organization.

Mr. TAWFIKI is a member of the Bretton Woods Committee and Co-chair of the International Development Finance Club (IDFC). He is passionate about sustainable finance and development finance.

Mrs. Saadia LAAROUSSI: Administrator of the FEC representing the Ministry of the Economy and Finance.

Holder of an engineering degree in statistics from the National Institute of Statistics and Applied Economics in Rabat, Ms. Saadia LAAROUSSI joined the Ministry of the Economy and Finance in 1997 as an executive in the Division of Local Finance in the Budget Department. In 2015, Ms. LAAROUSSI was appointed Head of Local Finance Department. Since 2019, she has held the position of Head of the Department for Monitoring Resources Allocated to Territorial Communities within the aforementioned Local Finance Division.

Mr. Mohammed EI IDRISSE: Administrator of the FEC representing the Ministry of Economy and Finance.

Mr. Mohammed EI Idrissi is a graduate of the National School of Administration of Rabat. He began his career in 1997 at the Customs Administration where he held several positions, notably that of Inspector at the Port of Casablanca and Head of the Collection Monitoring and Support Office for Collectors. In 2009, Mr. Mohammed EI Idrissi joined the Office of the General Inspectorate of Finance. Subsequently, Mr. Mohammed EI IDRISSE joined the Department of Treasury and External Finance of the Ministry of the Economy and Finance where he held the position of Head of Department in the the Financial Sector's Division, then in the Pole in charge of Relations with the Africa and Europe.

Mr. Mohammed EI IDRISSE currently holds the position of Head of the Sectorial Financing and Financial Inclusion Division within the Treasury and External Finance Department of the Ministry of the Economy and Finance.

Mr. Ahmed SKIM: Administrator of the FEC representing the Ministry of Equipment and Water.

An engineer graduated from the National Polytechnic Institute of Grenoble (1993) and holder of a Master of Business Administration (MBA) from the École Nationale des Ponts et Chaussées in Paris (2007), Mr. Ahmed SKIM has held several high-level positions within the public administration and in the field of water and environmental management. He served as Head of the Organization and Methods Division at the General Directorate of Hydraulics, State Secretariat in charge of Water (March 2005 – December 2008), and as Head of the Pilot Projects and Environmental Impact Studies Division at the General Secretariat of the State in charge of Water and Environment (December 2008 - March 2011).

In 2011, Mr. Ahmed SKIM was appointed Director of Heritage Preservation, Innovation, and Promotion at the Ministry of Handicrafts (March 2011 – February 2014), then Adviser to the Head of Government (February 2014 – January 2015). In 2015, he took charge of the Directorate of Migration Affairs at the Ministry in charge of Moroccans Residing Abroad and Migration Affairs (January 2015 - January 2024).

Since 2024, Mr. Ahmed SKIM has been serving as Director of Strategy and Financing at the Ministry of Equipment and Water. He leads the development of the Ministry's Strategic Plans and coordinates their implementation by establishing the necessary budgets and financing. He also oversees the governance bodies of the State-Owned Enterprises and Public Institutions under the Ministry's supervision.

Mr. Mohamed OUHMED: Administrator of the FEC representing the Ministry of Energy Transition and Sustainable Development.

Mr. OUHMED currently holds the position of Director of Renewable Energies and Energy Efficiency at the Ministry of Energy, Mines and Environment of the Kingdom of Morocco.

He holds a State Engineering degree from the Ecole Nationale Supérieure des Mines in Rabat and an International MBA from the Dauphine University of Paris.

Mr. OUHMED has held several positions of responsibility within the Ministry of Energy, Mines and the Environment, mainly as «Head of the Coordination and Legal Affairs Division», as « in Charge of Studies » to the General Secretary and as ‘Head of Distribution and Oil Market Management’.

Mr. Abdelouahab BELMADANI: Administrator of the FEC representing the Ministry of Health and Social Protection.

Mr. Abdelouahab BELMADANI has been Director of Planning and Financial Resources at the Ministry of Health and Social Protection in Morocco since 2018. He also holds the position of Acting Director of the Department of Equipment and Maintenance.

Prior to his current role at the Ministry of Health and Social Protection, Mr. BELMADANI held positions of responsibility in the Budget Division at the Ministry of the Economy and Finance (2010-2018) where he participated in the process preparation and implementation of the Organic Finance Law as well as several structuring projects related to public financing and cooperation with international Technical and Financial Partners.

Mr. BELMADANI actively participated in the management of the COVID-19 crisis in Morocco due to his responsibilities as the acting director in charge of investments and equipment of healthcare facilities, as well as his attributions related to financing and international cooperation at the level of the Division of Planning and Financial Resources.

As part of his capacity as coordinator of international health cooperation, Mr. BELMADANI co-chairs with the WHO the health group for the development and monitoring of the UNDAF (United Nations Development Assistance Framework) as well as the new Cooperation Framework for Sustainable Development (CFSD). He is an alternate member of the WHO Executive Board and focal point for health cooperation with the African Union.

Mr. BELMADANI holds a State Engineer degree in agro-economics from IAV Hassan II and a master’s degree in Banking and Financial Markets from the François Rabelais University of Tours (France). He also has completed several certified training programs in the field of finance and leadership on the Sustainable Development Goals.

III. Members of the Board of Directors representing elected officials:

Mrs. Mina BOUHDOUD: Administrator of the FEC representing local elected officials.

Mrs. BOUHDOUD is elected President of the Communal Council of ELGFIFATE Province of TAROUDANT.

Mr. Mohammed CHAOUKI: Administrator of the FEC representing local elected officials.

Mr. CHAOUKI is elected President of the Communal Council of FOUM JEMAA - Province of AZILAL.

Mr. Badr EL MOUSSAOUI: Administrator of the FEC representing local elected officials.

Mr. EL MOUSSAOUI is elected President of the Communal Council of EL MARSA-Province of LAAYOUNE.

Furthermore, and in accordance with the provisions of Article 10 of the aforementioned Law No. 31-90, the state's financial control of the institution is ensured by a Government Commissioner in charge of ensuring the conformity of the FEC's decisions with the provisions of Law No. 31-90 relating to the reorganization of the FEC and the State's general policy in financial matters. Its assent is required by the Board for:

- The decree of the general program of loans;
- Approval of the Fund's operating and investment budget;
- Allocation of profits;
- The status and compensation of Employees.

It is important to specify that the mission and the operating modalities of the FEC's Board of Directors (composition, convocation of members, quorum, deliberations, etc.) are governed by the provisions of the aforementioned law n° 31-90 and by its implementing decree, considering the status of the FEC, which is a public institution endowed with legal personality and financial autonomy, subject to the provisions of the Law No. 103-12 related to credit institutions and similar organizations, as amended and completed.

Finally, in application of the provisions of article 5 of the aforementioned decree n° 2-90-351, the FEC Board of Directors meets at least twice a year:

- Before May 31st to close the accounts for the past financial year;
- Before October 31st to examine and approve the FEC's budget and the forecasted program for the following year.

Prior to the holding of each meeting of the Board of Directors, the FEC's General Management sends to the Chairman of the Board of Directors a file containing the following elements:

- The agenda of the meeting;
- The minutes of the previous meeting;
- The draft resolutions to be approved at the next meeting;
- The management report to be presented at the Board meeting and, if applicable, the documents or reports on the basis of which the administrators will be able to participate in the discussions and take the necessary decisions;
- A matrix highlighting the implementation of directors' recommendations from previous meetings, if any.

This file is also sent to all the administrators, the Government Commissioner and the Statutory Auditors, prior to each Board meeting.

Aware of the importance of promoting gender equality within the Bank and encouraging the representation of both genders in its organization⁵, the FEC is in the process of finalizing its gender policy, in accordance with Bank Al-Maghrib's recommendation No. 1/W/2022 of May 19, 2022 related to the consideration of the gender dimension in credit institutions in force. This policy will thus make it possible to promote the strengthening of equality between men and women (recruitment policy, career management, remuneration, training, etc.) and to ensure a balance between men and women within its various bodies of governance.

5. The Bank's commitments to ensure gender equality are detailed in point 2.2 related to social information of this ESG Report.

This policy will also consolidate the statements of the Environmental and Social (E&S) policy of the FEC, mainly in terms of respect for gender equality and will be based on the axes of the SER strategy of the FEC, in particular area 2 «Social» (see point 1.1 *Profile and strategy of the FEC's Corporate and Environmental Responsibility (CES)*).

Specialized committees

■ Committees of the Board of Directors

» Audit and Risks Committee

The FEC's status as a bank has enabled it to align itself with the strictest governance practices. Thus, in accordance with banking regulations, the FEC has had an Audit Committee since 2003 in charge of assisting the Board of Directors in assessing the coherence and adequacy of the internal control system.

In accordance with the provisions of the Circular of the Wali of Bank Al-Maghrib No. 4/W/2014 related to the internal control of credit institutions dated October 30, 2014, the Board of Directors of the FEC approved during its meeting held on May 26, 2015, the proposal to set up an Audit and Risks Committee considering the size of the Institution, and set its composition.

Thus, by its resolution no. 7 of May 31 2023, the FEC's Board of Directors set the composition of the ARC as follows:

Composition of the Audit and Risks Committee	
The General Manager of the National Agency for the Strategic Management of State Holdings and Monitoring of the Performance of Public Institutions and Enterprises (ANGSPE) or his representative	Chairman
The Wali, Inspector General of the Territorial Administration (Ministry of the Interior) or his representative	Permanent member
The Director of the Treasury and External Finance (Ministry of the Economy and Finance) or his representative	Permanent member

The FEC's Audit and Risks Committee is governed by a charter that specifies its missions, composition, scope of intervention and operating rules. This charter was approved by the Board of Directors at its May 27, 2016 meeting.

The work of the Audit and Risks Committee has the dual objective of assisting the Board of Directors in assessing the quality and consistency of the FEC's internal control system and supporting it in terms of strategy and risk management.

The Audit and Risks Committee's responsibilities include:

1. In terms of financial and accounting information:

- Verify the reliability and accuracy of financial information intended for the Board of Directors and third parties, and to assess the relevance of the accounting methods adopted for the preparation of the accounts.

2. In terms of internal control:

- Assess the quality of the internal control system;
- Assess the relevance of the corrective measures taken or proposed to remedy the deficiencies or inadequacies identified in the internal control system;
- Recommend the appointment of Statutory Auditors (SAs);
- Define the minimum risk areas that the internal auditors and SAs must cover;
- Approve the audit charter and the audit plan and assess the human and material resources allocated to the internal audit function;
- Review the activity reports and recommendations of the internal audit, permanent control and compliance functions, the SAs and the supervisory authorities, as well as the corrective measures taken.

3. In terms of strategy and risk management:

- Advise the Board of Directors on risk strategy and risk aversion;
- Ensure that the level of risks incurred is contained within the limits set by the management body according to the degree of risk aversion defined by the Board of Directors;
- Evaluate the quality of the FEC's risk measurement, control and monitoring system;
- Ensure the adequacy of the IS with respect to the risks incurred;
- Evaluate the human and material resources allocated to the FEC's risk management and permanent control function and ensure its independence.

The scope of intervention of the Audit and Risks Committee extends to all FEC's entities. It intervenes in all administrative, accounting and financial, functional or operational areas or processes.

The Audit and Risks Committee meets at the invitation of its Chairman at least once every six months and as often as necessary. It reports on its work to the Board of Directors.

» Nomination and Compensation Committee

In accordance with the provisions of the Circular No. 4/W/2014 of the Wali of Bank Al-Maghrib related to the internal control of credit institutions dated October 30, 2014 and those of the Directive of the Wali of Bank Al-Maghrib No. 1/W/2014 related to governance within credit institutions dated October 30, 2014, the FEC's Board of Directors instituted, during its meeting held on May 29, 2019, a Nomination and Compensation Committee (NCC) and approved its charter, which defines its missions, its composition and its operating methods.

This Committee is composed of 3 non-executive members, currently being appointed. It may also call on any expert or person whose contribution is deemed useful, with regard to the items on the agenda of its meetings.

This Committee's missions are in particular to:

- Advise on the recruitment and appointment process of the FEC's executives;
- Give an opinion on the FEC's compensation policy.

The Nomination and Compensation Committee meets when convened by its Chairman, at least once a year, and as often as require.

■ Committee established by the FEC's Law

» Credit Committee

In accordance with the provisions of Article 7 of the above-mentioned Law No. 31-90, a Credit Committee is set up within the FEC, in charge of examining and granting loans and advances under the conditions set by the Board of Directors.

Composition of the Credit Committee (see Article 6 of the above-mentioned Decree No. 2-90-351)	
The Governor, General Manager of the FEC	Chairman
Two representatives appointed by the Minister of the Interior	Permanent member
Two representatives appointed by the Minister of the Economy and Finance	Permanent member
One representative appointed by the General Manager of the Caisse de Dépôt et de Gestion	Permanent member

The Credit Committee may appoint, in an advisory capacity, representatives of any ministry or organization whose opinion it deems necessary.

In accordance with the provisions of Article 7 of the aforementioned Decree No. 2-90-351, this committee meets convened by its Chairman as often as required and at least once a month. When circumstances so require, the Credit Committee may meet at the written request of one of its members.

■ Committees emanating from the General Management

» Internal Risks Committee

Since 2009, the FEC has had an internal risks committee whose missions and operating procedures were reviewed in 2019. In accordance with the Governor, Director General's decision No. 32 of April 03, 2019, the Internal Risks Committee's missions include:

1. In terms of credit risk management:

- Ensure the consistency of the FEC's activities with its strategic orientations and its risk aversion level;
- Examine the application of general risk aversion levels to internal limits and ensure that these limits are respected;
- Ensure the effectiveness of the system for measuring, controlling and monitoring credit concentration risk;
- Review and monitor the evolution of past due and vulnerable loans and decide on the measures to be taken;
- Regularly review the adequacy of stress tests, assess the results, and initiate risk mitigation actions when stress tests reveal vulnerabilities.

2. In terms of operational risk management:

- Ensure the deployment of the operational risk management system in the various entities of the Bank;
- Perform a periodic review of changes in operational risk exposure, losses and operational incidents;
- Examine and validate changes in the mapping of operational risks;
- Monitor the evolution of the cost of operational risk when operational losses are reported;

- Ensure the effectiveness of the incident collection and reporting system;
- Ensure the follow-up of the formalization of controls and risk management at the level of the various FEC's entities;
- Examine and evaluate the Bank's business continuity system;
- Validate the reports on operational risk management to be submitted to the RAC and/or the Board of Directors.

3. In terms of risk management related to outsourced activities:

- Ensure the monitoring of risks related to outsourced activities.

4. In terms of strengthening the internal control system:

- Ensure the adequacy and effectiveness of the internal control system;
- Carrying out effective and regular monitoring of measures to improve the internal control system and strengthen the internal control culture in the Bank's various entities;
- Ensuring the compliance of internal procedures with the legal and regulatory requirements in force as well as with professional and ethical standards and practices;
- Dealing with any issue related to the improvement of the internal control system;
- Examine and validate the internal control manual;
- Examining the annual report on internal control to be transmitted to Bank Al-Maghrib;
- Monitor the implementation of all action plans in order to remedy the dysfunctions identified by the internal and external control bodies.

5. In terms of compliance with regulatory and prudential requirements:

The Internal Risks Committee ensures that the risk management systems and models in place comply with the requirements of prudential regulations. It also ensures compliance with prudential standards applicable to the FEC.

In this context, the Internal Risks Committee ensures compliance with:

- Solvency rules;
- The system for limiting the concentration of credit risk with respect to a single counterparty.

6. Governance, supervision and external control of the FEC:

The Internal Risks Committee ensures the implementation of the recommendations within its scope of responsibility, which are made by the Board of Directors, the Audit and Risks Committee and the external supervisory and control bodies.

The Internal Risks Committee is governed by a charter that defines its missions, composition and operating procedures.

Composition of the Internal Risks Committee	
The Governor, General Manager or the person delegated by him for this purpose	Chairman
The Secretary General	Permanent member
The Director of the Operations Pole	Permanent member
The Director of the Financial Pole	Permanent member
The Director in charge of the Legal, Compliance and Governance Division	Permanent member
The Deputy Director in charge of the Risks and Permanent Control Division	Permanent member
The Deputy Director in charge of the Accounting and Reporting Division	Permanent member

The Internal Risks Committee meets when convened by its Chairman at least once a quarter and as often as required.

» Asset/Liability Management Committee (ALCO)

Since 2017, the FEC has had an ALM-Treasury Committee whose name, mission, composition and operating procedures were reviewed in 2019. As part of the implementation of the action plan in compliance of the FEC with the provisions of the Directive of the Wali of Bank Al-Maghrib n°2/W/2021 related to the management of the interest rate risk inherent in the banking portfolio of March 04, 2021, the composition of this Committee has been reviewed in 2021, pursuant to the decision of the Governor, General Manager No. 2367 of September 15, 2021.

In accordance with the decision of the Governor, General Manager of the FEC No. 25 of February 22, 2019, as modified by the aforementioned decision No. 2367, the ALCO Committee has the following attributions:

- Develop and implement the Bank's Asset-Liability Management policy, in its various components (refinancing, investment, transformation, hedging, return on equity...), 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;
- Monitor the Bank's balance sheet;
- Evaluate the impact of the launch of new products or any new activity involving interest rate or liquidity risk on the Bank's financial position;
- Monitor the Bank's risk profile (liquidity, interest rate and foreign exchange risk) in light of the internal and regulatory limits set by the Bank;
- Validate the agreements and methods of interest rate flow.

Composition of the ALCO Committee	
The Governor, General Manager or the person delegated by him for this purpose	Chairman
The Secretary General	Permanent member
The Director of Operations Pole	Permanent member
The Director of the Financial Pole	Permanent member
The Deputy Director in charge of the Risks and Permanent Control Division	Permanent member
The Director in charge of the Legal, Compliance and Governance Division	Permanent member
The Deputy Director in charge of the Accounting and Reporting Division	Permanent member
The Management Control and ALM Department Manager	Permanent member

The ALCO Committee is governed by a charter that defines its missions, composition and operating procedures.

The ALCO Committee meets, when convened by its Chairman, at least once a quarter and as often as required.

» **Organization and Information System Committee (OISC)**

Since April 2019, the FEC has had a OISC in charge of steering the FEC's strategy regarding the organization, development and governance of the Bank's information system.

In accordance with the decision of the Governor, General Manager No. 4300 of December 15, 2023, OISC's missions include:

- Ensuring the alignment of the IT strategy with the one of the Bank;
- Monitoring the implementation of the IS project portfolio and security;
- Providing an opinion on the various components of IS governance;
- Providing an opinion on the budgets allocated to the organization and IS projects;
- Ensuring the implementation of action plans designed in response to IS-related issues.

Composition of the Organization and Information System Committee	
The Governor, General Manager or the person he has delegated for this purpose	Chairman
The Secretary General	Permanent member
The Director of the Operations Pole	Permanent member
The Director of the Financial Pole	Permanent member
The Director in charge of the Legal, Compliance and Governance Division	Permanent member
The Deputy Director in charge of the Information Systems Division	Permanent member
The Deputy Director in charge of the Organization and Quality Division	Permanent member
The Deputy Director in charge of the Support Division	Permanent member
The Deputy Director in charge of the Risks and Permanent Control Division	Permanent member
The Chief, Project Management Office	Permanent member
The Information Systems Security Manager	Permanent member

The Committee may call upon any expert or person whose contribution is deemed useful in relation to the items on the agenda of its meetings.

The OISC is governed by a charter that defines its missions, composition and operating procedures.

The OISC meets in person or remotely, convened by its Chairman at least once a semester and as often as required.

» Information System Security Committee (ISSC)

Since December 2023, the FEC has had an Information System Security Committee (ISSC) in charge of managing the FEC's strategy in terms of security of the Bank's information system.

According to the decision of the Governor, General Manager No. 4301 dated December 15, 2023, the ISSC's missions include:

- Monitoring the implementation of the IS security policy and ensuring its compliance by the FEC's employees and third parties;
- Managing the overall action plans in the IS security field, including validation, commitment of associated resources, and verification of the proper execution of these action plans;
- Monitoring the progress of the IS security risk treatment plan and ensuring regular review of the security risk map;
- Monitoring structural projects in the IS security field;
- Reviewing IS security indicators and ensuring the follow-up of actions to improve them;
- Addressing issues related to major IS security incidents;
- Approving the allocation of resources necessary for the implementation of information system security actions;
- Prioritizing the bank's IS security needs.

Composition of the Information System Security Committee

The Secretary General of the FEC or his delegate	Chairman
The Deputy Director in charge of the Information Systems Division	Permanent Member
The Deputy Director in charge of the Risks and Permanent Control Division	Permanent Member
The Chief, Project Management Office	Permanent Member
The Information Systems Security Manager	Permanent Member
The Technological Infrastructure Manager (Operational Security)	Permanent Member

The Committee may call upon any expert or individual whose contribution is deemed useful, depending on the items on the agenda of its meetings.

The ISSC is governed by a charter that defines its missions, composition and operating methods.

The ISSC meets in person or remotely, upon the President's convocation, at least once per semester and as often as necessary.

» The Ethics Committee (EC)

On July 17, 2023, the FEC established an Ethics Committee (EC), which became operational on March 1, 2024. This committee is specifically in charge of the following missions:

- Providing opinions on any ethical matters listed on its agenda and making recommendations in this regard;
- Implementing actions to promote the development of an ethical culture within the Bank;
- Updating the Code of Ethics and Professional Conduct;
- Conducting or commissioning the Internal Audit Function and/or an internal or external third party to undertake the necessary investigations to assess the validity of matters subject to an ethics alert, according to the conditions set out in the «Ethics Alert» procedure;
- Periodically evaluate the ethics alert system to ensure its effectiveness and efficiency.

Chaired by the Governor, General Manager of the FEC, or his representative designated among non-operational employees, the Ethics Committee (EC) is composed of the following members:

Composition of the Ethics Committee

The Governor, General Manager of the FEC, or his delegate	Chairman
The Secretary General	Permanent Member
The Director in charge of the Legal, Compliance and Governance Division	Permanent Member
The Internal Audit Function Manager	Permanent Member

The EC is governed by a charter, which defines its missions, composition and operating procedures.

The EC meets in person or remotely, upon the President's convocation, at least once per semester and as often as necessary.

Compensation of administrators

The FEC's Administrators representing the Administration and local elected officials do not receive any compensation or attendance fees, in accordance with circular No. 12-99 of May 10, 1999 related to the indemnities allocated to the members of the Boards of Directors of public institutions.

Compensation of executives

The compensation of the General Management is fixed by decision of the Minister of the Interior and the Minister of the Economy and Finance.

Relationship with shareholders

Being 100% state-owned, the FEC has no other shareholders.

2.3.2. Ethics, professional conduct and prevention of corruption

Prevention of corruption

Since 2008, the FEC has had a code of ethics that sets out the principles and rules of good conduct, with which all the FEC's employees must identify and adhere in the performance of their duties.

These principles and rules aim in particular to affirm the Bank's commitment to preventing the risks associated with corruption. Indeed, the FEC's code of ethics establishes specific rules of good conduct to be respected in terms of accepting gifts, invitations, financial benefits or other forms of advantages.

Furthermore, the FEC's Code of Ethics was strengthened in 2015 by the introduction of new provisions aimed at further strengthening the Bank's commitment to preventing all risks related to corruption. Indeed, the FEC has established the fight against corruption as one of the general principles of the Bank's code of ethics. New provisions specific to employees involved in the process of awarding and executing public contracts have also been introduced. Similarly, a model declaration related to situations of conflict of interest has been appended to the FEC's code of ethics, in order to better anticipate and avoid them.

It should be noted that, since the adoption of the Code of Ethics by all FEC's employees, and according to the observations and feedback that have been sent to the Compliance and Governance Manager, as the person in charge of ethics, no particular difficulty has been noted in the implementation of the said Code.

Furthermore, as part of strengthening its ethics and Professional Conduct system, the FEC has updated the «Code of Ethics» which is now called the «Code of Ethics and Professional Conduct.» This new code marks the FEC's strong commitment to maintaining and reinforcing the highest standards of integrity, ethics, and transparency in its activities as well as its internal and external relationships.

This code has been strengthened to incorporate new legislative and regulatory requirements, particularly the provisions of BAM Directive No. 1/W/2022 related to the prevention and management of corruption risks by credit institutions, gender considerations, the establishment of an Ethics Committee, and an ethics alert system. This code is an integral part of the FEC's anti-corruption system, approved by the Board of Directors on October 31, 2023, and effective from March 1, 2024.

Additionally, the FEC has a procurement regulation that serves as the reference framework for procurement operations initiated by the Bank. These principles ensure the efficiency of purchases and the proper use of allocated resources.

In accordance with the provisions of Bank Al-Maghrib (BAM) Directive No. 1/W/2022 dated May 19, 2022, on the prevention and management of corruption risks by credit institutions, the FEC has formalized its anti-corruption system, which outlines its overall strategy for managing corruption risks.

This system aims to define the key components of the FEC's anti-corruption policy, enabling the identification, analysis, evaluation, prevention, detection, and sanctioning of any behavior likely to be qualified as corruption or a breach of integrity.

The anti-corruption policy also aims to state the main principles implemented by the FEC in its fight against corruption, reaffirm the FEC's commitment to a «zero tolerance» approach to all forms of corruption, and define the roles and responsibilities of the Bank's employees and its various stakeholders.

To this end, and in accordance with the provisions of the aforementioned BAM Directive No. 1/W/2022, particularly Article 4, the Board of Directors approved the aforementioned anti-corruption policy of the FEC at its meeting on October 31, 2023, which came into effect on March 1, 2024.

Corruption incidents

To date, the FEC has not recorded any incidents of corruption.

FINANCIAL COMMUNICATION AS OF DECEMBER 31, 2024



FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024



BALANCE SHEET (In thousand MAD)		
ASSETS	Dec 31, 2024	Dec 31, 2023
CASH VALUE, CENTRAL BANKS, PUBLIC TREASURY, POSTAL CHECKS SERVICE	55,500	8,522
RECEIVABLES ON CREDIT INSTITUTIONS AND SIMILAR	901	1,251,600
On sight	901	907
At Term	-	1,250,692
CUSTOMER RECEIVABLES	27,459,159	28,061,641
Cash and consumer loans and participatory financing	2,135	2,403
Loans and participatory financing for equipment	27,440,551	28,017,114
Real estate loans and participatory financing	15,877	14,559
Other loans and participatory financing	596	27,565
RECEIVABLES ACQUIRED THROUGH FACTORING	-	-
TRADING AND INVESTMENT SECURITIES	-	-
Treasury bills and similar securities	-	-
Other debt securities	-	-
Property securities	-	-
Sukuks Certificates	-	-
OTHER ASSETS	559,449	539,438
INVESTMENT SECURITIES	-	-
Treasury bills and similar securities	-	-
Other debt securities	-	-
Sukuks Certificates	-	-
EQUITY SECURITIES AND SIMILAR ASSETS	25	25
Participation in related companies	-	-
Other equity securities and similar uses	25	25
Moudaraba and Moucharaka securities	-	-
SUBORDINATED RECEIVABLES	-	-
INVESTMENT DEPOSITS PLACED	-	-
FIXED ASSETS GIVEN IN LEASING AND RENTING	2,947	-
FIXED ASSETS GIVEN IN IJARA	-	-
INTANGIBLE FIXED ASSETS	63	95
TANGIBLE FIXED ASSETS	38,322	40,931
TOTAL ASSETS	28,116,365	29,902,251

LIABILITIES	Dec 31, 2024	Dec 31, 2023
CENTRAL BANKS, PUBLIC TREASURY, POSTAL CHECKS SERVICE		
DEBTS TO CREDIT INSTITUTIONS AND SIMILAR	14,099,445	14,428,012
On sight	-	-
At term	14,099,445	14,428,012
CUSTOMER DEPOSITS	-	-
Demand accounts payable	-	-
Savings Accounts	-	-
Term deposits	-	-
Other accounts payable	-	-
DEBTS TO CUSTOMERS ON PARTICIPATORY PRODUCTS	-	-
ISSUED DEBT SECURITIES	7,337,692	9,226,263
Issued negotiable debt securities	-	1,000,154
Bond loans	7,337,692	8,226,109
Other debt securities issued	-	-
OTHER LIABILITIES	345,398	283,028
PROVISIONS FOR RISKS AND EXPENSES	88,893	88,469
REGULATED PROVISIONS	-	-
SUBSIDIES, ALLOCATED PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS	-	-
SUBORDINATED DEBT	1,017,614	1,016,831
INVESTMENT DEPOSITS RECEIVED	-	-
REVALUATION DIFFERENCES	-	-
RESERVES AND RELATED PREMIUM CAPITAL	3,859,648	3,660,561
CAPITAL	1,000,000	1,000,000
SHAREHOLDERS, UNPAID CAPITAL (-)	-	-
RETAINED EARNINGS (+/-)	-	-
NET EARNINGS, PENDING ALLOCATION (+/-)	-	-
NET EARNINGS FOR THE FISCAL YEAR (+/-)	367,675	199,087
TOTAL LIABILITIES	28,116,365	29,902,251

OFF-BALANCE SHEET (In thousand MAD)	Dec 31, 2024	Dec 31, 2023
COMMITMENTS GIVEN	5,559,617	4,990,773
Financing commitments given to credit institutions and similar	-	-
Financing commitments given to customers	5,559,617	4,990,773
Guarantee commitments for credit institutions and similar	-	-
Guarantee commitments on behalf of customers	-	-
Securities purchased with repurchase option	-	-
Other securities to be delivered	-	-
COMMITMENTS RECEIVED	8,320,281	2,132,329
Financing commitments received from credit institutions and similar	8,320,281	2,132,329
Guarantee commitments received from credit institutions and similar	-	-
Guarantee commitments received from the State and from various guarantee bodies	-	-
Sold securities with repurchase option	-	-
Other securities to receive	-	-
Moucharaka and Moudaraba securities to be received	-	-

STATEMENT OF INCOME AND EXPENSES (In thousand MAD)	Dec 31, 2024	Dec 31, 2023
BANKING OPERATING INCOME	1,544,443	1,402,869
Interest, remunerations and similar income from transactions with credit institutions	68,636	11,801
Interest, remunerations and similar income from transactions with customers	1,473,962	1,360,901
Interest and similar income from debt securities	-	27,744
Income from property securities and certificates of Sukuks	-	-
Income based on Moudaraba and Moucharaka securities	-	-
Income from fixed assets leased and rented	-	-
Income from fixed assets given in Ijara	-	-
Commissions on services	1,845	1,394
Other banking income	-	1,029
Transfer of expenses on investment deposits received	-	-
BANKING OPERATING EXPENSES	872,663	733,618
Interest and similar expenses on transactions with credit institutions	515,301	396,295
Interest and similar expenses on transactions with customers	-	-
Interest and similar expenses on debts issued	357,209	337,175
Expenses on Moudaraba and Moucharaka securities	-	-
Expenses on fixed assets leased and rented	-	-
Expenses on fixed assets given in Ijara	-	-
Other bank expenses	153	149
Transfer of income on investment deposits received	-	-
NET BANKING INCOME	671,780	669,251
Non-banking operating income	1,388	459
Non-banking operating expenses	173	216
GENERAL OPERATING EXPENSES	62,262	62,079
Staff expenses	48,347	48,256
Taxes and dues	844	847
External expenses	7,177	6,698
Other general operating expenses	3,361	3,835
Allocations for depreciation and provisions of tangible and intangible fixed assets	2,533	2,442
ALLOCATIONS TO PROVISIONS AND UNRECOVERABLE RECEIVABLES	9,548	23,563
Allocations to provisions on receivables and pending commitments by signature	-	2,200
Losses on unrecoverable receivables	-	-
Other allocations to provisions	9,548	21,363
REVERSALS OF PROVISIONS AND RECOVERIES ON WRITTEN OFF RECEIVABLES	11,599	6,268
Reversals of provisions on receivables and pending commitments by signature	2,476	665
Recoveries on written off receivables	-	-
Other reversals of provisions	9,124	5,603
OPERATING RESULT	612,785	590,120
Non-operating income	120	81
Non-operating expenses	28,459	180,294
PRE-TAX EARNINGS	584,406	409,906
Earnings Taxes	216,731	210,819
NET EARNINGS FOR THE FISCAL YEAR*	367,675	199,087

STATUS OF MANAGEMENT BALANCES (In thousand MAD)	Dec 31, 2024	Dec 31, 2023
I- INCOME STATEMENT TABLE		
(+) Interest and similar income	1,542,598	1,400,446
(-) Interest and similar expenses	872,510	733,469
INTEREST MARGIN	670,088	666,977
(+) Income on participatory financing	-	-
(-) Expenses on participatory financing	-	-
MARGIN ON PARTICIPATORY FINANCING	-	-
(+) Income from fixed assets leased and rented	-	-
(-) Expenses on fixed assets leased and rented	-	-
RESULT OF LEASING AND RENTAL TRANSACTIONS	-	-
(+) Income on fixed assets given in Ijara	-	-
(-) Expenses on fixed assets given in Ijara	-	-
RESULT OF IJARA OPERATIONS	-	-
(+) Commissions received	1,845	1,394
(-) Commissions paid	153	149
MARGIN ON COMMISSIONS	1,692	1,245
(+) Result of trading securities operations	-	1,029
(+) Result of investment securities operations	-	-
(+) Result of exchange operations	-	-
(+) Result of derivative products operations	-	-
RESULT OF MARKET OPERATIONS	-	1,029
(+) Result of operations on Moudaraba and Moucharaka securities	-	-
(+) Various other banking products	-	-
(-) Various other banking expenses	-	-
SHARE OF INVESTMENT DEPOSIT ACCOUNT HOLDERS	-	-
NET BANKING INCOME	671,780	669,251
(+) Net income from financial fixed assets	-	-
(+) Other non-banking operating income	1,388	459
(-) Other non-banking operating expenses	173	216
(-) General operating expenses	62,262	62,079
GROSS OPERATING RESULT	610,733	607,414
(+/-) Net allocations of reversals to provisions for receivables and non performing commitments by signature	- 2,476	1,535
(+/-) Other net allocations of reversals to provisions	424	15,760
OPERATING RESULT	612,785	590,120
NON-OPERATING RESULT	- 28,379	- 180,214
(-) Earnings Taxes	216,731	210,819
NET EARNINGS FOR THE FISCAL YEAR*	367,675	199,087

* The net earnings for the 2024 financial year recorded a sharp increase compared to the 2023 financial year, taking into account the recognition of the FEC's contribution of 150 MDH for the benefit of the Special Fund for the management of the effects of the earthquake which hit the Kingdom of Morocco.

II- SELF-FINANCING CAPACITY	Dec 31, 2024	Dec 31, 2023
(+) NET EARNINGS FOR THE FISCAL YEAR	367,675	199,087
(+) Allocations to amortization and provisions of tangible and intangible fixed assets	2,533	2,442
(+) Allocations to provisions for depreciation of financial fixed assets	-	-
(+) Allocations to provisions for general risks	9,548	21,363
(+) Regulated provisions allocations	-	-
(+) Non-operating provisions allocations	-	-
(-) Reversal of provisions	9,124	5,603
(-) Capital gains on disposals of tangible and intangible fixed assets	113	-
(+) Capital losses on disposals of intangible and tangible fixed assets	-	-
(-) Capital gains on disposals of financial fixed assets	-	-
(+) Capital losses on disposals of financial fixed assets	-	-
(-) Reversal of investment grants received	-	-
(+) SELF-FINANCING CAPACITY	370,519	217,289
(-) Distributed Profit	-	-
(+) SELF-FINANCING	370,519	217,289

CASH FLOW STATEMENT (In thousand MAD)	Dec 31, 2024	Dec 31, 2023
Banking operating income received	1,544,443	1,402,869
Recoveries on written off receivables	-	-
Non-banking operating income received	1,508	540
Banking operating expenses paid	872,663	733,618
Non-banking operating expenses paid	28,672	180,511
General operating expenses paid	59,728	59,638
Earnings taxes paid	216,731	210,819
I. NET CASH FLOWS FROM THE STATEMENT OF INCOME AND EXPENSES	368,156	218,823
Variation of :		
Receivables on credit institutions and similar	1,250,699	- 1,251,379
Receivables on customers	604,957	- 1,214,874
Trading and investment securities	-	-
Other assets	- 20,011	23,641
Moudaraba and Moucharaka securities	-	-
Fixed assets leased and rented	-	-
Fixed assets given in Ijara	-	-
Investment deposits placed with credit institutions and similar	-	-
Debt to credit institutions and similar	- 328,567	1,762,205
Customer deposits	-	-
Debt to customers on participatory products	-	-
Issued receivables securities	- 1,887,787	- 725,869
Other liabilities	62,369	11,632
II. BALANCE OF VARIATIONS IN OPERATING ASSETS AND LIABILITIES	- 318,340	- 1,394,644
III. NET CASH FLOWS FROM OPERATING ACTIVITIES (I + II)	49,816	- 1,175,821
Income from disposals of financial fixed assets	-	-
Income from disposals of tangible and intangible fixed assets	-	-
Acquisition of financial fixed assets	-	- 1,131,044
Acquisition of tangible and intangible fixed assets	2,839	1,176
Interest received	-	-
Dividends received	-	-
IV. NET CASH FLOWS FROM INVESTMENT ACTIVITIES	- 2,839	1,129,869
Subsidies, public funds and special guarantee funds received	-	-
Issuance of subordinated debts	-	-
Investment deposits received	-	-
Issue of shares	-	-
Repayment of equity capital and similar	-	-
Investment deposits reimbursed	-	-
Interest paid	-	-
Remuneration paid on investment deposits	-	-
Dividends paid	-	-
V. NET CASH FROM FINANCING ACTIVITIES	-	-
VI. NET VARIATION IN CASH (III+IV+V)	46,978	- 45,952
VII. CASH POSITION AT THE BEGINNING OF THE FISCAL YEAR	8,522	54,474
VIII. CASH POSITION AT THE END OF THE FISCAL YEAR	55,500	8,522

MAIN APPLIED EVALUATION METHODS				Dec 31, 2024
INDICATION OF THE EVALUATION METHODS APPLIED BY THE INSTITUTION				
*Application of the evaluation methods provided for in the "Chart of Accounts of Credit Institutions" which came into force on 01/01/2000. *Non-Performing Loans (NPLs) on the clients are accounted for and valued in accordance with current banking regulations. The main provisions applied can be summarized as follows : - Non-Performing Loans (NPLs) are, depending on the degree of risk, classified as pre-doubtful, doubtful or compromised loans. - Non-Performing Loans (NPLs) are, after deduction of the guarantee rates provided for by the regulations in force (Circular Letter No. 25/G/97, Circulars No. 19/G/2002 and 38/G/2004), provisioned for : - 20% for pre-doubtful loans, - 50% for doubtful loans, - 100% for compromised loans. *Intangible and tangible fixed assets are recorded in the balance sheet at cost less accumulated amortization, calculated on a straight-line basis over estimated lifespan. Intangible and tangible fixed assets are amortized according to the regulations in force. *The summary statements are presented in accordance with the provisions of the Chart of Accounts of Credit Institutions.				

STATUS OF EXEMPTIONS			Dec 31, 2024
INDICATIONS OF EXEMPTIONS	JUSTIFICATIONS FOR EXEMPTIONS	INFLUENCE OF EXEMPTIONS ON PATRIMONY, FINANCIAL SITUATION AND RESULTS	
I. Exemptions from fundamental accounting principles			NONE
II. Exemptions from assessment methods			
III. Exemptions from the rules for drawing up and presenting summary statements			

STATUS OF CHANGES IN METHODS			Dec 31, 2024
INDICATIONS OF CHANGES	USTIFICATIONS OF CHANGES	INFLUENCE OF CHANGES ON PATRIMONY, FINANCIAL SITUATION AND RESULTS	
I. Changes affecting assessment methods			NONE
II. Changes affecting presentation rules			

RECEIVABLES ON CREDIT INSTITUTIONS AND SIMILAR							(In thousand MAD)
RECEIVABLES	Bank Al-Maghrib, Public Treasury & Postal Checks Service	Banks in Morocco	Other credit & similar institutions in Morocco	Credit institutions abroad	Total Dec 31, 2024	Total Dec 31, 2023	
ORDINARY DEBIT ACCOUNTS	54,300	896	4	-	55,200	7,224	
VALUES RECEIVED IN PENSION	-	-	-	-	-	-	
Day by day	-	-	-	-	-	-	
At term	-	-	-	-	-	-	
CASH LOANS	-	-	-	-	-	1,250,000	
Day by day	-	-	-	-	-	-	
At term	-	-	-	-	-	1,250,000	
FINANCIAL LOANS	-	-	-	-	-	-	
OTHER RECEIVABLES	-	-	-	-	-	-	
ACCRUED INTEREST RECEIVABLE	1,165	-	-	-	1,165	2,851	
NON PERFORMING LOANS	-	-	-	-	-	-	
TOTAL	55,465	896	4	-	56,365	1,260,076	

CUSTOMER RECEIVABLES							(In thousand MAD)
RECEIVABLES	Public sector	Financial companies	Private sector Non-financial companies	Other customers	Total Dec 31, 2024	Total Dec 31, 2023	
CREDITS DE TRESORERIE	-	-	-	-	-	-	
Comptes à vue débiteurs	-	-	-	-	-	-	
Créances commerciales sur le Maroc	-	-	-	-	-	-	
Crédits à l'exportation	-	-	-	-	-	-	
Autres crédits de trésorerie	-	-	-	-	-	-	
CREDITS A LA CONSOMMATION	-	-	-	2,135	2,135	2,403	
CREDITS A L'EQUIPEMENT	26,577,198	-	-	-	26,577,198	27,193,075	
CREDITS IMMOBILIERS	-	-	-	15,877	15,877	14,559	
AUTRES CREDITS DE TRESORERIE	-	-	-	-	-	-	
CRÉANCES ACQUISES PAR AFFACTURAGE	-	-	-	-	-	-	
INTERETS COURUS A RECEVOIR	863,354	-	-	-	863,354	824,039	
CRÉANCES EN SOUFFRANCE	596	-	-	-	596	27,565	
Créances pré-doutieuses	-	-	-	-	-	7,488	
Créances douteuses	-	-	-	-	-	19,481	
Créances compromises	596	-	-	-	596	596	
TOTAL	27,441,148	-	-	18,012	27,459,159	28,061,641	

BREAKDOWN OF TRANSACTION AND PLACEMENT SECURITIES AND INVESTMENT SECURITIES BY ISSUER CATEGORY							(In thousand MAD)
Securities	Credit institutions and similar	Public issuers	Private issuers Financial	Non-Financia	Total Dec 31, 2024	Total Dec 31, 2023	
Quoted securities	-	-	-	-	-	-	
Treasury bills and similar securities	-	-	-	-	-	-	
Bonds	-	-	-	-	-	-	
Other debt securities	-	-	-	-	-	-	
Property securities	-	-	-	-	-	-	
Non-quoted securities	-	-	-	-	-	-	
Treasury bills and similar securities	-	-	-	-	-	-	
Bonds	-	-	-	-	-	-	
Other debt securities	-	-	-	-	-	-	
Property securities	-	-	-	-	-	-	
TOTAL	-	-	-	-	-	-	

INTANGIBLE AND TANGIBLE FIXED ASSETS										Dec 31, 2024 (in thousand MAD)
NATURE	Gross amount at the beginning of the fiscal year	Amount of acquisitions during the fiscal year	Amount of disposals or withdrawals during the fiscal year	Gross amount at the end of the fiscal year	Depreciation and/or provisions			Cumulative	Net amount at the end of the fiscal year	
					Amount of depreciation and/or provisions at the beginning of the fiscal year	Depreciation and/or provisions	Amount of depreciation on fixed assets withdrawn			
INTANGIBLE FIXED ASSETS	21 131	-	-	21,131	21,037	32	-	21,068	63	
Lease rights	-	-	-	-	-	-	-	-	-	
Research and development fixed assets	-	-	-	-	-	-	-	-	-	
Other operating intangible fixed assets	21 131	-	-	21,131	21,037	32	-	21,068	63	
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	-	
TANGIBLE FIXED ASSETS	125 098	2,839	677	127,260	84,168	2,501	677	85,992	41,268	
OPERATING BUILDINGS	69 323	-	-	69,323	31,516	1,552	-	33,068	36,255	
Operating land	7 229	-	-	7,229	-	-	-	-	7 229	
Operating buildings - Offices	61 194	-	-	61,194	30,890	1,530	-	32,420	28,775	
Operating buildings - Staff housing	900	-	-	900	626	23	-	649	251	
FURNITURE AND OPERATING EQUIPMENT	27 759	1,669	677	28,751	27,092	419	677	26,834	1,917	
Operating office furniture	7 921	-	-	7,921	7,705	54	-	7,759	162	
Operating office equipment	950	-	-	950	949	0	-	949	1	
Computer equipment	18 211	1,669	-	19,880	17,761	365	-	18,125	1,754	
Rolling stock related to operations	677	-	677	-	677	-	677	-	-	
Other operating equipment	-	-	-	-	-	-	-	-	-	
OTHER OPERATING TANGIBLE ASSETS	18 180	1,165	-	19,345	17,353	341	-	17,695	1,650	
NON-OPERATING TANGIBLE FIXED ASSETS	9 837	5	-	9,842	8,206	189	-	8,395	1,447	
Non-operating land	-	-	-	-	-	-	-	-	-	
Non-operating buildings	5 545	-	-	5,545	4,061	139	-	4,200	1,345	
Non-operating furniture and equipment	2 344	-	-	2,344	2,234	27	-	2,261	83	
Other non-operating tangible fixed assets	1 948	5	-	1,953	1,911	23	-	1,934	18	
TOTAL	146 230	2,839	677	148,391	105,204	2,533	677	107,060	41,331	

BREAKDOWN OF TRANSACTION AND PLACEMENT SECURITIES AND INVESTMENT SECURITIES						Dec 31, 2024 (In thousand MAD)
SECURITIES	Gross book value	Present value	Redemption value	Unrealized capital gains	Unrealized capital losses	Provisions
Trading securities						
Treasury bills and similar securities						
Bonds						
Other debt securities						
Property securities						
Placement securities						
Treasury bills and similar securities						
Bonds						
Other debt securities						
Property securities						
Investment securities						
Treasury bills and similar securities						
Bonds						
Other debt securities						
TOTAL						

DETAILS OF OTHER ASSETS			(In thousand MAD)	
ASSETS	Dec 31, 2024	Dec 31, 2023		
Optional instruments purchased	-	-		
Miscellaneous transactions on securities	-	-		
Other debtors	278,889	263,826		
Amounts due by the State	278,141	263,483		
Amounts due by provident organizations	-	-		
Miscellaneous amounts due by staff	-	-		
Client accounts for non-banking services	-	-		
Various other debtors	748	343		
Various values and uses	-	-		
Regularisation accounts	280,560	275,612		
Adjustment accounts for the off-balance sheet transactions	-	-		
Counterpart of the off-balance sheet exchange result	-	-		
Counterpart of the result on off-balance sheet derivative products	-	-		
Counterpart of the result on off-balance sheet securities	-	-		
Currency and securities gap accounts	4,014	5,553		
Results of hedging derivative products	209,259	215,359		
Deferred expenses over several fiscal years	7,027	4,060		
Liaison accounts between headquarters, branches and agencies in Morocco	-	-		
Accrued receivable income and prepaid expenses	59,896	50,301		
Other regularisation accounts	341	339		
Non Performing loans on miscellaneous transactions	-	-		
TOTAL	559,449	539,438		

PARTICIPATION SECURITIES AND SIMILAR ASSETS									Dec 31, 2024 (In thousand MAD)
Name of the issuing company	Activity sector	Share capital	Equity's participation (%)	Total acquisition price	Net book value	Extract from the last summary statements of the issuing company			Products recorded in the Statement of Income and Expenses (SIE) for the fiscal year
						Closing date of the fiscal year	Net position	Net earning	
Participation in affiliated companies									
Other equity participation securities									
MAROCLEAR SA	Central depository	100,000	0.025%	25	25	12/31/2023	350,268	16,199	
TOTAL PARTICIPATIONS				25	25	-	350,268	16,199	-
SIMILAR ASSETS				-	-	-	-	-	-
GRAND TOTAL				25	25	-	350,268	16,199	-

SUBORDINATED RECEIVABLES							(in thousand MAD)
SUBORDINATED RECEIVABLES	Amount			Including affiliated and related companies			
	Dec 31, 2024	Dec 31, 2023		Dec 31, 2024	Dec 31, 2023		
	Gross	Provisions	Net	Net	Net	Net	
Subordinated receivables from credit institutions and similar							NONE
Subordinated receivables to customers							NONE
TOTAL	-	-	-	-	-	-	

FIXED ASSETS GIVEN IN LEASE CREDIT, LEASE WITH PURCHASE OPTION AND SIMPLE LEASE										Dec 31, 2024 (in thousand MAD)
NATURE	Gross amount at the beginning of the fiscal year	Amount of acquisitions during the fiscal year	Amount of disposals or withdrawals during the fiscal year	Gross amount at the end of the fiscal year	Depreciation		Provisions		Net amount at the end of the fiscal year	
					Allocation for the first year	Accumulated depreciation	Allocation for the first year	Reversal of provisions	Accumulated provisions	
Fixed assets given in lease credit, lease with purchase option	-	-	-	-	-	-	-	-	-	-
Intangible fixed assets' lease	-	-	-	-	-	-	-	-	-	-
Equipment lease	-	-	-	-	-	-	-	-	-	-
Equipment leases in progress	-	-	-	-	-	-	-	-	-	-
Equipment leased under operating lease	-	-	-	-	-	-	-	-	-	-
Equipment lease not leased after termination	-	-	-	-	-	-	-	-	-	-
Real estate lease	-	-	-	-	-	-	-	-	-	-
Real estate lease in progress	-	-	-	-	-	-	-	-	-	-
Real estate leased under operating lease	-	-	-	-	-	-	-	-	-	-
Real estate lease not leased after termination	-	-	-	-	-	-	-	-	-	-
Accrued rent receivable	-	-	-	-	-	-	-	-	-	-
Restructured rents	-	-	-	-	-	-	-	-	-	-
Unpaid rents	-	-	-	-	-	-	-	-	-	-
Non-Performing Loans	-	-	-	-	-	-	-	-	-	-
Fixed assets given in simple lease	22,361	-	-	22,361	329	19,414	-	-	-	2,947
Furnished goods under simple lease	22,361	-	-	22,361	329	19,414	-	-	-	2,947
Real estate under simple lease	-	-	-	-	-	-	-	-	-	-
Accrued rent receivable	-	-	-	-	-	-	-	-	-	-
Restructured rents	-	-	-	-	-	-	-	-	-	-
Unpaid rents	-	-	-	-	-	-	-	-	-	-
Non-Performing Loans	-	-	-	-	-	-	-	-	-	-
TOTAL	22,361	-	-	22,361	329	19,414	-	-	-	2,947

VALUES GAINS OR LOSSES ON DISPOSALS OR WITHDRAWALS OF FIXED ASSETS							Dec 31, 2024 (in thousand MAD)
Date of sale or withdrawal	Nature	Gross amount	Accumulated depreciation	Net book value	Disposal income	Capital gains on disposal	Capital losses on disposal
01/19/2024	Rolling equipment assigned to operations	677	677	-	113	113	-
TOTAL		677	677	-	113	113	-



DEBTS TO CREDIT INSTITUTIONS AND SIMILAR								(in thousand MAD)
DEBTS	Bank Al-Maghrib, Public Treasury and Postal Checks Service	Banks in Morocco	Other credit institutions and similar in Morocco	Credit institutions abroad	Total Dec 31, 2024	Total Dec 31, 2023		
ORDINARY CREDIT ACCOUNTS	-	-	-	-	-	-	-	-
VALUES GIVEN IN PENSION	-	-	-	-	-	-	-	-
Day by day	-	-	-	-	-	-	-	-
At term	-	-	-	-	-	-	-	-
CASH LOANS	-	150,000	-	-	150,000	-	-	-
Day by day	-	-	-	-	-	-	-	-
At term	-	150,000	-	-	150,000	-	-	-
FINANCIAL BORROWINGS	-	7,859,365	1,850,000	3,776,958	13,486,323	13,977,995	-	-
OTHER DEBTS	-	-	-	216,424	216,424	211,956	-	-
ACCRUED INTEREST PAYABLE	-	199,761	4,837	42,100	246,698	238,061	-	-
TOTAL	-	8,209,126	1,854,837	4,035,482	14,099,445	14,428,012	-	-

CUSTOMER DEPOSITS							(in thousand MAD)
DEPOSITS	Public sector	Financial companies	Non-Financial companies	Other customers	Total Dec 31, 2024	Total Dec 31, 2023	
Current credit accounts	NONE						
Savings accounts							
Term deposits							
Other credit accounts							
Accrued interest payable							
TOTAL							

DEBT SECURITIES ISSUED										Dec 31, 2024 (in thousand MAD)
NATURE OF THE SECURITIES (1)	Date of entitlement	Maturity date	Nominal value per unit	Nominal rate	Repayment method (2)	Amount	Related companies	Other related parties	Unamortized amount of issue or redemption premiums	
Bond loans						7,197,667				
Bond loans	01/20/2012	01/20/2027	100	5.30%	Redeemable	200,000				
Bond loans	12/08/2014	12/08/2029	100	3.87%	Redeemable	283,000				
Bond loans	07/13/2015	07/13/2030	100	4.60%	Redeemable	288,000				
Bond loans	07/13/2015	07/13/2025	100	3.41%	In fine	60,000				
Bond loans	07/13/2015	07/13/2025	100	3.51%	In fine	220,000				
Bond loans	10/13/2016	10/13/2031	100	3.92%	Redeemable	149,333				
Bond loans	10/13/2016	10/13/2026	100	3.25%	In fine	225,000				
Bond loans	10/13/2016	10/13/2031	100	3.65%	Redeemable	212,333				
Bond loans	12/06/2017	12/06/2032	100	3.93%	Redeemable	426,667				
Bond loans	12/06/2017	12/06/2027	100	3.23%	In fine	200,000				
Bond loans	12/06/2017	12/06/2032	100	3.43%	Redeemable	533,333				
Bond loans	07/19/2018	07/19/2033	100	3.84%	Redeemable	600,000				
Bond loans	07/12/2019	07/12/2034	100	3.49%	Redeemable	333,333				
Bond loans	07/12/2019	07/12/2034	100	3.69%	Redeemable	1,000,000				
Bond loans	12/18/2020	03/31/2036	100	3.70%	Redeemable	1,600,000				
Bond loans	01/12/2022	01/12/2037	100	3.70%	Redeemable	866,667				
TOTAL						7,197,667				

(1) These are: Certificates of deposit - Bond loans - Finance company bonds - Other debt securities
(2) Amortization: Annual - In fine

DETAILS OF OTHER LIABILITIES					(In thousand MAD)
LIABILITIES	Dec 31, 2024	Dec 31, 2023			
Optional instruments sold	-	-			
Miscellaneous transactions on securities	-	-			
Other creditors	234,487	227,318			
Amounts due to the State	230,987	225,074			
Amounts due to the provident organizations	691	685			
Miscellaneous amounts due to the staff	14	-			
Various amounts due to shareholders and partners	-	-			
Suppliers of goods and services	2,771	1,484			
Various other creditors	25	74			
Regularisation accounts	110,910	55,710			
Adjustment accounts for off-balance sheet transactions	-	-			
Currency and securities gap accounts	1,593	131			
Results on hedging derivative products	91,470	43,583			
Liaison accounts between headquarters, branches and agencies in Morocco	-	-			
Accrued expenses and deferred income	12,113	11,654			
Other regularisation accounts	5,734	342			
TOTAL	345,398	283,028			

PROVISIONS						(in thousand MAD)
	Outstanding Dec 31, 2023	Allocations	Reversals	Other variations	Outstanding Dec 31, 2024	
PROVISIONS DEDUCTED FROM ASSETS ON :	18,348	-	2,476	-	15,872	
Receivables on credit institutions and similar	-	-	-	-	-	
Receivables on customers	7,966	-	2,476	-	5,490	
Investment securities	-	-	-	-	-	
Equity securities and similar assets	-	-	-	-	-	
Fixed assets leased and rented	-	-	-	-	-	
Other assets	10,382	-	-	-	10,382	
PROVISIONS RECORDED UNDER LIABILITIES :	88,469	9,548	9,124	-	88,893	
Provisions for risks of implementing commitments by signature	-	-	-	-	-	
Provisions for exchange risks	-	-	-	-	-	
Provisions for general risks	88,469	9,548	9,124	-	88,893	
Provisions for retirement pensions and similar obligations	-	-	-	-	-	
Provisions for other risks and expenses	-	-	-	-	-	
Regulated provisions	-	-	-	-	-	
GRAND TOTAL	106,817	9,548	11,599	-	104,765	

SUBSIDIES, ALLOCATED PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS							(in thousand MAD)
	Economic purpose	Total amount	Amount Dec 31, 2023	Use Dec 31, 2024	Amount Dec 31, 2024		
Subsidies	NONE						
Allocated public funds							
Special guarantee funds							
TOTAL							

SUBORDINATED DEBTS										(in thousand MAD)
Currency of the loan	Amount in currency of the loan	Price (1)	Rate	Term (2)	Prepayment, subordination and convertibility conditions (3)	Amount of the loan in national currency (MAD equivalent)	Amount (equivalent MAD) Dec 31, 2024	Amount (equivalent MAD) Dec 31, 2023	Amount (equivalent MAD) Dec 31, 2024	Amount (equivalent MAD) Dec 31, 2023
Dirhams	200,000	3.78%	10	-	-	200,000	-	-	-	-
Dirhams	800,000	3.83%	10	-	-	800,000	-	-	-	-
TOTAL	1,000,000	-	-	-	-	1,000,000	-	-	-	-

(1) Bank Al-Maghrib price at 31/12/N
(2) Eventually undetermined
(3) Refer to the subordinated debt contract

EQUITY CAPITAL					(in thousand MAD)
EQUITY CAPITAL	Outstanding as of Dec 31, 2023	Allocation of earnings	Other variations	Outstanding as of Dec 31, 2024	
Revaluation differences	-	-	-	-	
Reserves and premiums related to capital	3,660,561	199,087	-	3,859,648	
Legal reserve	-	-	-	-	
Other reserves	3,660,561	199,087	-	3,859,648	
Issuance, merger and contribution premiums	-	-	-	-	
Capital	1,000,000	-	-	1,000,000	
Called up capital	-	-	-	-	
Uncalled capital	-	-	-	-	
Investment certificates	-	-	-	-	
Allowance fund	1,000,000	-	-	1,000,000	
Shareholders - Unpaid capital	-	-	-	-	
Retained earnings (+/-)	-	-	-	-	
Net earnings pending allocation (+/-)	-	-	-	-	
Net earnings of the fiscal year (+/-)	199,087	- 199,087	367,675	367,675	
TOTAL	4,859,648	-	367,675	5,227,324	

FINANCING AND GUARANTEE COMMITMENTS				(in thousand MAD)
COMMITMENTS	Dec 31, 2024	Dec 31, 2023		
Financing and guarantee commitments given	5,559,617	4,990,773		
Financing commitments in favor of credit institutions and similar	-	-		
Import documentary credits	-	-		
Payment acceptances or commitments	-	-		
Opening of confirmed credit	-	-		
Substitution commitments on issuing of securities	-	-		
Irrevocable leasing commitments	-	-		
Other financing commitments given	-	-		
Financing commitments in favor of customers	5,559,617	4,990,773		
Import documentary credits	-	-		
Payment acceptances or commitments	-	-		
Opening of confirmed credit	5,559,617	4,990,773		
Substitution commitments on issuing of securities	-	-		
Irrevocable leasing commitments	-	-		
Other financing commitments given	-	-		
Commitments to guarantee orders from credit institutions and similar entities	-	-		
Confirmed export documentary credits	-	-		
Payment acceptances or commitments	-	-		
Credit guarantees given	-	-		
Other sureties, endorsements and guarantees given	-	-		
Non-performing commitments	-	-		
Customer order guarantee commitments	-	-		
Credit guarantees given	-	-		
Bonds and guarantees in favor of the public administration	-	-		
Other deposits and guarantees given	-	-		
Non-performing commitments	-	-		
Financing and guarantee commitments received	8,320,281	2,132,329		
Financing commitments received from credit institutions and similar	8,320,281	2,132,329		
Opening of confirmed credit	8,320,281	2,132,329		
Substitution commitments on issuing of securities	-	-		
Other financing commitments received	-	-		
Guarantee commitments received from credit institutions and similar	-	-		
Credit guarantees	-	-		
Other guarantees received	-	-		
Guarantee commitments received from the State and various guarantee organizations	-	-		
Credit guarantees	-	-		
Other guarantees received	-	-		

COMMITMENTS ON SECURITIES		Dec 31, 2024 (in thousand MAD)
COMMITMENTS	Amount	
Commitments given		
Securities purchased with a repurchase option	NONE	
Other securities to be delivered		
Commitments received		
Securities sold with a repurchase option		
Other securities to be received		

FORWARD EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVE PRODUCTS					(in thousand MAD)
	Hedging transactions		Other transactions		
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	
Forward exchange transactions	117,812	171,775	-	-	
Currencies to be received	-	-	-	-	
Dirhams to be delivered	209,282	215,359	-	-	
Currencies to be delivered	-	-	-	-	
Dirhams to be received	91,470	43,583	-	-	
Of which financial currency swaps	-	-	-	-	
Commitments on derivative products	-	-	-	-	
Commitments on regulated interest rate markets	-	-	-	-	
Commitments on over-the-counter interest rate markets	-	-	-	-	
Commitments on regulated exchange rate markets	-	-	-	-	
Commitments on over-the-counter exchange rate markets	-	-	-	-	
Commitments on regulated markets for other instruments	-	-	-	-	
Commitments on over-the-counter markets for other instruments	-	-	-	-	



VALUES GAINS OR LOSSES ON DISPOSALS OR WITHDRAWALS OF FIXED ASSETS

Dec 31, 2024
(in thousand MAD)

Values and sureties received as guarantee	Net book value	Receivables or commitments by signature given posted to assets or to off balance sheet	Amounts of receivables or commitments by signature given and covered
Treasury bills and similar values	-	-	-
Other securities	-	-	-
Mortgages	380,000	Account 2313	380,000
Other real values and sureties	-	-	-
TOTAL	380,000		380,000
Values and sureties given as guarantee	Net book value	Debts or commitments by signature received posted to liabilities or to off balance sheet	Amounts of debts or commitments by signature received and covered
Treasury bills and similar values	-	-	-
Other securities	-	-	-
Mortgages	-	-	-
Other real values and sureties	-	-	-
TOTAL			

NONE

BREAKDOWN OF USES AND RESOURCES BY RESIDUAL DURATION

Dec 31, 2024
(in thousand MAD)

	D ≤ 1 month	1 month < D ≤ 3 months	3 months < D ≤ 1 year	1 year < D ≤ 5 years	D > 5 years	TOTAL
ASSETS						
Receivables from credit institutions and similar	55 200	-	-	-	-	55 200
Receivables from customers	27 440	850 925	1 423 619	9 238 187	15 055 011	26 595 181
Debt securities	-	-	-	-	-	-
Subordinated receivables	-	-	-	-	-	-
Leasing and similar	-	-	-	-	-	-
TOTAL	82 640	850 925	1 423 619	9 238 187	15 055 011	26 650 382
LIABILITIES						
Debts to credit institutions and similar	344 637	314 437	543 670	4 558 619	8 091 385	13 852 747
Debts to customers	-	-	-	-	-	-
Receivables securities issued	133 333	133 333	756 267	3 263 400	2 911 334	7 197 667
Subordinated loans	-	-	-	1 000 000	-	1 000 000
TOTAL	477 970	447 770	1 299 937	8 822 019	11 002 719	22 050 414

CONCENTRATION OF RISKS ON A SINGLE BENEFICIARY

Dec 31, 2024
(in thousand MAD)

Number	Total amount of risks	Amount of risk exceeding 10% of capital equity
		Credit by disbursement
		Credit by signature
		Amount of securities held in the capital of the beneficiary

NONE

BREAKDOWN OF TOTAL ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Dec 31, 2024
(in thousand MAD)

BALANCE SHEET	Amount
ASSETS	
Cash value, Central banks, Public treasury, Postal checks service	-
Receivables from credit institutions and similar	-
Receivables from customers	-
Trading, placement and investment securities	-
Other assets	-
Participation securities and similar uses	-
Subordinated receivables	-
Leased and rented fixed assets	-
Intangible and tangible fixed assets	-
LIABILITIES	4,035,482
Central Banks, Public Treasury, Postal Checks Service	-
Debt to credit institutions and similar	4,035 482
Customer deposits	-
Receivables securities issued	-
Other liabilities	-
Subsidies, allocated public funds and special guarantee funds	-
Subordinated debts	-
OFF-BALANCE SHEET	Amount
COMMITMENTS GIVEN	-
COMMITMENTS RECEIVED	2,720,281

INTEREST MARGIN

(in thousand MAD)

	Dec 31, 2024	Dec 31, 2023
INTEREST PERCEIVED	1,542,598	1,400,446
Interest and similar income on transactions with credit institutions	68,636	11,801
Interest and similar income on transactions with customers	1,473,962	1 360,901
Interest and similar income on receivables securities	-	27,744
INTEREST SERVED	872,510	733,469
Interest and similar expenses on transactions with credit institutions	515,301	396,295
Interest and similar expenses on transactions with customers	-	-
Interest and similar expenses on receivables securities issued	357,209	337,175
TOTAL	670,088	666,977

INCOME FROM PROPERTY SECURITIES

Dec 31, 2024
(in thousand MAD)

CATEGORY OF SECURITIES	Income received
Investment securities	-
Equity securities	-
Investments in affiliated companies	-
Portfolio activity securities	-
Similar uses	-
TOTAL	

NONE

COMMISSIONS

Dec 31, 2024
(in thousand MAD)

COMMISSIONS	Amount
COMMISSIONS RECEIVED	1,845
On transactions with credit institutions	-
On transactions with customers	-
On exchange transactions	-
Related to interventions on primary securities markets	-
On derivative products	-
On securities transactions under management and on deposit	-
On payment methods	-
On advisory and assistance activities	-
On sales of insurance products	-
On other services	1,845
PAID COMMISSIONS	153
On transactions with credit institutions	55
On transactions with customers	-
On exchange transactions	-
Related to interventions on primary securities markets	-
On derivative products	-
On securities transactions under management and on deposit	98
On payment methods	-
On advisory and assistance activities	-
On sales of insurance products	-
On other services	-

RESULT OF MARKET OPERATIONS

(in thousand MAD)

INCOME AND EXPENSES	Dec 31, 2024	Dec 31, 2023
INCOME	-	1,029
Gains on trading securities	-	1,029
Value gain on disposal of investment securities	-	-
Reversal of provision for depreciation of investment securities	-	-
Gains on derivative products	-	-
Gains on exchange transactions	-	-
EXPENSES	-	-
Losses on trading securities	-	-
Value loss on investment securities	-	-
Allocation to provisions for depreciation of investment securities	-	-
Losses on derivative products	-	-
Losses on exchange transactions	-	-
RESULT	-	1,029

GENERAL OPERATING EXPENSES

Dec 31, 2024
(in thousand MAD)

	Amount
Staff expenses	48,347
Taxes and duties	844
External expenses	7,177
Other general operating expenses	3,361
Allocations to depreciation and provisions for tangible and intangible fixed assets	2,533
TOTAL	62,262

OTHER INCOME AND EXPENSES

Dec 31, 2024
(in thousand MAD)

	Amount
Other banking income and expenses	-
Other banking income	-
Other banking expenses	153
Non-banking operating income and expenses	-
Non-banking operating income	1,388
Non-banking operating expenses	173
Allocations to provisions and losses on uncollectible receivables	9,548
Reversals of provisions and recoveries of written-off receivables	11,599
Non-current income and expenses	-
Non-current income	120
Non-current expenses	28,499

BREAKDOWN OF RESULTS BY BUSINESS LINE OR ACTIVITY POLE AND BY GEOGRAPHICAL ZONE

Dec 31, 2024
(in thousand MAD)

BREAKDOWN BY ACTIVITY POLE			
Activity Pole	Net Banking Income	Gross Operating Earnings	Pre-Tax Earnings
Bank activity	671,780	610,733	584,406
Other activities	-	-	-
TOTAL	671,780	610,733	584,406
BREAKDOWN BY GEOGRAPHICAL ZONE			
Geographical Zone	Net Banking Income	Gross Operating Earnings	Pre-Tax Earnings
Morocco	671,780	610,733	584,406
Other Zones	-	-	-
TOTAL	671,780	610,733	584,406

TRANSITION FROM NET BOOK EARNINGS TO NET FISCAL EARNINGS			Dec 31, 2024 (in thousand MAD)
Titles		Amount	Amount
I- Net book earnings		367,675	
Net gain		367,675	
Net loss		-	-
II- Tax reintegrations		256,993	
1- Current		11,764	
Expenses from previous financial years		169	
Non-operating expenses		453	
Allocations to provisions for general risks		9,548	
Conversion difference on liabilities		1,593	
2- Non-current		245,230	
Corporate income tax		216,731	
Social solidarity contribution		27,923	
Other non-current expenses		575	
-		-	-
-		-	-
III- Tax deductions			61,730
1- Current		11,730	
Reversals of provisions for general risks		9,124	
Reversals of provisions for NPLs		2,476	
Conversion difference on liabilities		131	
-		-	-
-		-	-
2- Non-current			50,000
1/5 Contribution to the Special Fund for the management of the Coronavirus (Covid-19) pandemic		20,000	
1/5 Contribution to the Special Fund to manage the impact of the earthquake of September 8, 2023		30,000	
-		-	-
-		-	-
-		-	-
TOTAL		624,668	61,730
IV- Gross fiscal earnings			562,938
Gross fiscal profit (A)			562,938
Gross fiscal deficit (B)			-
V- Deferred tax deficit (C)*			-
Fiscal year N-4			-
Fiscal year N-3			-
Fiscal year N-2			-
Fiscal year N-1			-
VI- Net fiscal earnings			562,938
Net fiscal profit (A - C)			562,938
OR			
Net fiscal deficit (B)			-
VII- Cumulative fiscal deferred depreciation			-
VIII- Cumulative fiscal deficits to be carried forward			-
Fiscal year N-4			-
Fiscal year N-3			-
Fiscal year N-2			-
Fiscal year N-1			-

(*) Within the limit of the amount of gross fiscal profit (A)

DETERMINATION OF CURRENT EARNINGS AFTER-TAX			Dec 31, 2024 (in thousand MAD)
I- EARNINGS DETERMINATION		Amount	
Current earnings according to the statement of income and expenses		612,785	
(+) Tax reintegrations on current transactions		11,764	
(-) Tax deductions on current transactions		11,730	
(=) Current earnings theoretically taxable		612,818	
(-) Theoretical tax on current income		235,935	
(=) Current earnings after tax		376,883	
II. INDICATIONS OF THE TAX SYSTEM AND THE BENEFITS GRANTED BY THE INVESTMENT CODES OR BY SPECIFIC LEGAL PROVISIONS			

DETAIL OF VALUE ADDED TAX					Dec 31, 2024 (in thousand MAD)
NATURE	Balance at the beginning of the fiscal year (1)	Accounting transactions for the fiscal year (2)	VAT claims for the fiscal year (3)	Balance at the end of the fiscal year (4=1+2-3)	
A- VAT collected	10,053	181,875	182,406	9,522	
B- VAT to be recovered	10,342	88,724	80,375	18,691	
On expenses	10,342	88,254	79,910	18,686	
On fixed assets	0	470	466	5	
C- VAT due or VAT credit (A-B)	- 289	93,151	102,030	- 9,169	

SHARE CAPITAL DISTRIBUTION					Dec 31, 2024 (in thousand MAD)
Amount of capital		1,000,000			
Amount of uncalled subscribed share capital		-			
Nominal value of the shares					
Name of the main shareholders or partners	Adress	Number of shares held		Share of capital held (%)	Percentage of voting rights (%)
		Previous fiscal year	Current year		
STATE				100	100
TOTAL				100	100

ALLOCATION OF EARNINGS THAT OCCURED DURING THE FISCAL YEAR				Dec 31, 2024 (in thousand MAD)
A- Origin of the allocated earnings	Amount	B- Earnings allocation	Amount	
Decision of the Board of Directors : 05/29/2024				
Retained earnings	-	Legal reserves	-	
Net earnings being allocated	-	Dividends	-	
Net earnings for the fiscal year	199,087	Other allocations	199,087	
Deduction from profits	-			
Other deductions	-			
TOTAL A	199,087	TOTAL B	199,087	

EARNINGS AND OTHER ELEMENTS FOR THE LAST THREE FISCAL YEARS				Dec 31, 2024 (in thousand MAD)
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	
Capital equity and similar	5,227,324	4,859,648	4,660,561	
To be deducted -Amount concerning the Fonds d'Accompagnement des Collectivités Territoriales (Support Fund for Territorial Communities)	-	-	-	
Net capital equity and similar	5,227,324	4,859,648	4,660,561	
Operations and earnings for the fiscal year	-	-	-	
Net banking income	671,780	669,251	661,461	
Pre-tax earnings	584,406	409,906	554,026	
Earnings taxes	216,731	210,819	216,131	
Distributed profits	-	-	-	
Retained earnings (placed in reserves or pending allocation)	367,675	199,087	337,895	
Earnings per share (in MAD)	-	-	-	
Net earnings per share or unit	-	-	-	
Earnings distributed per share	-	-	-	
Staff	-	-	-	
Gross remuneration for the fiscal year	42,343	42,948	40,887	
Average number of employees during the fiscal year	86	89	91	

DATING AND SUBSEQUENT EVENTS		Dec 31, 2024 (in thousand MAD)
I. DATING		
Closing date (1)		12/31/2024
Date of preparation of the summary statements (2)		February 2025
(1) Justification in case of change in the closing date of the fiscal year		
(2) Justification in case of exceeding the three-month regulatory deadline for the preparation of the summary statements		
II. EVENTS OCCURRING AFTER THE END OF THE FISCAL YEAR AND NOT RELATED TO THE FISCAL YEAR AND KNOWN BEFORE THE 1 ST EXTERNAL COMMUNICATION OF THE SUMMARY STATEMENTS		
Dates	Indication of events	

Favorable
Unfavorable

NONE

STAFF			(in number)
STAFF	Dec 31, 2024	Dec 31, 2023	
Paid staff	85	87	
Staff used	85	87	
Full-time equivalent staff	85	87	
Administrative and technical staff (full-time equivalent)	-	-	
Staff assigned to banking tasks (full-time equivalent)	-	-	
Executives (full-time equivalent)	79	81	
Employees (full-time equivalent)	6	6	
Of which, staff employed abroad	-	-	

SECURITIES AND OTHER ASSETS UNDER MANAGEMENT OR ON DEPOSIT					(in thousand MAD)
SECURITIES		Number of accounts		Amount	
		Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Securities for which the institution is custodian					
Securities managed under a management mandate					
Securities of UCITS for which the institution is custodian					
Securities of UCITS managed under a management mandate					
Other assets of which the institution is custodian					
Other assets managed under a management mandate					

NONE

NETWORK			(in number)
NETWORK	Dec 31, 2024	Dec 31, 2023	
Permanent branches			
Temporary branches			
Automatic teller machines and Bank ATMs			
Branches and agencies abroad			
Representative offices abroad			

NONE

CUSTOMER ACCOUNTS			(in number)
CUSTOMER ACCOUNTS	Dec 31, 2024	Dec 31, 2023	
Current accounts			
Checking accounts of Moroccans living abroad			
Other checking accounts			
Factoring accounts			
Savings accounts			
Term accounts			
Cash vouchers			
Other deposit accounts			

NONE

STATEMENT OF NON PERFORMING LOANS AND RELATED PROVISIONS AT 12/31/2024						(in thousand MAD)
Dec 31, 2024			Dec 31, 2023			
Conventional loans	Receivables	Provisions	Receivables	Provisions		
Pre-doubtful loans	-	-	7,919	312		
Doubtful loans	-	-	22,583	2,164		
Compromised loans	5,927	5,344	5,927	5,344		
Subtotal 1	5,927	5,344	36,428	7,820		
MEN loans	Receivables	Provisions	Receivables	Provisions		
Pre-doubtful loans	-	-	-	-		
Doubtful loans	-	-	-	-		
Compromised loans	851	146	851	146		
Subtotal 2	851	146	851	146		
GRAND TOTAL	6,778	5,490	37,279	7,966		



GLOBAL RISK MANAGEMENT MECHANISM

1. Integrated Risk Management

1.1. Risk Management Control and Governance Principles

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

- the Board of Directors' commitment to prioritizing risk management;
- the strong involvement of the entire Institution's management in the process;
- clearly defined procedures and responsibilities within the organization;
- the allocation of appropriate resources for risk management and the development of risk sensitivity among all stakeholders.

1.2 Structure and Governance of Risk Management

The bodies described below ensure governance and risk management :

Administrative Body

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 the Economy and Finance;
- 1 representative of the Ministry of Health and Social Protection;
- 1 representative of the Ministry of Equipment and Water;
- 1 representative of the Ministry of Energy Transition and Sustainable Development;
- The representative of the National Agency for the Strategic Management of State participants and Monitoring of the Performance of Public Institutions and Enterprises (ANGSPE);
- The General Manager of the Caisse de Dépôt et de Gestion (CDG);
- Members representing elected officials: 8 communal councillors appointed from among the communal councillors appearing on a list established for this purpose.

The Board of Directors meets when convened by its Chairman as often as the needs of the FEC require and at least twice a year.

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

Audit and Risk Committee

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

The Audit and Risk Committee includes, in addition to the General Manager of the National Agency for the Strategic Management of State participants and Monitoring of Performance of Public Institutions and Enterprises, or his representative, as Chairman :

- the Wali, Inspector General of Territorial Administration, or his representative (Ministry of the Interior);
- the Director of the Treasury and External Finance, or his representative (Ministry of the Economy and Finance).

The Audit and Risk Committee is particularly in charge of assessing the quality of the internal control system and the coherence of risk measurement, monitoring, and control systems.

Governing Body

The General Management of the FEC evaluates the effectiveness of the risk management process and conducts a regular review of policies, strategies and key initiatives in terms of risk management. The General Management makes presentations to the Audit and Risk Committee, emanating from the Board of Directors, on the main aspects and major changes in the risk management strategy. The ARC reports on its work regularly to the Board of Directors at each of its meetings.

Credit Committee

The Credit Committee is in charge of reviewing and granting loans under the conditions set by the Board of Directors.

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

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

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

Internal Risk Committee

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

- ensuring the monitoring of the implementation of the FEC's global risk management strategy;
- ensuring compliance of internal procedures with current legal and regulatory requirements as well as professional and ethical norms and standards;
- monitoring and evaluating the risk prevention measures put in place by the FEC;
- ensuring the implementation of recommendations from the Audit and Risk Committee and external control stakeholders regarding risk prevention;
- reviewing risk management information and ensuring its reliability before transmitting it to third parties.

ALCO Committee

The ALCO Committee, chaired by the Governor, General Manager of the FEC, is in charge of :

- developing and implementing the Bank's Asset-Liability management policy, in its various components (refinancing, investment, transformation, hedging, Return On Equity (ROE)...), in accordance with the strategic orientations of the Board of Directors and the legislative and regulatory provisions;
- assessing the pricing policy applied to customers;
- defining the necessary limits for managing interest rate and liquidity risks;
- monitoring the Bank's balance sheet stability;
- assessing the impact of the launch of new products, or any new activity involving an interest rate risk or liquidity risk, on the Bank's financial situation;
- monitoring the Bank's risk profile (liquidity, interest rate and foreign exchange risk) according to the internal and regulatory limits set by the Bank;
- validating the conventions and the rate flow methods.

Information System Security Committee

The Information System Security Committee (ISSC) is in charge of monitoring the implementation of the Information Security policy and ensuring its compliance by FEC's employees and third parties, as well as monitoring the development of the plan related to Information Security risks, particularly cybersecurity risks.

The Information System Security Committee, chaired by the Secretary-General or his representative, is composed of the following members :

- The Deputy Director in charge of the Information System Division;
- The Deputy Director in charge of the Risk and Permanent Control Division;
- The Chief Project Management Office;
- The Information System Security Manager;
- The Technological Infrastructures Officer (Operational Security).

The ISSC's main tasks include :

- Monitoring the implementation of the Information Security policy and ensuring its compliance by FEC's employees and third parties;
- Overseeing the action plans in the field of Information Security, including validation, resource allocation, and ensuring the proper execution of these action plans;
- Monitoring the evolution of the Information Security risks and ensuring the regular review of the security risk mapping;
- Monitoring key projects in the field of Information Security;
- Reviewing Information Security indicators and monitoring actions aimed at improving them;
- Addressing issues related to major Information Security incidents;
- Approving the allocation of necessary resources for implementing Information Security actions;
- Prioritizing the bank's security needs in terms of Information Security.

Risks and Permanent Control Division

The Risks and Permanent Control Division is particularly in charge of ensuring the reliability and security of operations carried out by the FEC as well as the implementation of effective processes

for measuring, controlling and monitoring risks.

Legal, Compliance and Governance Division

The Legal, Compliance and Governance Division is mainly in charge of ensuring the security of the Bank's transactions and commitments, assessing any potential legal risks to the institution, and implementing appropriate procedures to manage them. It also monitors the compliance of the FEC's operations with legal and regulatory provisions applicable to the FEC, supervises, and strengthens the Bank's internal governance mechanisms. Additionally, it is in charge of the implementation and the monitoring of the code of ethics and professional conduct applicable to FEC's employees.

Internal Audit

Internal Audit is in charge of audit operations related to the organization, procedures and operation of the FEC.

This entity ensures the performance of audit assignments as well as the preparation and follow-up of the meetings of the Audit and Risk Committee.

Internal Audit is also in charge of providing the necessary assistance to external control stakeholders and monitoring the implementation of their recommendations.

2. Risk exposure

Given the nature of its activities, the FEC's risk profile as formalized in its Global Risk Strategy is as follows :

Credit risk : The risk that the FEC's borrowers may not fulfill their contractual obligations.

Concentration risk : This refers to the inherent risk of significant individual exposure, likely to generate losses that could threaten the Bank's financial solidity or its ability to pursue its core activities.

Environmental and social risks : These risks may manifest as environmental damage (air, soil, water pollution, etc.) or as economic harm to individuals resulting in a reduction of their income or an increase in their expenses.

The responsibility for managing these risks lies with customers and relevant authorities. The FEC's role is to address the main environmental and social issues of financed projects and ensure that its customers comply with the relevant legislative and regulatory requirements.

Operational risks : These are losses resulting from deficiencies or failures attributable to procedures, human resources, internal systems, or external events.

Structural interest rate risk : This refers to the effects that fluctuations in interest rates could have on the FEC's margins, its income, and the economic value of its equity.

Structural liquidity risk : This relates to the risk that the FEC may not be able to meet liquidity demands and fulfill its obligations when they come due. Liquidity requests may arise upon debt maturity and credit agreement terms.

Structural exchange rate risk : The risk that fluctuations in exchange rates negatively affect the Bank's revenues.

Non-compliance risk : This refers to the FEC's exposure to reputational risks, financial losses, or sanctions due to non-compliance with legal and regulatory provisions, applicable standards and practices, or codes of conduct.

Strategic risk : The risk inherent in the chosen strategy or resulting from the institution's inability to implement its strategic plan.

Reputation risk : The risk resulting from a negative perception, particularly from counterparties or regulators, which may adversely affect the institution's ability to fulfill its mission and its access to financing sources.

Cybersecurity risk : The risk that the FEC may face a cyber-attack or security breach compromising the confidentiality, integrity, or availability of its customers' data, financial transactions, or other sensitive information.

2.1 Credit Risk

The FEC is exposed to credit risk due to its lending activity.

General loan policy

The FEC requires its clients to self-finance at least 20% of the investment cost, except for justified exceptions approved by the Credit Committee.

The rates applied are either fixed rates or revisable rates.

The FEC's loans are repaid in annual instalments, comprising principal and interest.

Decision-making

The Risk and Permanent Control Division is in charge of approving the project to be financed and assessing the level of risk involved by the granting of the new loan as well as the client's ability to carry out his project.

The Credit Committee decides on the granting of the loan. The latter is authorized by a joint decree signed by the Ministers of the Interior and the Economy and Finance.

Credit risk management process

Upon receipt of a request for financing a project and depending on its size, the Operations' Pole carries out the evaluation of the project and analyzes the client's financial quality.

The evaluation of the project to be financed is based on an in-depth knowledge of the client, the nature of the investment to be made and the financial package put in place.

The analysis of the client's financial situation covers the budgetary data of the budget execution balance sheets for the last three years, and the approved relative budgets as well as the data of the current year's provisional budget.

A retrospective analysis is first established in order to identify the trends in the main budget headings of the Territorial Community.

Secondly, a prospective analysis is carried out on the basis of the trends observed in order to measure, over time, the evolution of the Territorial Community's borrowing capacity.

The calculation of the borrowing capacity incorporates the following principles :

- the repayment capacity of the Community depends on the level of the generated savings;
- the maximum savings convertible into an annuity must not exceed 80% of the gross savings;
- the maximum debt ratio must not exceed 40%, unless expressly waived by the Board of Directors.

Prior to any loan approval, the Risk and Permanent Control Division is in charge of assessing the level of risk involved in the granting of the new loan based on :

- Analysis of the content of the client's file: general and legal data, financial and technical data;
- The analysis of the retrospective and prospective financial situation of the client, which allows to determine the intrinsic financial quality of the latter and to assess various debt and solvency ratios as well as self-financing capacity;
- The assessment of the quality of the client based on the background of repayments of loans already contracted and the situation of its arrears regarding the FEC;
- The assessment of project evaluation based on commonly accepted technical ratios by type of project;
- The assessment of the need to match the loan to be granted to the provision of guarantees and proposal of risk correction measures to be implemented.

General conditions for granting loans

As with the other debts of the Territorial Communities, the FEC's loan annuities are subject to the legal requirement of being included in their budgets.

The FEC's loan contracts include :

- a suspensive clause for disbursements in the event of a deterioration in the borrower's financial situation;
- a suspensive clause for disbursements in the event of late payment exceeding 30 days.

Solvency profile

As of the end of December 2024 :

The net weighted risks borne by the FEC reached 7,437,206 thousand MAD, composed of 83% credit risk and 17% operational risk.

In compliance with prudential requirements, the solvency ratio reached 83.72%, while the Tier One ratio reached 70.27%, reflecting the institution's strong solvency level.

Credit Portfolio Analysis

Customer receivables, consisting of 99.91% commitments to Territorial Communities, totaled 27,465,340.86 thousand MAD as of December 31, 2024.

Financing commitments provided by the FEC to customers amounted to 5,559,617.22 thousand MAD as of December 31, 2024.

The analysis of off-balance sheet commitments as of December 31, 2024, reveals that 65.66% of the total volume corresponds to recent loans committed within the past 3 years.

Provisions, provisioning policy and credit risk coverage

The Accounting and Reporting Division is in charge of the process of classifying and provisioning non-performing loans.

Receivables from Territorial Communities are assigned a weighting rate of 20%.

The classification and provisioning policy complies with the provisions of Bank Al-Maghrib's Circular No. 19/G/2002.

Maximum Risk Division Coefficient (MRDC)

The FEC constantly monitors compliance with the maximum ratio of 20% between the total risks incurred on the same client and its equity.

As part of the financing requests, the operating entities as well as the Risk and Permanent Control Division ensure compliance with the maximum risk division coefficient, which is also monitored by the Accounting and Reporting Division.

The maximum risk division coefficient, in accordance with the provisions of Circular No. 08/G/2012 of Bank Al-Maghrib, is established at 8.89% at the end of December 2024, thus falling below the regulatory threshold set by BAM.

Pursuant to Bank Al-Maghrib's Directive No. 2/G/2010, related to the practice of stress tests and in order to strengthen the tools for measuring and assessing credit risk, stress tests were carried out in order to assess the degree of aversion of the FEC to this risk.

The results from the minimum stress tests within the meaning of that directive, incorporating potential changes in the composition of the FEC's portfolio, reflect the FEC's capacity to withstand credit risk. In all scenarios, the FEC displays a solvency ratio above the regulatory threshold and a non-performing loans rate not exceeding 1%.

2.2 Asset/Liability Management (ALM)

Responsibility for Asset/Liability Management (ALM)

Responsibility for Asset/Liability Management (ALM)

The Management Control and ALM Department, which reports to the Financial Division, carries out ALM risk management within the Financial Pole.

The ALCO committee, chaired by the Governor, General Manager of the FEC, is in charge of the transversal and collective monitoring of the financial risks to which the institution is exposed and is also in charge of reviewing decisions that may affect Asset-Liability Management.

Asset / Liability Management

The FEC has set up a mechanism for managing balance sheet risks such as liquidity, interest rate and exchange rate risks, in order to be able to continuously monitor their evolution according to the trend of the financial markets, and to the Bank's activity.

In order to preserve the Bank's financial balances, the ALM system aims to :

- ensure sufficient liquidity level, enabling the Bank to meet its obligations at any time and safeguarding it from potential crisis;
- ensure that the inherent risk in foreign currency positions does not diminish the Bank's profit margin;
- ensure stability of results against interest rate variations by preserving interest margin and optimizing the economic value of equity;
- guide the Bank's strategy in terms of refinancing.

Liquidity risk

Liquidity risk is defined as the risk that the Bank may not be able to meet its obligations at their maturity under normal conditions.

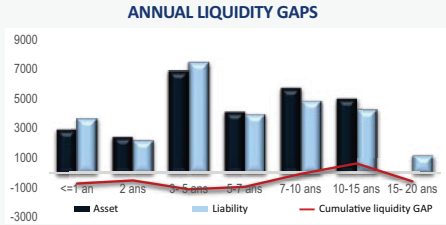
The FEC may be exposed to liquidity risk, which may arise in one of the following forms :

- The inability of the institution to raise necessary funds to meet unexpected short-term situations, notably a significant drawdown of funding commitments given to TCs;
- The mismatched assets and liabilities or financing of medium and long-term assets by short-term liabilities.

Used approach to calculate Liquidity Gaps :

The measurement of this risk is based on balance sheet items at a given closing date, classified according to their residual maturity, and to which the flow laws and the ALM conventions are applied. The static flow gap makes it possible to determine the surplus or requirement of resources in the medium to long term, assuming that there is no new production of assets and liabilities.

As of December 31, 2024, the liquidity gap profile is as follows :



Interest Rate Risk Management (IRRM)

Interest rate risk corresponds to the sensitivity of the balance sheet to future interest rate movements. The assessment of this risk is carried out through a series of stress test simulations, in particular in the context of the following six regulatory scenarios :

Scenario 1 : Parallel shift of the interest rate curve upwards (+200 bps);

Scenario 2 : Parallel shift of the interest rate curve downwards (-200 bps);

Scenario 3 : Rise in short rates;

Scenario 4 : Fall in short rates;

Scenario 5 : Flattening of the yield curve;

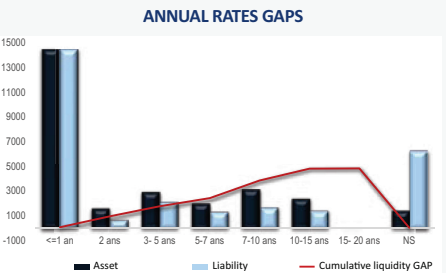
Scenario 6 : Steepening of the yield curve.

The analysis and assessment of interest rate risks follows a dual logic, namely the preservation of the interest margin and the economic value of equity capital.

The Bank has opted for the approach known as the static mode maturity method. This approach consists of liquidating all balance sheet positions in static mode according to their contractual or conventional characteristics.

Exposure as of December 31, 2024

The flow of interest rate gaps as of December 31, 2024 is as follows :



The impact of regulatory scenarios is 4.50% on the forecasted net interest margin and 13.64% on the economic value of Shareholders' equity.

Foreign exchange risk

In order to hedge against foreign exchange risk, the FEC has implemented a perfect and comprehensive coverage policy since 2019 for draws on credit lines contracted with foreign lenders.

As a reminder, the foreign exchange risk coverage related to the majority of the external loans mobilized by the FEC during the 1990s is taken in charge by the State (Ministry of the Economy and Finance/Treasury and External Finance Division) for compensation, within a system specific to each credit line.

2.3 Operational Risks

Over the past few years and in accordance with the provisions of Bank Al-Maghrib and the principles of good governance, the FEC has put in place an evolving internal control system that allows to :

- ensure the reliability and integrity of the financial and accounting information produced;
- ensure that operations are carried out in accordance with the laws and regulations in force and according to the management guidelines and standards defined by the Management Body and the Administrative Body;
- prevent and control the risks associated with its activity through well-defined and regularly monitored procedures.

The General Management supervises the operational risk management system and monitors the actions taken to strengthen it.

General framework

The FEC has undertaken several actions to strengthen the internal control system and the establishment of the necessary foundation for the construction of a robust and long-lasting operational risk management system backed by best practices and in compliance with regulatory requirements :

» Signature delegation mechanism

The FEC has set up an advanced signature delegation mechanism, based on a precise definition of powers and a clear delimitation of responsibilities. This mechanism meets the following principles :

- The principle of double signature is mandatory for all transactions affecting the accounts of the FEC or other elements of its assets;
- The separation between initiation and execution on the one hand, and control on the other;
- The replacements are systematically scheduled in the event of the absence or impediment of a person in order to ensure continuity of service.

» General procedures manual

The FEC has a general procedures manual covering all the functional processes of the Steering, Operational and Support areas. The general mapping of processes and procedures has been developed according to the requirements of the ISO 9001 Quality standards.

In addition, the integration of the modelling tool allowed to have a single, structured procedure referential accessible by all FEC's employees through an intranet site. This referential is regularly updated to comply with regulatory, business activity and information systems developments.

» Manual of procedures and accounting organization

The FEC has a manual of procedures and accounting organization to ensure that :

- all operations carried out by the FEC are faithfully translated into accounting records;
- all records comply with the Chart of Accounts for Credit Institutions and the regulations in force;
- all internal and external financial and accounting information are reliable, complete and understandable for its users.

» Internal control manual

In accordance with the regulations in force and best practices in this area, the FEC has an internal control manual enabling it to ensure the regularity and proper application of the procedures put in place as well as the formalization of control points.

» Business Continuity Plan

In accordance with the provisions of Circular No. 4/W/2014 of the Wali of Bank Al-Maghrib on internal control of credit institutions and Directive No. 47/G/2007 of Bank Al-Maghrib on business continuity plan within credit institutions, the FEC has a Business Continuity Plan (BCP) that has been approved by the Board of Directors. The BCP enables the FEC to ensure the Bank's operations in degraded mode and the resumption of activities, according to various crisis scenarios. The implementation of the FEC's BCP focused in particular on the establishment of :

- Information System continuity mechanisms;
- Logistical continuity mechanisms;
- Human resources continuity mechanisms;
- Business continuity mechanisms.

In order to ensure the operational maintenance of the mechanisms put in place, the BCP documentation corpus (criticality Study, continuity Strategy, Procedures, communication Plan, etc.) is regularly updated. Similarly, a maintenance and operational plan for the Business Continuity Plan (BCP) is currently being reinforced.

Furthermore, the FEC continues to maintain permanent monitoring regarding the occurrence of any event that may require the activation of its BCP, in order to guarantee the continuity of the Bank's activity and the safety of its employees. Thus, and in the absence of any incident requiring its activation, the FEC's BCP has not been activated during the year 2024.

Operational risk management

The FEC has an operational risk mapping based on the Basel II typology, which is updated annually. This mapping covers processes related to credit, support, and information systems and allows targeting the identification of processes requiring particular or enhanced monitoring.

The operational risk management mechanism deployed at the FEC, as part of the Basel II reform and in application of Directive No. 29/G/2007 issued by Bank Al-Maghrib, allows the identification and assessment of operational risks as well as the follow-up of action plans adopted for the identified major risks. This mechanism was supplemented in 2011 by an incident collection database, which provides an objective view of the risks incurred and the reassessment of these risks by the results of the collection of operational incidents.

The operational risk management mechanism is fully automated following the deployment of an IS application, allowing it to ensure :

- The identification, assessment and monitoring of operational risks through risk mapping;
- The reconciliation of the risk mapping with the general procedures manual;
- The monitoring of action plans adopted for the major risks identified;
- The collection of incidents related to operational risks.

Organization

On the organizational level, the Risk and Permanent Control Division carries out the management of the operational risk management system. It is supported by Operational Risk Correspondents (ORCs) at the Business and Support entities' level.

These ORCs are in charge of reporting operational incidents, analysing the collection base for these incidents and implementing action plans to cover major risks.

To this end, a procedure for collecting and reporting operational incidents as well as a reporting form for the occurrence of an operational incident have been developed and made available to the ORCs in order to equip the collection and reporting process for incidents.

The Internal Risk Committee ensures the governance of operational risks.

Hedging of operational risks

In accordance with the regulatory provisions related to minimum equity requirements, the FEC has been covering operational risks since December 2011.

The equity requirement to cover operational risks is calculated using the «basic indicator» approach, which is equal to 15% of the average net banking income, calculated over the past 3 years.

2.4 Risks of Non-Compliance

In accordance with Bank Al-Maghrib's Directive No. 49/G/2007 related to the compliance function of August 31, 2007, the FEC has adopted a compliance and a charter policy.

FONDS D'EQUIPEMENT COMMUNALEspace Oudayas, angle Av Annakhil et av Ben Berka, Hay Ryad
Rabat**RAPPORT GENERAL DES COMMISSAIRES AUX COMPTES
EXERCICE DU 1^{ER} JANVIER AU 31 DECEMBRE 2024****AUDIT DES ETATS DE SYNTHESE*****Opinion***

Conformément à la mission qui nous a été confiée par votre Conseil d'administration, nous avons effectué l'audit des états de synthèse ci-joints du FONDS D'EQUIPEMENT COMMUNAL, comprenant le bilan, le compte de produits et charges, l'état des soldes de gestion, le tableau des flux de trésorerie et l'état des informations complémentaires (ETIC) relatifs à l'exercice clos le 31 décembre 2024. Ces états de synthèse font ressortir un montant de capitaux propres et assimilés de 6 244 938 KMAD dont un bénéfice net de 367 675 KMAD.

Nous certifions que les états de synthèse cités au premier paragraphe ci-dessus sont réguliers et sincères et donnent, dans tous leurs aspects significatifs, une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine du FONDS D'EQUIPEMENT COMMUNAL au 31 décembre 2024 conformément au référentiel comptable admis au Maroc.

Fondement de l'opinion

Nous avons effectué notre audit selon les Normes de la Profession au Maroc. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états de synthèse » du présent rapport. Nous sommes indépendants du fonds conformément aux règles de déontologie qui s'appliquent à l'audit des états de synthèse au Maroc et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Questions clés de l'audit

Les questions clés de l'audit sont les questions qui, selon notre jugement professionnel, ont été les plus importantes dans l'audit des états de synthèse de la période considérée. Ces questions ont été traitées dans le contexte de notre audit des états de synthèse pris dans leur ensemble et aux fins de la formation de notre opinion sur ceux-ci, et nous n'exprimons pas une opinion distincte sur ces questions.

<i>Risque de crédit et provisionnement des crédits à la clientèle</i>	
<i>Risque identifié</i>	<i>Réponse d'audit</i>
Les crédits à la clientèle sont porteurs d'un risque de crédit qui expose le FONDS D'EQUIPEMENT COMMUNAL (FEC) à une perte potentielle si les clients ou les contreparties s'avèrent incapables de faire face à leurs engagements financiers. Le FEC constitue des provisions destinées à couvrir ce risque. Ces provisions sont estimées et comptabilisées en application des principes édictés par le Plan Comptable des Etablissements de Crédit (PCEC) et des dispositions de la circulaire 19/G/2002 de Bank Al Maghrib relative à la classification des créances et à leur couverture par les provisions. L'évaluation des provisions en couverture des créances sur la clientèle requiert : - L'identification des créances en souffrance ; - L'évaluation du montant des provisions en fonction des différentes catégories de classification des créances du FEC. Les informations concernant les règles de classification et de provisionnement des créances sont présentées dans l'état « Principales méthodes comptables » de l'Etat des Informations Complémentaires (ETIC). Au 31 décembre 2024, le montant des provisions pour dépréciation s'élève à 5,5 MMAD ; il ramène les créances à la clientèle à un montant net de 27 459 MMAD. Nous avons considéré que l'appréciation du risque de crédit relatif aux créances sur la clientèle et l'évaluation des provisions y afférentes constituaient un point clé de l'audit, ces éléments étant de montants significatifs et faisant appel aux estimations de la direction.	Nous avons pris connaissance du dispositif de contrôle interne du FONDS D'EQUIPEMENT COMMUNAL et des contrôles clés relatifs à la classification des créances et à l'évaluation des provisions y afférentes. Sur les aspects de classification et de provisionnement des créances, nos travaux d'audit ont notamment consisté à : - Étudier la conformité au PCEC et notamment à la circulaire 19/G/2002 de Bank Al Maghrib des principes mis en œuvre par le Fonds, en termes de règles de déclassement et de provisionnement ; - Examiner le dispositif de gouvernance et tester les contrôles clés mis en place au niveau du Fonds ; - Tester par sondage la correcte classification des créances dans les catégories appropriées ; - Tester la provision déterminée sur une sélection de créances en souffrance.

Responsabilité de la Direction et des responsables de la Gouvernance à l'égard des états de synthèse

La direction est responsable de la préparation et de la présentation fidèle des états de synthèse, conformément au référentiel comptable en vigueur au Maroc, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états de synthèse exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états de synthèse, c'est à la direction qu'il incombe d'évaluer la capacité du fonds à poursuivre son exploitation, de communiquer, le cas échéant, les questions se rapportant à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider le fonds ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à lui.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière du fonds.

Responsabilité de l'Auditeur à l'égard de l'audit des états de synthèse

Nos objectifs sont d'obtenir l'assurance raisonnable que les états de synthèse pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs et de délivrer un rapport de l'auditeur contenant notre opinion.

L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes de la profession au Maroc permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer sur les décisions économiques que les utilisateurs des états de synthèse prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes de la profession au Maroc, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- Nous identifions et évaluons les risques que les états de synthèse comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- Nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Fonds ;

- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la Direction, de même que des informations y afférentes fournies par cette dernière ;
- Nous tirons une conclusion quant au caractère approprié de l'utilisation par la Direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Fonds à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états de synthèse au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener le fonds à cesser son exploitation ;
- Nous évaluons la présentation d'ensemble, la structure et le contenu des états de synthèse, y compris les informations fournies dans l'ETIC, et apprécions si les états de synthèse représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Casablanca, le 28 mai 2025

Les Commissaires aux Comptes

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Abdellah LAGHCHAoui
Associé

List of press releases published during the 2024 financial year

1. **02/29/2024:** Press release related to the financial indicators for the 4th quarter of 2023.
2. **03/29/2024:** Publication of financial statements for the 2023 financial year.
3. **04/26/2024:** Press release on the publication of the 2023 Annual Financial Report.
4. **05/23/2024:** Press release related to the financial indicators for the 1st quarter of 2024.
5. **05/31/2024:** Press release on the holding of the Board of Directors' meeting on May 29, 2024.
6. **07/12/2024:** Press release concerning the FEC's reference document for the 2023 financial year, as part of the annual update of the information file related to the FEC's certificate of deposit issuance program.
7. **08/30/2024:** Press release related to the financial indicators for the 2nd quarter of 2024.
8. **09/30/2024:** Financial communication as of June 30, 2024 on the occasion of the publication of the Semestrial Financial Report for the 1st half of 2024, including the press release on financial indicators for the 1st half of 2024 and the financial statements as of June 30, 2024.
9. **11/29/2024:** Press release related to the financial indicators for the 3rd quarter of 2024.

Statement of fees paid to account auditors 2022-2024

In Dirhams

	2020-2021 : DELOITTE AUDIT 2022-2024 : COOPERS AUDIT MAROC						2019 - 2024 : MAZARS AUDIT & CONSEIL						Total Tax included
	Amount including Tax/Year			Percentage/Year*			Amount including Tax/Year			Percentage/Year*			
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	
Statutory audit, certification of individual and consolidated accounts**													
Issuer	108,000	108,000	108,000	100%	100%	100%	192,000	192,000	192,000	100%	100%	100%	900,000
Subsidiaries													
Other procedures and services directly related to the statutory auditors' mission													
Issuer													
Subsidiaries													
Subtotal	108,000	108,000	108,000	100%	100%	100%	192,000	192,000	192,000	100%	100%	100%	900,000
Other services rendered													
Others													
Subtotal													
Grand total	108,000	108,000	108,000	100%	100%	100%	192,000	192,000	192,000	100%	100%	100%	900,000

* Share of each line in the grand total of the concerned year.

** The amount of commitment under the engagement letter in accordance with the terms of the associated contract.

ANNUAL
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2024

THE **BANK** FOR LOCAL FUNDING

