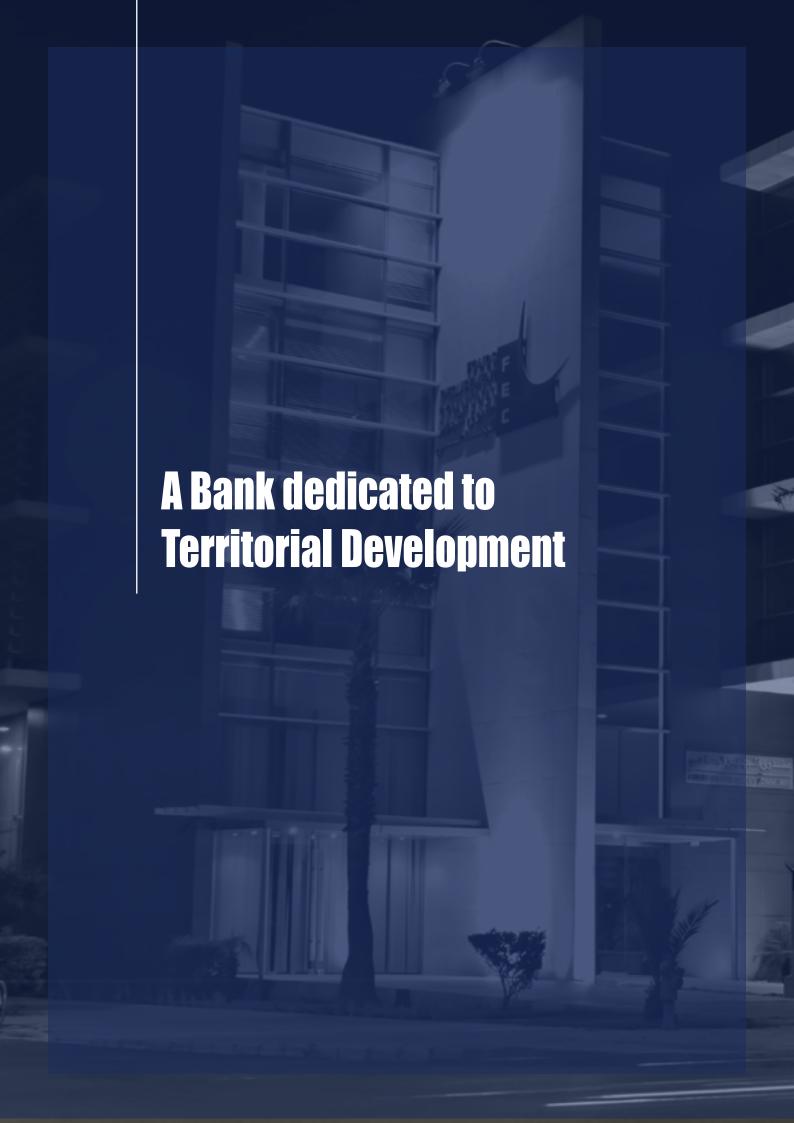


# SEMESTRIAL FINANCIAL REPORT \$12025

THE BANK FOR LOCAL FUNDING



### The FEC: the Bank of Territorial Communities

For over 65 years, the Fonds d'Équipement Communal (FEC) has supported the investment and development dynamics of Territorial Communities with determination, commitment, and innovation.

In its role as a leading technical and financial partner in the local sector, the FEC aims to facilitate its customers' access to borrowing leverage to finance its territorial development projects. Through this unique mission in the national banking landscape, the FEC is committed to offering Territorial Communities the most suitable financing solutions through innovative mechanisms tailored to their needs and expectations.

As a public Bank dedicated to financing territorial investment, the FEC positions itself in a framework of responsibility and commitment to accompany the evolution of the Moroccan economy and the development of the local public sector. This desire requires the Institution to adapt its services and interventions to the challenges faced by territorial actors and to its alignment with the priorities of sustainable territorial development.

Particular emphasis is placed on projects that contribute to reducing territorial and social disparities, support the transition toward low carbon development, and strengthen the resilience of territories to the effects of climate change.

This responsible commitment to the fundamental principles of sustainable development has notably resulted in the integration, since April 2022, of the Environmental and Social (E&S) criteria, and since October 2024, climate criteria into the overall risk management, both in its decision-making processes and in its relations with stakeholders. The operational implementation of this sustainability commitment relies on a comprehensive set of procedures and tools to effectively manage the risks associated with its financing and to ensure the Bank's alignment with international standards in this area.

These developments allow the Bank to both support the growth dynamics of the territories and to contribute to their inclusive development by adding a further dimension to their efforts to improve the living conditions and quality of life of local populations. This also fosters the promotion of projects with high social and environmental impact for territorial actors.

It should also be emphasized that integrating the principles of sustainability and environmental and climate considerations constitutes a major asset for the Bank in its strategy of opening up to the international financial market. This enables it to access competitive financing, including those linked to climate finance, so as to respond to the expectations of lenders and thus offer its clients the best support and financing conditions.

## **ABBREVIATIONS**

AAGR Average Annual Growth Rate

**BOEs** Banking Operating Expenses

**BOI** Banking Operating Income

**BDH** Billions of dirhams

CIT Corporate Income Tax

**DFIs** Development Finance Institutions

**DGTC** Directorate General of Territorial Communities

**E&S** Environmental and Social

**GOEs** General Operating Expenses

HLBS High Level Bus Service

MDH Millions of dirhams

MLDI Multidimensional Local Development Index

NBI Net Banking Income

NPLs Non-Performing Loans

**OBSCs** Off-Balance Sheet Commitments

**PRDTS** Program for the Reduction of Territorial and Social Disparities

RDPs Regional Development Plans

SSC Social Solidarity Contribution

**TCs** Territorial Communities

UDP Urban Development Plan

WAIR Weighted Average Interbank Rate

## **SUMMARY**

<b>I.</b>	HIGHLIGHTS AND KEY FIGURES S1 2025	6
II.	LOAN ACTIVITY AS OF JUNE 30, 2025	9
2. 3.	Loan commitments Loan disbursements Environmental and social risk assessment of financed projects Situation of off-balance sheet commitments (OBSCs)	
III.	FINANCING OF THE ACTIVITY AS OF JUNE 30, 2025	18
	Evolution of resources Evolution of uses	
IV.	4.C. O.F. II.I.N.F. 2.O. 2.0.0.F.	23
2. 3.	Operational indicators Balance sheet Regulatory ratios Financial communication as of June 30, 2025	

## I. Highlights and key figures S1 2025

#### Highlights S1 2025

The Fonds d'Équipement Communal (FEC) continued in S1 2025 to strengthen its positioning as a key player serving sustainable, inclusive, and resilient territorial development, in line with the Bank's stated strategy in terms of sustainability.

The Bank ensures that its intervention modalities adapt to the evolution of its environment, notably through innovative financing solutions and tailored support for its clients, in order to allow the materialization of their investment projects and to help address major environmental and social challenges.

At the end of S1 2025, loan activity recorded a positive trend, with loan commitments and loan disbursements increasing by 4% and 10% respectively at the end of June 2025, compared to the same period the previous year, reaching 1,559 MDH and 900 MDH. These territorial financings primarily supported the implementation of several projects in different sectors of intervention, particularly those with significant social, environmental, and climate impact, thus contributing to the reduction of multidimensional deficits in basic infrastructure, strengthening the resilience of territories against the effects of climate change, and contributing to the achievement of the Sustainable Development Goals (SDGs).

The results of the environmental and social rating of loan commitments in S1 2025 showed that the majority of financed projects, which is over 85%, are classified in the "D or C Categories", covering projects with minimal and manageable risks.

Furthermore, during S1 2025, the FEC pursued the implementation of its structuring projects, further aligning the Institution with its environment and effectively responding to the growing needs of Territorial Communities for the financing of their investment projects:

## 1. A Financial Strategy focused on the sustainability and diversification of resources to support the growth dynamics of territories

As part of its financial strategy, the FEC relies on the strength of its fundamentals to diversify and sustain its sources of financing. In the absence of customer deposits, the FEC mobilizes resources both on the domestic financial market and from international financial institutions to finance its activity and meet the growing needs of Territorial Communities.

Thus, the share of international financing represented nearly 25% of the FEC's borrowing resources as of June 30, 2025, compared to 18% as of June 30, 2024 and 8% as of June 30, 2020, thereby reflecting the growing trust of leading Development Finance Institutions (DFIs) in the FEC.

Indeed, the FEC adopts a proactive approach and ensures the strengthening of exchanges with DFIs in order to anticipate and respond effectively to the Bank's evolving needs and market conditions. On one hand, this involves optimizing the use of contracted credit lines, and on the other hand, exploring new partnership opportunities with other DFIs, including the establishment of new financing agreements.

Accordingly, the FEC carried out, during S1 2025, drawdowns in USD and EUR, amounting to the equivalent of nearly 2 BDH, under the financing lines contracted without a State guarantee, from the Agence Française de Développement (AFD) and the Japan International Cooperation Agency (JICA).

This opening to the international market, combined with a regular presence on the Moroccan financial market and participation in syndicated financing operations for the benefit of Territorial Communities, constitutes a key pillar of the FEC's refinancing strategy and the diversification of its resources.

In a context of easing interest rates on the financial market and optimization of the Bank's refinancing, and thanks to its financial strategy particularly focused on DFIs, the FEC granted a reduction in interest rates for its clients as from January 1, 2025. This measure reflects the Bank's determination to adjust its pricing in order to allow its customers to benefit from changes in market conditions, while preserving the imperatives of maintaining its financial balance.

## 2. A sustainability strategy in support of sustainable, inclusive and resilient territorial development

As part of its strategic vision on sustainability, the Bank continually works to contribute to sustainable and resilient territorial development through the financing of investment projects that foster inclusive economic growth and help reduce multidimensional deficits, particularly in basic infrastructure, while strengthening the resilience of territories against the effects of climate change. At the same time, these investments improve living conditions and quality of life for the population, and contribute to the achievement of the Sustainable Development Goals (SDGs) at the territorial level.

The Bank also systematically conducts impact analyses of investment projects on sustainability factors and works to enhance environmental and social (E&S) sustainability as well as climate resilience of these projects, in line with national regulatory requirements and international standards in this area.

The expertise acquired and concrete achievements in managing E&S and climate risks have further strengthened the Bank's extra-financial performance and enhanced the trust of international development partners in the FEC. This has enabled the Institution to secure preferential access to international concessional financing.

#### 3. Cooperation and exchange at the international level

As part of its cooperation and exchange activities, the FEC continuously seeks to strengthen South-South cooperation, notably through the organization of various meetings with delegations representing different countries from Africa and the Arab world.

Thus, in S1 2025, the FEC hosted delegations from Senegal and Jordan to exchange views on the Moroccan experience in financing the local sector and on the role of the FEC as a key technical and financial partner for Moroccan Territorial Communities in the Kingdom's territorial development.

In addition, the FEC participated in the 3<sup>rd</sup> edition of the International Economic Days of Territorial Communities "Journées Économiques Internationales des Collectivités Territoriales" (JEICOM 2025) in Yaoundé, Cameroon, in June 2025.

#### 4. Strengthening the Bank's governance

The FEC continuously works to strengthen its governance practices, aligning with the highest standards in the field, notably through the alignment of its governance bodies with legislative and regulatory requirements.

In this regard, the Board of Directors of the FEC, meeting on May 28, 2025, approved the establishment of the Nomination, Compensation and Governance Committee (NCGC) and validated its charter, which defines its missions, composition, and operating procedures.

The establishment of this new committee complements and reinforces the current governance mechanism, which is composed of several bodies ensuring the Bank's rigorous management oversight. It aligns with the best standards and practices applicable to credit institutions, while ensuring optimal risk management and enhanced transparency of its activities.

## **KEY FIGURES S1 2025**

#### In MDH

**Net Banking Income** 



**Customer Receivables** 



June 30, 2024 June 30, 2025

Loan activity recorded a positive evolution in S1 2025, with loan commitments and disbursements increasing respectively by 4% and 10% at the end of June 2025, compared with the same period the previous year, reaching respectively 1,559 MDH and 900 MDH.

These territorial financings supported the implementation of several projects in different sectors of intervention, particularly those with significant social, environmental, and climate impact, thereby contributing to reducing multidimensional deficits, developing basic infrastructure, strengthening territorial resilience against climate change, and supporting the achievement of the Sustainable Development Goals (SDGs).

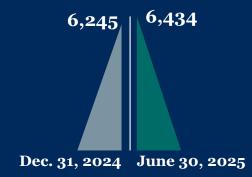
The Fonds d'Équipement Communal continues to reinforce its positioning as a key player in sustainable, inclusive, and resilient territorial development, in accordance with the Bank's stated sustainability strategy.

At the end of S1 2025, the FEC's Net Banking Income (NBI) reached 328 MDH, a level comparable to that recorded during the same period of the previous year.

At the end of S1 2025, Net Earnings amounted to 171 MDH, down slightly from the level recorded as of June 30, 2024, mainly due to the Corporate Income Tax (CIT) charge.







Equity and Similar Capital reached 6.4 BDH as of June 30, 2025, thereby strengthening the Bank's solvency and financial base to continue meeting the growing needs of Territorial Communities.

The NPLs' ratio was maintained at a low level, below 1%, lower than that recorded at the banking sector level thanks to the control of counterparty risk to date and rigorous monitoring of recoveries, thus reflecting the quality of the Bank's portfolio.

Non-Performing Loans' Ratio (NPLs)

0.35% 0.56%

June 30, 2024 June 30, 2025

## II. Loan activity as of June 30, 2025

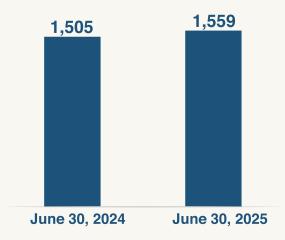
#### 1. Loan commitments

Loan activity in S1 2025 recorded a positive evolution, with loan commitments reaching 1,559 MDH at the end of June 2025, an increase of 4% compared to the same period of the previous year. This enabled the Bank to contribute to the materialization of several investment projects of Territorial Communities in different sectors of intervention.

These territorial financings notably involved the implementation of road infrastructure projects, particularly under the Territorial and Social Disparities Reduction Program (PRDTS), as well as urban development projects under Urban Development Plans (UDPs).

Overall, loan commitments in S1 2025 supported the implementation of 27 projects covering 9 sectors of intervention.

#### Loan commitments (in MDH)



4% increase in loan commitments as of June 30, 2025, compared with the same period of 2024

#### Distribution of loan commitments by type of borrower

The distribution of loan commitments by type of borrower as of June 30, 2025, is as follows:

	June 30, 2023		June 30, 2024		June 30, 2025	
Territorial Communities	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Regional Councils	2,876*	92%	1,388	92%	759	49%
Prefectural and Provincial Councils	143	5%	6	1%	-	-
Communal Councils	90	3%	111	7%	800	51%
Total	3,109	100%	1,505	100%	1,559	100%

<sup>\*</sup> Including 2 BDH for a strategic project to build water supply works as part of the interconnection of two hydraulic basins

- At the end of S1 2025, loan commitments for the benefit of Communal Councils increased compared to the same period the previous year. This is mainly due to the financing of projects under an urban development program. In fact, 73% of these financings focused on the implementation of urban development projects, particularly for the strengthening of basic infrastructure, as well as the requalification and urban integration of under-equipped neighborhoods.
- Loan commitments to Regional Councils represented 49% of the total volume as of June 30, 2025, which is an amount of 759 MDH. These financings mainly concerned the implementation of road access projects, through the construction of road infrastructures, particularly those under the Territorial and Social Disparities Reduction Program (PRDTS) in rural areas, which accounted for nearly 44% of loan commitments granted to Regional Councils in S1 2025.

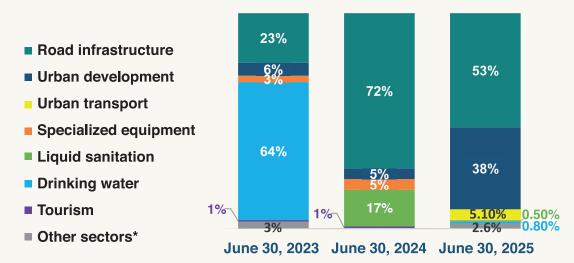
#### Distribution of loan commitments by sector of intervention

The distribution of loan commitments by sector of intervention as of June 30, 2025 is as follows:

	June 30, 2023		June 30	June 30, 2024		0, 2025
Sectors of intervention	In MDH	Share en %	In MDH	Share en %	In MDH	Share en %
Road infrastructure	723	23%	1,085	72%	824	53%
Urban development	181	6%	79	5%	587	38%
Specialized equipment	85	3%	80	5%	-	-
Liquid sanitation	-	-	251	17%	8	0.50%
Cultural and sport facilities	5	0.20%	-	-	36	2%
Drinking water	2,000	64%	-	-	12	0.80%
Commercial equipment	-	-	-	-	4	0.20%
Electricity	84	3%	-	-	4	0.20%
Education and vocational training	10	0.30%	-	-	4	0.20%
Health	-	-	-	-	-	-
Urban transport	-	-	-	-	80	5.10%
Tourism	21	0.70%	10	1%	-	-
Total	3,109	100%	1,505	100%	1,559	100%

The analysis of the distribution of loan commitments by sector of intervention shows that the road infrastructure and urban development sectors accounted for 91% of loan commitments at the end of June 2025.

## Evolution of the Structure of loan commitments by sector of intervention as of June 30, 2023 - 2025



<sup>\*</sup> Cultural and sports facilities, commercial equipment, electricity, education and vocational training, health

Predominance of the road infrastructure sector and the urban development sector in the structure of loan commitments at the end of June 2025

- The road infrastructure sector continued to hold a significant position in the loan commitments' structure, with a share of 53% of the total volume at the end of June 2025, representing an amount of 824 MDH. It should be noted that 40% of these commitments were for projects under the Territorial and Social Disparities Reduction Program (PRDTS) in rural areas. Through these commitments, the FEC has particularly contributed to opening up several villages, through the construction of road links and engineering structures, as well as upgrading classified roads.
- The urban development sector accounted for 38% of total loan commitments in S1 2025, an increase compared with June 30, 2024. This mainly reflects financing of projects under the Urban Development Program, particularly for requalification and urban integration of under-equipped neighborhoods, as well as the development of major roadways.
- Loan commitments relative to the urban transport sector represented 5.10% of the total volume as of June 30, 2025, which is an amount of 80 MDH, dedicated to the implementation of a High Level Bus Service (HLBS).
- The Socio-Cultural and Sports Facilities sector accounted for nearly 2% of the total volume of commitments as of S1 2025, mainly for projects enhancing the cultural heritage of a major city. The Bank contributed to financing the construction of a theater, a socio-cultural center, a community center, a women's shelter and multipurpose hall.
- The other sectors, namely wastewater sanitation, drinking water, electricity, commercial equipments and education and vocational training, accounted for 1.9% of the total loan commitments as of June 30, 2025.

These loan commitments also concerned the implementation of projects to strengthen the drinking water supply network and combat water stress, the establishment of wastewater drainage infrastructure in rural areas, the electrification of villages (douars), as well as the construction of a community school and a shopping center.

#### 2. Loan disbursements

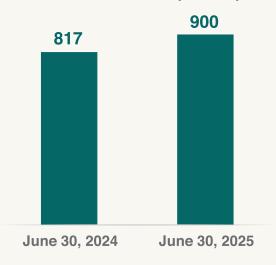
Similar to loan commitments, the volume of loan disbursements recorded a positive evolution in S1 2025, reaching 900 MDH, representing an increase of 10% compared to S1 2024. This reflects the dynamism of loan activity and the acceleration of investment projects undertaken by Territorial Communities.

Through loan disbursements made in S1 2025, the FEC supported the financing of 47 projects covering 10 sectors of intervention, including urban development projects under the Urban Development Programs, regional development projects, as well as projects under the Territorial and Social Disparities Reduction Program (PRDTS) in rural areas.

These financings primarily focused on projects in road infrastructure and urban development, particularly the strengthening of basic infrastructure, as well as wastewater sanitation and drinking water supply. Investments notably included the implementation of treatment plants and compact units for seawater desalination and brackish water demineralization.

Loan disbursements in S1 2025 also supported the construction of educational and vocational training facilities, particularly under the State-Region Program Contracts. Furthermore, disbursements contributed to the financing of climate co-benefit projects in the urban transport sector, including the development of a High Level Bus Service (HLBS).

#### Loan disbursements (in MDH)



An increase of over 10% in loan disbursements as of June 30, 2025 compared with the same period of the previous year, reflecting the dynamism of loan activity

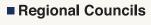
#### Distribution of loan disbursements structure by type of borrower

The distribution of loan disbursements by type of borrower as of June 30, 2025, is as follows:

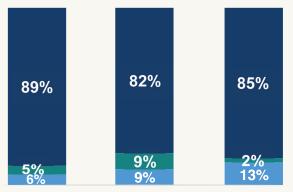
	June 30, 2023		June 30, 2024		June 30, 2025	
Territorial Communities	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Regional Councils	1,651	89%	668	82%	763	85%
Prefectural and Provincial Councils	88	5%	73	9%	22	2%
Communal Councils	105	6%	76	9%	115	13%
Total	1,844	100%	817	100%	900	100%

Loan disbursements in S1 2025 benefited all categories of Territorial Communities, with Regional Councils predominating in the structure, representing 85% of total disbursements, followed by Communal Councils and Prefectural and Provincial Councils with 13% and 2% respectively of the global volume at the end of June 2025.

## Evolution of the loan disbursements' structure by type of borrower as of June 30, 2023 - 2025



- Prefectural and Provincial Councils
- Communal Councils



June 30, 2023 June 30, 2024 June 30, 2025

Continued predominance of Regional Councils in the structure of loan disbursements for S1 2025

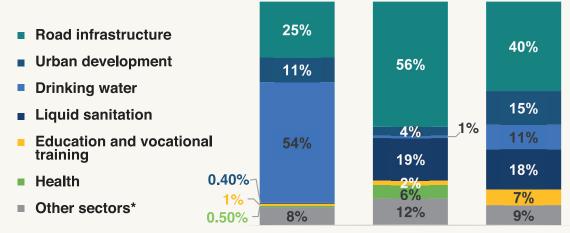
- Regional Councils continue to predominate in the structure of loan disbursements with 85% of the global volume, which is 763 MDH at the end of June 2025. These disbursements included more than 34% under the Territorial and Social Disparities Reduction Program (PRDTS), notably financing road infrastructure projects, urban development projects, reinforcement of wastewater and drinking water networks, construction of wastewater treatment plants, protection of the environment, and the deployment of mobile units for seawater desalination and brackish water demineralization. These financings also supported the construction of educational and vocational training facilities, as well as a climate co-benefit project in the urban transport sector.
- The volume of loan disbursements made for the benefit of Communal Councils reached 115 MDH, representing 13% of total disbursements as of June 30, 2025. These financings primarily supported the implementation of several projects related to urban upgrading, notably through the strengthening of basic infrastructure, as well as the requalification and urban integration of under-equipped neighborhoods, the rehabilitation of wastewater and drinking water networks, and the modernization of socio-cultural facilities and specialized equipment.
- Loan disbursements made for the benefit of Prefectural and Provincial Councils reached 22 MDH as of June 30, 2025, enabling the FEC to contribute to the financing of projects under Territorial Development Programs. These included, in particular, urban upgrading projects, through the reinforcement of basic infrastructure and the requalification of under-equipped neighborhoods, as well as improvements in energy efficiency at the level of public lighting networks.

#### Distribution of loan disbursements by sector of intervention

Distribution of loan disbursements by sector of intervention as of June 30, 2025 is as follows:

	June 3	June 30, 2023		June 30, 2024		30, 2025
Sectors of intervention	In MDH	Share in %	In MDH	Share in %	In MDH	Share in %
Road infrastructure	463	25%	454	56%	360	40%
Urban development	204	11%	36	4%	134	15%
Liquid sanitation	7	0.40%	153	19%	163	18%
Cultural and sport facilities	28	2%	33	4%	19.40	2%
Electricity	64	3%	37	4%	5	1%
Commercial equipment	42	2%	-	-	-	-
Urban transport	12	1%	-	-	36	4%
Specialized equipment	2	0.10%	36	4%	19	2%
Drinking water	1,000	54%	9	1%	102	11%
Studies	-	-	-	-	0.10	0.01%
Education and vocational training	13	1%	12	2%	61.50	7%
Health	9	0.50%	47	6%	-	-
Total	1,844	100%	817	100%	900	100%

Evolution of the structure of loan disbursements by sector of intervention as of June 30, 2023 - 2025



June 30, 2023 June 30, 2024 June 30, 2025

Predominance of loan disbursements relative to Road Infrastructure sector mainly under the PRDTS projects in rural areas

■ The road infrastructure sector occupied a predominant place in the structure of loan disbursements, representing 40% of the total volume at the end of June 2025. These were mainly for projects aimed at strengthening road networks through the construction of road links and engineering structures, particularly under the Territorial and Social Disparities Reduction Program (PRDTS) in rural areas, as well as the development of major roadways to reduce congestion in large urban agglomerations.

<sup>\*</sup> Cultural and Sports Facilities, Electricity, Commercial equipment, Urban Transport, Specialized Equipment, Studies

- The wastewater sanitation sector accounted for 18% of the total volume of loan disbursements at the end of June 2025, which is 163 MDH. These mainly supported projects to reinforce wastewater networks and build treatment plants, targeting environmental protection and the reuse of wastewater.
- The urban development sector represented 15% of the total volume of loan disbursements as of June 30, 2025. These financings primarily involved the restructuring of under-equipped neighborhoods and the development of streets and public squares.
- The drinking water sector in the structure of loan disbursements as of the end of June 2025 recorded an increase compared to the same period of the previous year, reaching more than 11% of total disbursements, which is 102 MDH. These financings supported the implementation of structuring projects aimed at strengthening drinking water supply in the Regions as part of efforts to address water scarcity.
- Loan disbursements related to the education and vocational training sector represented 7% of the total volume of loan disbursements at the end of June 2025, which is over 61 MDH, mainly for the financing of the rehabilitation of a university complex, as well as the construction of a vocational skills city (Cité des métiers et des compétences) and community schools in rural areas.
- The sectors of cultural and sports facilities, specialized equipment, electricity, and urban transport together represented around 9% of the total volume of loan disbursements as of June 30, 2025. These were mainly dedicated to projects such as the construction of a City of Arts and Creativity, the development of a forest with spaces dedicated to sports practice, the modernization of an industrial zone, the extension of the electricity network, and the construction of a High Level Bus Service HLBS.

#### 3. Environmental and social risk assessment of financed projects

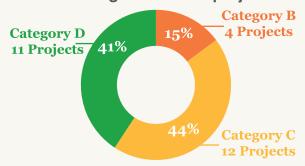
As part of the evaluation of projects submitted for financing, the FEC systematically conducts an assessment of environmental and social (E&S) issues in order to ensure a better understanding and management of the associated risks, in line with national regulations and international best practices in this field.

Accordingly, the E&S rating resulting from the assessment of environmental, social, and climate risks of projects financed as of S1 2025 highlighted the following:

- 41% of financed projects are classified in Category D, which covers projects with minimal risks where probable impacts are manageable;
- 44% of financed projects are classified in Category C, which includes projects with minor risks requiring specific mitigation measures;
- 15% of financed projects are classified in Category B, which covers projects with limited risks requiring the integration of measures recommended by environmental and social impact assessments.

In addition, no project in Category A was recorded. This category includes projects that could generate negative environmental or social impacts considered significant, high, or irreversible, and difficult to manage.

E&S rating of financed projects\*



\* Projects committed as of the end of June 2025

The results of the environmental and social rating of loan commitments as of S1 2025 show that the majority of projects which is more than 85% were classified in "Categories D or C", covering projects with minimal and manageable risks

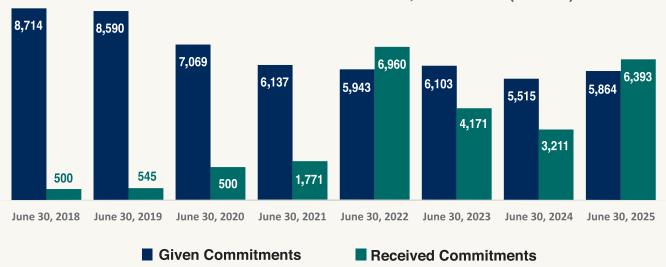
#### 4. Situation of off-balance sheet commitments (OBSCs)

The financing commitments granted by the FEC in favor of its clients amounted to 5,864 MDH as of June 30, 2025. The evolution of these commitments from December 2024 to June 2025 is as follows:

Situation of OBSCs as of June 30, 2025 (in MDH)

Situation as of December 31, 2024	5,560
New commitments	1,559
Loan disbursements	900
Cancellations	355
Situation as of June 30, 2025	5,864

**Evolution of OBSCs volume as of June 30, 2018 - 2025 (in MDH)** 



Progressive alignment of the level of received commitments with given commitments

As part of the continuous optimization of its Asset/Liability matching, the Bank has in recent years worked to converge the level of commitments given with that of commitments received, thereby strengthening its balance sheet position and ensuring better management of liquidity and interest rate risks.

The Bank has also continued to clean up its OBSCs portfolio through awareness-raising campaigns and recovery actions with Territorial Communities. This effort resulted in the cancellation of a total amount exceeding 355 MDH during S1 2025, recalling that the FEC had already canceled an accumulated amount of nearly 2,159 MDH between 2019 and 2024.

Combined with new commitments and loan disbursements linked to normative activity, this approach enabled the Bank to reduce the overall OBSCs volume by nearly 33% as of June 30, 2025 compared to June 30, 2018, decreasing from 8.7 BDH in 2018 to 5.9 BDH in S1 2025, of which more than 70% correspond to loans committed within the past three years.

## III. Financing of the activity as of June 30, 2025

#### 1. Evolution of resources

At the end of S1 2025, the FEC's resources amounted to 4,797 MDH, consisting mainly of annual installment recoveries (59%), amounting to 2,821 MDH, and borrowing resources (39.8%), amounting to 1,911 MDH, as shown in the table below:

Resources	June 30, 2024 in MDH	June 30, 2025 in MDH	Share at June 30, 2025 in %
Annual installment recoveries	3,033	2,821	59%
Borrowing resources	1,092	1,911	39.80%
Other (interest income, interest on advances, investment capital gains, etc.)	21	10	0.20%
Repayment of term advances	700	-	-
Outstanding money market advances	50	-	-
Initial balance	35	55	1%
Total Resources	4,931	4,797	100%

#### **Annual installment recoveries**

Annual installment recoveries totaled 2,821 MDH. Their breakdown by maturity shows that nearly all relate to 2025 maturities, representing 99.97% of total recoveries, an amount of 2,820 MDH. The remainder of recoveries relates to maturities prior to 2025, representing 0.03% of total recoveries.

#### **Borrowing resources**

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

It should also be noted that, depending on the evolution of its needs and the financial market conditions, the FEC occasionally uses short-term bridge resources pending their conversion into medium and long-term financing.

In parallel with the mobilization of the necessary resources to finance its activity in S1 2025, the FEC carried out several actions to sustain and diversify its resources, recalling that the FEC does not hold client deposits.

#### **Financing from DFIs**

As part of its financing strategy open to international financing, the FEC has maintained exchanges with leading international financial institutions, with a dual objective of:

- Continuing to explore new financial partnership opportunities, with the aim of establishing new financing agreements;
- Preparing drawdowns on contracted credit lines, depending on the evolution of the Bank's needs and market conditions.

In this context, the FEC carried out, in S1 2025, drawdowns in USD and EUR, amounting to the equivalent of nearly 2 BDH, under financing lines contracted without State guarantee, from leading Development Finance Institutions (DFIs).

In addition to the resources mobilized on the domestic financial market, opening up to the international market remains a key element of the FEC's financing strategy. External financial borrowings recorded sustained growth, representing 25% of the FEC's total borrowing resources as of the end of June 2025, compared to 11% at the end of June 2023.

This evolution is the result of actions carried out by the Bank, in line with the highest industry standards, as part of its resource diversification strategy and openness to international financing. It also reflects the growing trust of leading DFIs in the FEC.

It should also be emphasized that these financings are characterized by advantageous concessional conditions.

#### **Bank loans**

As part of its financial strategy, the FEC continues to rely on long-term bank loans, which are tailored to the Bank's financing needs, providing flexibility in terms of maturity and interest rate structure, as well as in the timing of fund availability.

In line with its actions aimed at diversifying and securing its sources of financing, the FEC has long-term bank credit lines contracted in June 2024 following a consultation process with local banks.

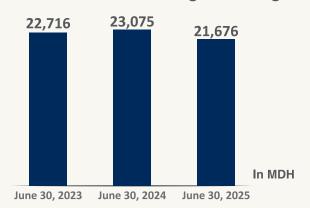
#### **Short-term borrowings**

As part of liquidity and cost management optimization, and in order to meet occasional needs, the FEC used short-term bridge resources during S1 2025, particularly through interbank market advances, which were fully repaid before the end of June 2025.

#### **Evolution of the debt structure**

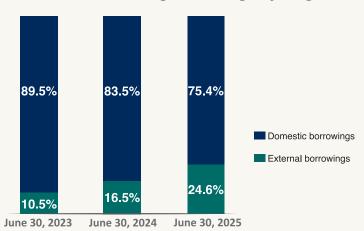
During the analyzed period, the outstanding debt recorded a slight decrease, moving from over 22.7 BDH as of June 30, 2023 to nearly 21.7 BDH as of June 30, 2025, representing a 2.3% decrease. This decrease is explained by the repayment at the end of 2024 of a line of certificates of deposit issued in 2019 and maturing in December 2024.

#### Evolution of outstanding borrowings<sup>1</sup>



#### **Debt structure by origin**

#### Breakdown of outstanding borrowings by Origin



Domestic market resources continued to predominate in the FEC's debt structure, representing 75.4% of total outstanding borrowings as of June 30, 2025. This situation is mainly explained by the use of the local financial market, which offers attractive financing and liquidity conditions.

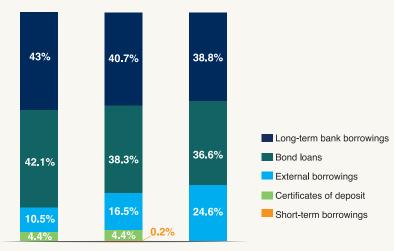
However, it should be noted that the share of external borrowings in the FEC's overall debt structure has been steadily increasing, notably following the mobilization, during the period 2023 to June 2025, of a total amount equivalent to approximately 3.5 BDH, under credit lines contracted with the DFIs in euros and US dollars.

<sup>1.</sup> Outstanding borrowings correspond to the outstanding capital excluding accrued and unmatured interest and commissions, hedging against foreign exchange rate risk, interest differentials and conversion differences.

#### Debt structure by type of borrowings

As of June 30, 2025, the FEC's debt consisted mainly of Long-term bank loans which represents 38.8% of total borrowings, and Bond loans with 36.6% of total borrowings, followed by External borrowings which represent 24.6% of total borrowings.

#### Breakdown of debt by type of borrowing



June 30, 2023 June 30, 2024 June 30, 2025

The structure of debt by type of borrowing reflects the FEC's strategy of mobilizing its resources with a focus on medium and long-term diversification, in line with asset/liability management requirements and financing cost optimization objectives.

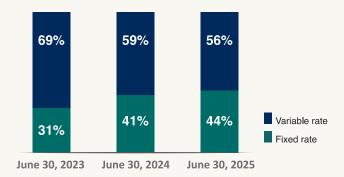
The evolution of outstanding debt by type of borrowing confirms the predominance of long-term maturity resources to the detriment of medium and short-term borrowing resources.

#### Debt structure by type of interest rate

The analysis of the evolution of debt structure by type of interest rate shows an increase in the share of fixed-rate resources during the analyzed period, reaching 44% as of June 30, 2025, compared with 31% as of June 30, 2023. This increase is mainly explained by the mobilization of fixed-rate resources over the past few fiscal years.

It should also be noted that the debt structure by type of interest rate results from the FEC's financing strategy, 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 improve asset/liability matching.

Breakdown of debt by type of interest rate



#### 2. Evolution of uses

The FEC's uses in S1 2025 were characterized by:

- A 10% increase in loan disbursements, which increased from 817 MDH as of June 30, 2024, to 900 MDH as of June 30, 2025;
- A loan repayment level of debt repayment representing 50% of total uses, amounting to 2,409 MDH as of June 30, 2025.

Uses	June 30, 2024 In MDH	June 30, 2025 In MDH	Share at June 30, 2025 In %
Borrowing transfers	817	900	19%
Loan repayments	2,403	2,409	50%
- Domestic borrowing	2,254	2,112	44%
- External borrowings	149	297	6%
Budgetary expenditure	26	28	1%
Other Expenses (Personal Loans, Restitution, VAT and others)	97	96	2%
CIT payment	98	99	2%
DAT Investments	1,100	1,100	23%
Transfers in progress	325	-	-
Final balance	65	165	3%
Total uses	4,931	4,797	100%

#### IV. Results and financial indicators as of June 30, 2025

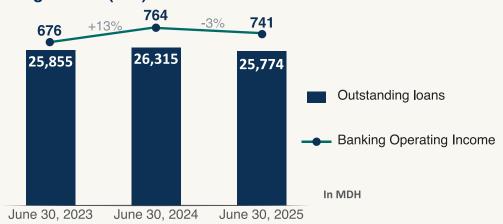
In accordance with applicable regulatory provisions and the accounting principles provided by the Chart of Accounts for Credit Institutions (PCEC), the FEC's accounts as of June 30, 2025, are presented as follow:

#### 1. Operating Indicators

(In MDH)

				(
Income and Expense Statement	June 30, 2023	June 30, 2024	June 30, 2025	Variation 2025/2024
Banking Operating Income	676	764	741	-3%
Interest on TCs loans	650	732	724	-1%
Income from investment	7	32	17	-47%
BDT income	19	-	-	
Banking Operating Expenses	349	438	413	-6%
Interest on long-term loans	189	259	265	+2%
Interest on certificates of deposit and bond issues	160	179	148	-17%
Net Banking Income	327	326	328	+1%
General Operating Expenses	30	30	29	-5%
Allocations to provisions on NPLs	4	3	6	+100%
Reversals of provisions on NPLs	1	2	0	-100%
Non-current expenses	15	15	14	-7%
Corporate Income Tax (CIT)	107	104	110	+6%
Net earnings	172	177	171	-3%

#### **Banking Operating Income (BOI)**

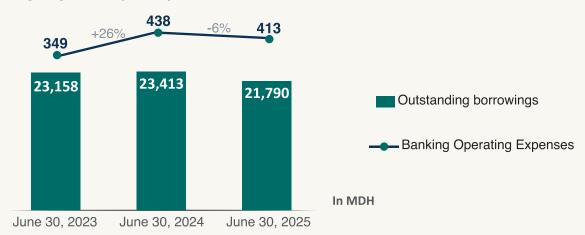


At the end of S1 2025, Banking Operating Income (BOI) amounted to 741 MDH down compared to June 30, 2024. This decrease is mainly due to interest rates effect linked to:

- The decline in the Weighted Average Interbank Rate (WAIR) on variable-rate loans, which accounted for nearly 49% of assets as of the end of June 2025;
- The adjustment of pricing applied to new loan disbursements in 2025.

Furthermore, it should be noted that the outstanding loans granted to Territorial Communities recorded a 2% decrease between June 2024 and June 2025, reaching 25.8 BDH as of S1 2025. This development is mainly explained by the impact of the concentration of loan repayments during the first half of the year on the loan portfolio.

#### **Banking Operating Expenses (BOEs)**

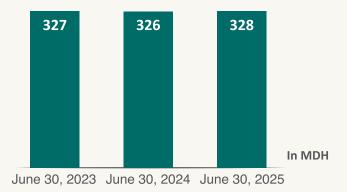


As of June 30, 2025, BOEs reached 413 MDH, down 6% compared to the same period in the previous fiscal year. This evolution is mainly explained by an interest rate effect, as detailed below:

- Decline in reference interest rates applied during the revision of variable-rate borrowings;
- Debt re-engineering operations;
- Mobilization of external resources from DFIs under concessional conditions.

The outstanding debt decreased from 23.4 BDH on June 30, 2024, to 21.8 BDH on June 30, 2025, representing a 7% decrease, primarily due to debt reengineering operations. Indeed, as part of its debt management strategy and to optimize its cost of resources, the FEC proceeded with early repayment of the bank's credit lines that are most exposed to interest rate increases having prevailed in the financial market.

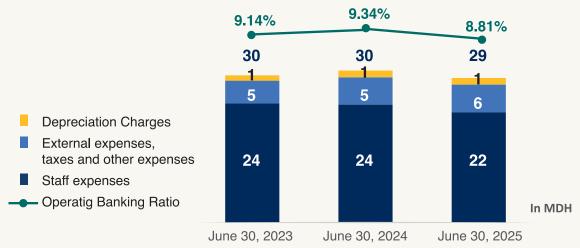
#### **Net Banking Income (NBI)**



The Net Banking Income (NBI) amounted to 328 MDH as of June 30, 2025, a level comparable to those recorded during the same period in the two previous years. The observed stability of NBI results from the combined effect of the following factors:

- The rate of loan disbursements in 2025 compared with 2024 and 2023;
- The run-off of the loan portfolio;
- The decline in interest rates applied to loans, both for 2025 production and for revisions applied to the stock of variable-rate loans;
- Rigorous monitoring of recoveries, ensuring effective management of counterparty risk;
- The positive impact of debt re-engineering operations.

#### **General Operating Expenses (GOEs)**

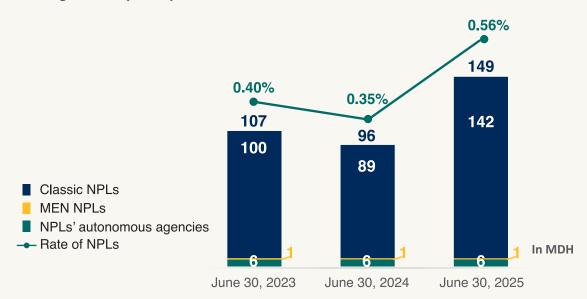


The General Operating Expenses (GOEs) amounted to 29 MDH as of June 30, 2025, down compared to the level recorded during the same period in 2023 and 2024, notably thanks to the continued rationalization of operating expenses.

The GOEs consisted mainly of staff expenses at 76%, external expenses at 19%, and allocations to depreciation of fixed assets at 5%.

Accordingly, the Operating coefficient (GOEs/NBI) reached 8.81%, which is an improvement compared to the level recorded during the same period of the previous year.

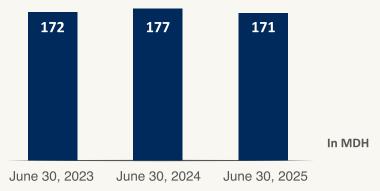
#### Non Performing Loans (NPLs) and the cost of credit risk



Thanks to rigorous counterparty risk management and enhanced monitoring of recovery operations, the Bank has succeeded in maintaining the NPLs ratio at a low level, below 1%, and thus well below the level recorded across the banking sector.

As of June 30, 2025, NPLs mainly concern unrecovered receivables from certain Territorial Communities, related to conventional loans. Allocations to provisions for NPLs thus reached 5.6 MDH at the end of June 2025.

#### **Net Earnings**



At the end of S1 2025, Net Earnings amounted to 171 MDH, a non-significant decrease compared to June 30, 2024, mainly explained by the increase in the Corporate Income Tax (CIT).

#### 2. Balance sheet

ASSETS	June 30, 2023 In MDH	December 31, 2024 In MDH	June 30, 2025 In MDH	Share at June 30, 2025 In %
Cash values, Central Banks and Public Treasury and Receivables from credit institutions and similar	2,043	56	1,280	4.50%
Customer receivables	27,049	27,459	26,473	93.70%
Other assets	444	560	461	1.60%
Investment securities	-	-	-	-
Fixed assets	42	41	42	0.20%
Total	29,578	28,116	28,256	100%
LIABILITIES	June 30, 2023 In MDH	December 31, 2024 In MDH	June 30, 2025 In MDH	Share at June 30, 2025 In %
Central Banks, Public Treasury	-	-	-	-
Debts to credit institutions and similar	13,762	14,099	14,048	49.70%
Debt of securities issued	9,030	7,338	7,096	25.10%
Other liabilities	626	345	589	2.10%
Equity and similar funds	6,160	6,334	6,523*	23.10%
Total	29,578	28,116	28,256	100%

<sup>\*</sup> Including a provision for general risks amounting to 88.90 MDH

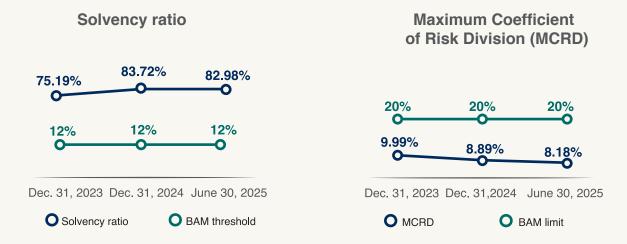
The analysis of the balance sheet structure shows that assets, composed almost exclusively of customer receivables, reached nearly 28.3 BDH at the end of June 2025, down 4% between June 2024 and June 2025. This decrease is mainly due to a reduction in the level of liquid assets of approximately 800 MDH, resulting from the one-off investment of cash surpluses, as part of the proactive management of the Bank's projected financing needs.

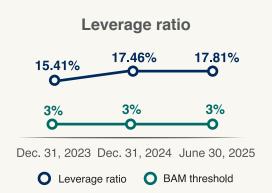
On the liabilities side, the balance sheet is characterized by the predominance of financing debts, which represent nearly 75% of total liabilities as of June 30, 2025. The decrease in liabilities is mainly explained by the final repayment of the 1 BDH certificates of deposit line issued in 2019, which matured in December 2024.

#### 3. Regulatory ratios

The FEC constantly monitors compliance with the prudential ratios decreed by Bank Al-Maghrib. These ratios aim to preserve the financial balances of credit institutions through the coverage of risks by prudential capital.

The prudential ratios as of June 30, 2025 are as follow:











BALANCE SHEET		(In thousand MAD)
ASSETS	June 30, 2025	Dec 31, 2024
CASH VALUE, CENTRAL BANKS, PUBLIC TREASURY, POSTAL CHECKS SERVICE	167,214	55,500
RECEIVABLES ON CREDIT INSTITUTIONS AND SIMILAR	1,112,659	901
On sight At Term	233 1,112,425	901
CUSTOMER RECEIVABLES	26,473,222	27,459,159
Cash and consumer loans and participatory financing Loans and participatory financing for equipment Real estate loans and participatory financing Other loans and participatory financing	1,635 26,319,702 16,380 135,505	2,135 27,440,551 15,877 596
RECEIVABLES ACQUIRED THROUGH FACTORING TRADING AND INVESTMENT SECURITIES	-	-
Treasury bills and similar securities Other debt securities Property securities Sukuks Certificates	:	-
OTHER ASSETS INVESTMENT SECURITIES	461,058 -	559,449 -
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 Moudaraba and Moucharaka securities	- 25 -	- 25 -
SUBORDINATED RECEIVABLES	-	-
INVESTMENT DEPOSITS PLACED	-	-
FIXED ASSETS GIVEN IN LEASING AND RENTING	2,782	2,947
FIXED ASSETS GIVEN IN IJARA INTANGIRI F FIXED ASSETS	305	63
TANGIBLE FIXED ASSETS  TANGIBLE FIXED ASSETS	38,722	38.322
TOTAL ASSETS	28,255,987	28,116,365

LIABILITIES	June 30, 2025	Dec 31, 2024
CENTRAL BANKS, PUBLIC TREASURY, POSTAL CHECKS SERVICE		-
DEBTS TO CREDIT INSTITUTIONS AND SIMILAR	14,047,546	14,099,445
On sight		-
At term	14,047,546	14,099,445
CUSTOMER DEPOSITS	-	-
Demand accounts payable	-	-
Savings Accounts	•	-
Term deposits	-	-
Other accounts payable	-	-
DEBTS TO CUSTOMERS ON PARTICIPATORY PRODUCTS	-	-
ISSUED DEBT SECURITIES	7,096,325	7,337,692
Issued negotiable debt securities	-	-
Bond loans	7,096,325	7,337,692
Other debt securities issued	-	-
OTHER LIABILITIES	589,262	345,398
PROVISIONS FOR RISKS AND EXPENSES	88,893	88,893
REGULATED PROVISIONS	-	-
SUBSIDIES, ALLOCATED PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS	-	-
SUBORDINATED DEBT	1,036,821	1,017,614
INVESTMENT DEPOSITS RECEIVED	-	
REVALUATION DIFFERENCES	-	
RESERVES AND RELATED PREMIUM CAPITAL	4,226,420	3,859,648
CAPITAL	1,000,000	1,000,000
SHAREHOLDERS. UNPAID CAPITAL ( - )	-	-
RETAINED EARNINGS ( +/- )	-	-
NET EARNINGS PENDING ALLOCATION ( +/- )	-	-
NET EARNINGS FOR THE FISCAL YEAR ( +/- )	170,721	367,675
TOTAL LIABILITIES	28,255,987	28,116,365

OFF-BALANCE SHEET	(In thousand MAD)		
	June 30, 2025	Dec 31, 2024	
COMMITMENTS GIVEN	5,863,603	5,559,617	
Financing commitments given to credit institutions and similar		-	
Financing commitments given to customers		5,559,617	
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	6,393,493	8,320,281	
Financing commitments received from credit institutions and similar		8,320,281	
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 MA
	June 30, 2025	June 30, 202
BANKING OPERATING INCOME	741,437	764,272
Interest, remunerations and similar income from transactions with credit institutions Interest, remunerations and similar income from transactions with customers	17,139 723,386	32,536 730,818
Interest and similar income from debt securities 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 Other banking income Transfer of expenses on investment deposits received	912 - -	917
BANKING OPERATING EXPENSES	413,322	438,496
Interest and similar expenses on transactions with credit institutions Interest and similar expenses on transactions with customers	265,523	259,308
Interest and similar expenses on debts issued Expenses on Moudaraba and Moucharaka securities	147,730	179,154
Expenses on fixed assets leased and rented Expenses on fixed assets given in Ijara	-	-
Other bank expenses Transfer of income on investment deposits received	70 -	33
IET BANKING INCOME	328,115	325,776
Non-banking operating income Non-banking operating expenses	1,100 107	460 69
GENERAL OPERATING EXPENSES	28,899	30,417
Staff expenses Taxes and dues	22,090 418	23,751 424
External expenses Other general operating expenses	2,822 2.182	3,232 1,806
Allocations for depreciation and provisions of tangible and intangible fixed assets	1,387	1,205
LLOCATIONS TO PROVISIONS AND UNRECOVERABLE RECEIVABLES	5,619	2,848
Allocations to provisions on receivables and pending commitments by signature Losses on unrecoverable receivables Other allocations to provisions	5,619 -	2,848
REVERSALS OF PROVISIONS AND RECOVERIES ON WRITTEN OFF RECEIVABLES		1,807
Reversals of provisions on receivables and pending commitments by signature Recoveries on written off receivables		1,807
Other reversals of provisions	-	-
PERATING RESULT	294,590	294,708
Non-operating income	2 14.166	0
Non-operating expenses PRE-TAX EARNINGS	14,166 280,426	14,527 280,182
Earnings Taxes	109,705	103,620
NET EARNINGS FOR THE FISCAL YEAR	170,721	176.562



INCOME STATEMENT TABLE	June 30, 2025	June 30, 20
(+) Interest and similar income	740,525	763,354
( - ) Interest and similar expenses	413,252	438,463
NTEREST MARGIN  (+) Income on participatory financing	327,272	324,893
(+) Income on participatory financing  ( - ) Expenses on participatory financing		
ARGIN ON PARTICIPATORY FINANCING		
(+) Income from fixed assets leased and rented		
( - ) Expenses on fixed assets leased and rented		
FSULT OF LEASING AND RENTAL TRANSACTIONS		
(+) Income on fixed assets given in Ijara		
( - ) Expenses on fixed assets given in Ijara		
ESULT OF IJARA OPERATIONS		
(+) Commissions received	912	91
( - ) Commissions paid	70	3:
MARGIN ON COMMISSIONS	843	88
(+) Result of trading securities operations	-	
(+) Result of investment securities operations		
(+) Result of exchange operations	•	
(+) Result of derivative products operations ESULT OF MARKET OPERATIONS	-	
(+) Result of operations on Moudaraba and Moucharaka securities		
(+) Various other banking products		
(-) Various other banking products		
HARE OF INVESTMENT DEPOSIT ACCOUNT HOLDERS		
IET BANKING INCOME	328,115	325,77
(+) Net income from financial fixed assets		
(+) Other non-banking operating income	1.100	46
( - ) Other non-banking operating expenses	107	6
( - ) General operating expenses	28,899	30,41
ROSS OPERATING RESULT	300,209	295,75
(+/-) Net allocations of reversals to provisions for receivables and non performing commitments by signature	5,619	1,04
(+/-) Other net allocations of reversals to provisions	-	
PERATING RESULT	294,590	294,70
ION-OPERATING RESULT	- 14,164	- 14,52
( - ) Earnings Taxes	109,705	103,62
ET EARNINGS FOR THE FISCAL YEAR	170,721	176,562

II- SELF-FINANCING CAPACITY	June 30, 2025	June 30, 2024
(+) NET EARNINGS FOR THE FISCAL YEAR	170,721	176,562
<ul> <li>(+) Allocations to amortization and provisions of tangible and intangible fixed assets</li> </ul>	1,387	1,205
(+) Allocations to provisions for depreciation of financial fixed assets		-
(+) Allocations to provisions for general risks	-	-
(+) Regulated provisions allocations		-
(+) Non-operating provisions allocations	-	-
( - ) Reversal of provisions		-
( - ) 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	172,108	177,653
( - ) Distributed Profit		-
(+) SELF-FINANCING	172,108	177,653

CASH FLOW STATEMENT		(n thousand MAD)
	June 30, 2025	Dec 31, 2024
Banking operating income received Recoveries on written off receivables Non-banking operating income received Banking operating expenses paid Non-banking operating expenses paid General operating expenses paid Earnings taxes paid	741,437 - 1,102 413,322 14,274 27,512 109,705	1,544,443 - 1,508 872,663 28,672 59,729 216,731
I. NET CASH FLOWS FROM THE STATEMENT OF INCOME AND EXPENSES	177,727	368,156
Variation of: Receivables on credit institutions and similar Receivables on customers Trading and investment securities Other assets Moudaraba and Moucharaka securities Fixed assets leased and rented Fixed assets given in jilar Investment deposits placed with credit institutions and similar Debt to credit institutions and similar Customer deposits Debt to customers on participatory products Issued receivables securities	- 1,111,758 980,319 - 98,391 	1 250,699 604,957 - 20,011 
Other liabilities  II. BALANCE OF VARIATIONS IN OPERATING ASSETS AND HABILITIES	243,864	62,369
III. NET CASH FLOWS FROM OPERATING ACTIVITIES (I + II)	- 63,244 114,482	- 318,340 49,816
Income from disposals of financial fixed assets Income from disposals of tangible and intangible fixed assets Acquisition of financial fixed assets Acquisition of tangible and intangible fixed assets Interest received Dividends received	1,865 - -	2,839
IV. NET CASH FLOWS FROM INVESTMENT ACTIVITIES	- 1,865	- 2,839
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	- 903	-
VI. NET VARIATION IN CASH (III+IV+V)	111,714	46,978
VII. CASH POSITION AT THE BEGINNING OF THE FISCAL YEAR	55,500	8,522
VIII. CASH POSITION AT THE END OF THE FISCAL YEAR	167,214	55,500

## MAIN APPLIED EVALUATION METHODS 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, depending on the degree of risk, classified as pre-doubtful, doubtful or compromised loans. Non-Performing Loans (NPLs) are, are, fare deduction of the guarantee rates provided for by the regulations in force (Circular Letter No. 25/6/97, Circulars No. 19/6/2002 and 38/6/2004), provisioned for: 20% for pre-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 iffespan. Intangible and tangible fixed assets are amortized according to the regulations in force.

STATUS OF EXEMPTIONS		June 30, 2025
INDICATIONS OF EXEMPTIONS	JUSTIFICATIONS FOR EXEMPTIONS	INFLUENCE OF EXEMPTIONS ON PATRIMONY, FINANCIAL SITUATION AND RESULTS
Exemptions from fundamental accounting principles		
II. Exemptions from assessment methods		
III. Exemptions from the rules for drawing up and presenting summary statements		

Exemptions from assessment metho     Exemptions from the rules for drawi and presenting summary statements	ng up	NUNE
STATUS OF CHANGES IN I	METHODS	June 30, 2025
INDICATIONS OF CHANGES	USTIFICATIONS OF CHANGES	INFLUENCE OF CHANGES ON PATRIMONY, FINANCIAL SITUATION AND RESULTS
I. Changes affecting assessment method	ds	
II. Changes affecting presentation rules		NUNE

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 June 30, 2025	Total Dec 31, 2024	
ORDINARY DEBIT ACCOUNTS	165,278	227	7	-	165,511	55,200	
VALUES RECEIVED IN PENSION	-	-	-	-	-	-	
Day by day At term	-	-	-	-		-	
CASH LOANS	-	1,100,000	-	-	1,100,000	-	
Day by day At term	-	1,100,000	:	- :		- :	
FINANCIAL LOANS	-	-	-	-	-	-	
OTHER RECEIVABLES	-	-	-	-	-	-	
ACCRUED INTEREST RECEIVABLE	1,919	12,425	-	-	14,345	1,165	
NON PERFORMING LOANS	-	-	-	-	-	-	
TOTAL	167,197	1,112,652	7	-	1,279,856	56,365	

CUSTOMER RECEIVABL	ES				(In	thousand MAD)
	Public	Public Private sector			Total	Total
RECEIVABLES	sector	Financial companies	Non-financial companies	Other customers	June 30, 2025	Dec 31, 2024
CASH LOANS	-	-	-	-	-	-
Current debit accounts	-	-	-	-	-	-
Trade receivables on Morocco	-	-	-	-		
Export credits	-	-	-	-	-	-
Other cash loans	-	-	-	-	-	-
CONSUMER LOANS	-	-	-	1,635	1,635	2.135
EQUIPMENT LOANS	25,713,297	-	-	-	25,713,297	26,577,198
REAL ESTATE LOANS	-	-	-	16,380	16,380	15,877
OTHER CASH LOANS	-	-	-	-	-	-
RECEIVABLES ACQUIRED THROUGH F	ACTORING -	-		-	-	-
ACCRUED INTERESTS RECEIVABLE	606,405	-	-	-	606,405	863,354
NON PERFORMING LOANS	135,505	-	-	-	135,505	596
Pre-doubtful loans	134,909	-		-	134.909	
Doubtful loans	-	-	-	-		-
Compromised loans	596	-	-	-	596	596
TOTAL	26,455,207	-	-	18,015	26,473,222	27,459,159

TOTAL	26,455,207	-	-	18,015	26,473,222	27,459,159		
BREAKDOWN OF TRANSACTION AND PLACEMENT SECURITIES AND INVESTMENT SECURITIES BY ISSUER CATEGORY  (In thousand MAD)								
Securities	Credit institution	s Public	Private	issuers	Total	Total		
Securities	and similar	issuers	Financial	Non-Financial	June 30, 2025	Dec 31, 2024		
Quoted securities	-	-	-	-	-	-		
Treasury bills and similar securit	ties -	-		-	-	-		
Bonds	-	-			-	-		
Other debt securities	-	-			-	-		
Property securities	-	-			-	-		
Non-quoted securities	-	-			-	-		
Treasury bills and similar securit	ties -	-			-	-		
Bonds	-	-	-	-	-	-		
Other debt securities	•	-	-	-	•	-		
Property securities		-	-			-		
TOTAL	-	-	-	-	-	-		

OF OUR PURIES	Gross	Present	Redemption	Unrealized	Unrealized	
SECURITIES	book value	value	value	capital gains	capital losses	Provision
Trading securities	-	-	-	-	-	-
Treasury bills and similar securities	es -	-	-	-	-	-
Bonds	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-
Property securities	-	-	-	-	-	-
Placement securities	-	-	T	4 1	-	-
Treasury bills and similar securities	es -	-	111	1 1 1		-
Bonds	-					-
Other debt securities	-					•
Property securities	-					-
Investment securities	-	-		4 L I	-	-
Treasury bills and similar securities	.s -			-	-	
Bonds	-		-	-	-	-
Other debt securities	-		-	-	-	-
TOTAL	_	_				-

DETAILS OF OTHER ASSETS		n thousand MAD)
ASSETS	June 30, 2025	Dec 31, 2024
Optional instruments purchased	-	-
Miscellaneous transactions on securities		-
Other debtors	154,271	278,889
Amounts due by the State	153,523	278,141
Amounts due by provident organizations	-	-
Miscellaneous amounts due by staff Client accounts for non-banking services	-	
Various other debtors	748	748
Various values and uses	740	7-10
Regularisation accounts	306,787	280,560
•	300,767	200,500
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	844	4.014
Results of hedging derivative products	205,379	209,282
Deferred expenses over several fiscal years	13,151	7,027
Liaison accounts between headquarters, branches and agencies in Morocco	-	-
Accrued receivable income and prepaid expenses	87,076	59,896
Other regularisation accounts	337	341
Non Performing loans on miscellaneous transactions	-	-
TOTAL	461,058	559,449

PARTICIPATI	ON SEC	UKITIE	S AND S	IIVIILAK	ASSET:	5			(In thousand MAD)	
Name of the issuing	Activity	Share	Equity's participation	Total acquisition	Net book	Extract fro statements o	m the last su of the issuing		Products recorded in the Statement of Income and	
company	sector	capital	(%)	price	value	Closing date of the fiscal year	Net position	Net earning	Expenses (SIE) for the fiscal year	
Participation in affiliated companie	es									
Other equity particip	ation securit	ies								
MAROCLEAR SA	Central depository	100,000	0.025%	25	25	12/31/2024	366,080	15,812		
TOTAL PARTICIPATIO	NS			25	25	-	366,080	15,812	-	
SIMILAR ASSETS				-	-	-	-	-	-	
GRAND TOT	AL			25	25	-	366,080	15,812	-	

SUBORDINATED RECEIVABLES				(in thousan	d MAD)
SUBORDINATED RECEIVABLES	Amount Including affiliated and related companies				
	June 30, 2025	Dec 31 ,2024	June 30, 2	025 Dec 31 ,2024	
	Gross Provisions Net	Net	Net	Net	
Subordinated receivables from credit institutions and similar	NON		M	UNE	
Subordinated receivables to customers	NUN			UNL	
TOTAL					

FIXED ASSETS GIVEN IN L OPTION AND SIMPLE LEA		REDIT,	LEASE	WITH	PURC	CHASE				0, 2025 and MAD)
NATURE	Gross amount at the beginning of the fiscal year	acquisitions	Amount of disposi or withdrawals during the fiscal year	amount at the end of the fiscal	Allocation for	Accumulated depreciation	Allocation for Re		S Accumulated	Net amount at the end of the fiscal year
Fixed assets given in lease credit, lease with purchase option	-	-	-	-	the fiscal year	depreciation	the fiscal year pr	ovisions -	provisions -	year -
Intangible fixed assets lease Equipment lease	- :	- 1	- :	- 1	- 1	- 1	- 1	1	- 1	-
Equipment leases in progress Equipment leased under operating lease		- :	:	- :		- 1	- 1	1	- 1	
Equipment lease not leased after termination		-		-	-	-	-	-	-	- :
Real estate lease Real estate lease in progress Real estate leased under operating lease							- 1	-		-
Real estate leased under operating lease Real estate lease not leased after termination Accrued rent receivable	- :	- :	- :	- :	- :	- :	- :	-	- 1	
Restructured rents	- :	- 1		- 1	- 1	- :	- :	-	- 1	- 1
Unpaid rents Non-Performing Loans		- 1	- :	- 1	- 1	- 1	- 1		- 1	- 1
Fixed assets given in simple lease	22,361	-		22,361	164	19,579	-	-	-	2,782
Furnished goods under simple lease		-		-			-	-	-	
Real estate under simple lease Accrued rent receivable	22,361	- 1		22,361	164	19,579	- 1	-	- 1	2,782
Restructured rents	-		-					-	-	
Unpaid rents Non-Performing Loans	- :	- 1	- :	- 1	- 1	- 1	- 1	-	- 1	
TOTAL	22,361	-		22,361	164	19,579	-	-	-	2,782

					Depreciation	and/or provision	S		(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	Amount of depreciation and/or provisions at the beginning of the fiscal year	Depreciation and/or provisions	Amount of depreciation on fixed assets withdrawn	Cumulative	Net amount at the end of the fiscal year
NTANGIBLE FIXED ASSETS	21,131	265	-	21,396	21,068	23	-	21,091	305
Lease rights	-	-	-	-	-	-	-	-	-
Research and development fixed assets	-			-	-	-		-	-
Other operating intangible fixed assets	21,131	265	-	21,396	21,068	23	-	21,091	305
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	
FANGIBLE FIXED ASSETS	127,260	1,600		128,860	85,992	1,364		87,355	41,505
OPERATING BUILDINGS	69,323			69,323	33,068	776		33,845	35,479
Operating land	7,229			7,229	-	-		-	7,229
Operating buildings - Offices	61,194	-	-	61,194	32,420	765	-	33,185	28,010
Operating buildings - Staff housing	900	-		900	649	11		660	240
FURNITURE AND OPERATING EQUIPMENT	28,751	1,595		30,346	26,834	292	-	27,126	3,220
Operating office furniture	7,921	-	-	7,921	7,759	27	-	7,786	135
Operating office equipment	950	5	-	955	949	0	-	950	5
Computer equipment	19,880	1,590		21,470	18,125	265		18,390	3,079
Rolling stock related to operations	-	-	-	-	-	-	-	-	-
Other operating equipment	-	-		-	-	-		-	-
OTHER OPERATING TANGIBLE ASSETS	19,345			19,345	17,695	209	-	17,903	1,442
NON-OPERATING TANGIBLE FIXED ASSETS	9,842	5		9,846	8,395	87	-	8,482	1,365
Non-operating land	-	-		-	-	-	-	-	-
Non-operating buildings	5,545	-		5,545	4,200	69	-	4,269	1,276
Non-operating furniture and equipment	2,344			2,344	2,261	13		2,274	70
Other non-operating tangible fixed assets	1,953	5	-	1,958	1,934	4	-	1,938	19
TOTAL	148,391	1,865	_	150,256	107,060	1,387		108,447	41,809

TOTAL

DEBTS TO CREDIT INS	FITUTIONS AI	ND SIMIL	AR		(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 June 30, 2025	Total Dec 31, 2024
ORDINARY CREDIT ACCOUNTS	-	-	-	-	-	-
VALUES GIVEN IN PENSION		-	-	-	-	-
Day by day At term	Ī				1	1
CASH LOANS	-	-	-	-	-	150,000
Day by day At term	-	-		-	-	150,000
FINANCIAL BORROWINGS	-	6,565,000	1,840,702	5,234,649	13,640,352	13,486,323
OTHER DEBTS	-	-	-	218,536	218,536	216,424
ACCRUED INTEREST PAYABLE	-	86,373	34,574	67,710	188,657	246,698
TOTAL	-	6.651.373	1.875.277	5.520.896	14.047.546	14.099.445

CUSTOMER DEPOSITS				(in t	housand MAD)
DEDOCITO	Public	Private sector		Total	Total
DEPOSITS	sector	Financial Non-Financial companies Companies	Other customers	June 30, 2025 [	Dec 31, 2024
Current credit accounts			_		
Savings accounts					
Term deposits					
Other credit accounts					
Accrued interest payable			_		
TOTAL					
					20 2025

DEBT SECURITIES ISS	UED								ine 30, 2025 thousand MAD
NATURE OF THE SECURITIES		Cha	racteristi	ics			Of w		Unamortized amoun
(1)	Date of entitlement	Maturity date	Nominal value per unit	Nominal rate	Repayment method (2)	Amount	Related companies	Other related parties	or redemption premiums
Bond loans						6,931,000			
		01/20/2027	100	5.30%	Redeemable	133,333	-	-	-
		12/08/2029	100	3.87%	Redeemable	283,000		-	-
		07/13/2030	100	4.60%	Redeemable	288,000		-	-
		07/13/2025	100	3.41%	In fine	60,000	-	-	-
		07/13/2025	100	3.51%	In fine	220,000		-	-
		10/13/2031	100	3.92%	Redeemable	149,333		-	-
		10/13/2026	100	3.25%	In fine	225,000		-	-
		10/13/2031	100	3.65%	Redeemable	212,333	-	-	-
		12/06/2032	100	3.93%	Redeemable	426,667	-	-	-
		12/06/2027	100	3.23%	In fine	200,000		-	-
		12/06/2032	100	3.43%	Redeemable	533,333		-	-
		07/19/2033	100	3.84%	Redeemable	600,000		-	-
		07/12/2034	100	3.49%	Redeemable	333,333		-	-
		07/12/2034	100	3.69%	Redeemable	1,000,000	-	-	-
		03/31/2036	100	3.31%	Redeemable	1,466,667	-	-	-
Bond loans	01/12/2022	01/12/2037	100	3.42%	Redeemable	800,000	-	-	-
TOTAL						6,931,000		-	-

(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	June 30, 2025	Dec 31, 2024
Optional instruments sold	-	-
Miscellaneous transactions on securities	-	-
Other creditors	260,867	234,487
Amounts due to the State	127,559	230,987
Amounts due to the provident organizations	1,125	691
Miscellaneous amounts due to the staff	19	14
Various amounts due to shareholders and partners	-	-
Suppliers of goods and services	3,073	2,771
Various other creditors	129,092	25
Regularisation accounts	328,395	110,910
Adjustment accounts for off-balance sheet transactions	-	-
Currency and securities gap accounts	1,253	1,593
Results on hedging derivative products	309,370	91,470
Liaison accounts between headquarters, branches and agencies in Morocco	-	-
Accrued expenses and deferred income	6,779	12,113
Other regularisation accounts	10,993	5,734
TOTAL	589,262	345,398

PROVISIONS				(in	thousand MAD
	Outstanding Dec 31, 2024	Allocations	Reversals	Other variations	Outstanding June 30, 2025
PROVISIONS DEDUCTED FROM ASSETS ON :	15,872	5,619	-	-	21,491
Receivables on credit institutions and similar Receivables on customers	5,490	5,619		-	11,109
Investment securities Equity securities and similar assets Fixed assets leased and rented	-	-	-	-	
Other assets	10,382		-		10,382
PROVISIONS RECORDED UNDER LIABILITIES :	88,893	-	-	-	88,893
Provisions for risks of implementing commitments by signature	-	-	-	-	-
Provisions for exchange risks Provisions for general risks	88,893	-	-	-	88,893
Provisions for retirement pensions and similar obligations Provisions for other risks and expenses Regulated provisions	-	-	-		
GRAND TOTAL	104,765	5,619	-	-	110,384

0101110 101712		,	-,			
SUBSIDIES, ALLOCATED PUBLIC FUND AND SPECIAL GUARANTEE FUNDS	S				(in	ı thousand MAD
	Economic purpose	Total amount	Amount Dec 31, 2024	Use June 30, 2025	Amount June 30, 2025	
Subsidies						
Allocated public funds						
Special guarantee funds						
TOTAL						



EQUITY CAPITAL				(in thousand MAD)
EQUITY CAPITAL	Outstanding as of Dec 31, 2024	Allocation of earnings	Other variations	Outstanding at June 30, 2025
Revaluation differences	-	-	-	-
Reserves and premiums related to capital	3,859,648	367,675	- 903	4,226,420
Legal reserve	-	-	-	-
Other reserves	3,859,648	367,675	- 903	4,226,420
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 (+/-)	367,675 -	367,675	170,721	170,721
TOTAL	5,227,324		169.818	5.397.141

COLUMN TO SERVE		
COMMITMENTS	June 30, 2025	Dec 31, 20
inancing and guarantee commitments given	5,863,603	5,559,61
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	5,863,603	5,559,63
Import documentary credits	-	
Payment acceptances or commitments	-	
Opening of confirmed credit	5,863,603	5,559,6
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	-	
inancing and guarantee commitments received	6,393,493	8,320,2
Financing commitments received from credit institutions and similar	6,393,493	8 320,28
Opening of confirmed credit	6,393,493	8,320,2
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	June 3 (in thous
COMMITMENTS	Amount
Commitments given	
Securities purchased with a repurchase option Other securities to be delivered	NUNE
Commitments received	
Securities sold with a repurchase option Other securities to be received	

	Hedging tr	ancactions	(in thousand MAI Other transactions		
T.		Dec 31, 2024			
orward exchange transactions	une 30, 2023	-	- Julie 30, 2023	-	
Currencies to be received	-	-	-	-	
Dirhams to be delivered	205,379	209,282	-	-	
Currencies to be delivered			-	-	
Dirhams to be received Of which financial currency swaps	309,370	91,470	-	-	
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 market		-	-	-	
Commitments on regulated markets for other instrumen		-	-	-	
Commitments on over-the-counter markets for other instr	uments -	-	-	-	

SUBORDIN	IATED DEB	TS							(	in thousand MAD)
	Amount in				Prepayment, subordination and convertibility	Amount of the loan	Of which affiliat	ed companies	Of which relate	ed companies
Currency of the loan	currency of the loan	Price (1)	Rate	Term (2)	conditions (3)	in national currency (MAD equivalent)	Amount (equivalent MAD) June 30, 2025	Amount (equivalent MAD) Dec 31, 2024	Amount (equivalent MAD) June 30, 2025	Amount (equivalent MAD) Dec 31, 2024
Dirhams	200,000		3.78%	10		200,000	-	-	-	-
Dirhams	800,000		3.83%	10		800,000	-	-	-	-
TOTAL	1,000,000					1,000,000	-	-	-	-





# VALUES GAINS OR LOSSES ON DISPOSALS OR WITHDRAWALS OF FIXED ASSETS Values and sureties received as guarantee Net book value Treasury bills and similar values Other securities Mortgages TOTAL Values and sureties given as guarantee Net book value Net book value Net count 2313 Net count 2313 Net book value Debts or commitments by signature given poted to assets or to off balance sheet TOTAL Values and sureties TOTAL Net book value Treasury bills and similar values Other real values as guarantee Net book value Treasury bills and similar values Other received posted to liabilities or to off balance sheet Nortgages TOTAL Treasury bills and similar values Other received posted to liabilities or to off balance sheet Nortgages Other real values and sureties TOTAL

BREAKDOWN OF USES AND RESOURCES BY RESIDUAL DURATION						ne 30, 2025 :housand 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	165,511	-	1,100,000	-	-	
Receivables from customers	306,096	203,573	1,842,437	9,149,866	14,152,723	
Debt securities	-	-	-	-	-	
Subordinated receivables	-	-	-	-	-	
Leasing and similar	-	-	-	-	-	
TOTAL	471,607	203,573	2,942,437	9,149,866	14,152,723	26,920,205
LIABILITIES						
Debts to credit institutions and similar	176,763	121,865	834,659	4,877,113	7,848,489	
Debts to customers	-	-	-	-	-	
Receivables securities issued	528,000	-	494,933	3,196,733	2,711,333	
Subordinated loans	-	-	-	1,000,000	-	1,000,000
TOTAL	704,763	121,865	1,329,592	9,073,847	10,559,822	21,789,888

				June 30, 2025 (in thousand MAD)
		Amount of ris	k exceeding 10% of c	apital equity
Number	Total amount of risks	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	June 30, 2025 (in thousand MAD)
BALANCE SHEET	Amount
ASSESTS	-
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	5,520,896
Central Banks, Public Treasury, Postal Checks Service Debt to credit institutions and similar Customer deposits Receivables securities issued Other liabilities Subsidies, allocated public funds and special guarantee funds Subordinated debts	5,520,896 - - - - - -
OFF-BALANCE SHEET	Amount
COMMITMENTS GIVEN	-
COMMITMENTS RECEIVED	793,493

INTEREST MARGIN	(in	thousand MAD)
	June 30, 2025	June 30, 2024
INTEREST PERCEIVED	740,525	763,354
Interest and similar income on transactions with credit institutions Interest and similar income on transactions with customers Interest and similar income on receivables securities	17,139 723,386 -	32,536 730,818 -
INTEREST SERVED	413,252	438,463
Interest and similar expenses on transactions with credit institutions Interest and similar expenses on transactions with customers Interest and similar expenses on receivables securities issued	265,523 - 147.730	259,308 - 179.154
TOTAL	327,272	324,892

INCOME FROM PROPERTY SEC	(in thousand MAD)
CATEGORY OF SECURITIES	Income received
Investment securities Equity securities Investments in afiliated companies Portfolio activity securities Similar uses	NONE
TOTAL	

COMMISSIONS	June 30, 20 (in thousand M/
COMMISSIONS	Amount
COMMISSIONS RECEIVED	912
On transactions with credit institutions On transactions with customers On exchange transactions	- 1
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	- - - 912
PAID COMMISSIONS	70
On transactions with credit institutions On transactions with customers On exchange transactions Related to interventions on primary securities markets On derivative products	33 - - -
On securities transactions under management and on deposit On payment methods On advisory and assistance activities On sales of insurance products	37 - - -

RESULT OF MARKET OPERATIONS		(in thousand MAD)
INCOME AND EXPENSES	June 30, 202	5 June 30, 2024
INCOME	-	-
Gains on trading securities Value gain on disposal of investment securities		-
Reversal of provision for depreciation of investment securitie Gains on derivative products	s -	-
Gains on exchange transactions	- N	INE .
EXPENSES	- 171	JNE .
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	-	-

GENERAL OPERATING EXPENSES	June 30, 2025 (in thousand MAD) Amount
Staff expenses	22,090
Taxes and duties	418
External expenses	2,822
Other general operating expenses	2,182
Allocations to depreciation and provisions for tangible and intangible fixed assets	1,387
TOTAL	28,899

OTHER INCOME AND EXPENSES	June 30, 2025 (in thousand MAD)
	Amount
Other banking income and expenses	-
Other banking income	-
Other banking expenses	70
Non-banking operating income and expenses	-
Non-banking operating income	1,100
Non-banking operating expenses	107
Allocations to provisions and losses on uncollectible receivables	5,619
Reversals of provisions and recoveries of written-off receivables	-
Non-current income and expenses	-
Non-current income	2
Non-current expenses	14,166

BREAKDOWN OF RESULTS BY BUSINESS LINE OR ACTIVITY POLE AND BY GEOGRAPHICAL ZONE			June 30, 2 (in thousand
BREAKDOWN BY ACTIVITY POLE			
Activity Pole	Net Banking Income	Gross Operating Earnings	Pre-Tax Earnings
Bank activity	328,115	300,209	280,426
Other activities	-	-	-
TOTAL	328,115	300,209	280,426
BREAKDOWN BY GEOGRAPHICAL ZON	E		
Geographical Zone	Net Banking Income	Gross Operating Earnings	Pre-Tax Earnings
Morocco	328,115	300,209	280,426
Other Zones			-
TOTAL	328,115	300,209	280,426

TRANSITION FROM NET BOOK EARNINGS TO NET FISCAL	EARNINGS	June 30, 2025 (in thousand MAI
Titles	Amount	Amount
I- Net book earnings	170,721	
Net gain Net loss	170,721	-
II- Tax reintegrations	123,779	
1- Current	-	
2- Non-current Corporate income tax Social solidarity contribution	123,779 109,705 14,073	
III- Tax deductions		15,000
1- Current	eptember 8, 2023	15,000 15,000
TOTAL	294,499	15,000
IV- Gross fiscal earnings		279,499
Gross fiscal profit (A) 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		279,499
VI- Net fiscal earnings		279,499
Net fiscal profit (A - C) OR Net fiscal deficit (B)		279,499
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		

DETERMINATION OF CURRENT EARNINGS AFTER-TAX	June 30, 2025 (in thousand MAD)
I- EARNINGS DETERMINATION	Amount
Current earnings according to the statement of income and expenses (+) Tax reintegrations on current transactions (-) Tax deductions on current transactions (=) Current earnings theoretically taxable (-) Theoretical tax on current income (=) Current earnings after tax	294,590 - - 294,590 115,627 178,964

II. INDICATIONS OF THE TAX SYSTEM AND THE BENEFITS GRANTED BY THE INVESTMENT CODES OR BY SPECIFIC LEGAL PROVISIONS

DETAIL OF VALUE ADDED	TAX			June 30, 2025 (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	9,522	111,377	112,200	8,699
B- VAT to be recovered On expenses On fxed assets	18,691 18,686 5	44,049 43,893 156	55,955 55,825 130	6,785 6,754 31
C- VAT due or VAT credit (A-B)	- 9,169	67,328	56,246	1,914

SHARE CAPITAL DISTRIBUTION			June 30, 2025 (in thousand MAD)		
Amount of capital 1,000,000 Amount of uncalled subscribed share capital - Nominal value of the shares					
Name of the main	Adress	Number of shares held		Share of capital	Percentage
shareholders or partners		Previous fiscal year	Current year	held (%)	of voting rights (%)

100

100

TOTAL

ALLOCATION OF EARNINGS TH DURING THE FISCAL YEAR	June 30, 2025 (in thousand MAD)		
A- Origin of the allocated earnings	Amount	B- Earnings allocation	Amount
Decision of the Board of Directors: 05/28 Retained earnings Net earnings being allocated Net earnings for the fiscal year Deduction from profits Other deductions	3/2025 - - 367,675 - -	Legal reserves Dividends Other allocations	- - 367,675 - -
TOTAL A	367,675	TOTAL B	367,675

EARNINGS AND OTHER ELEMENTS FOR THE LAST THREE FISCAL YEARS			June 30, 2025 (in thousand MAD)
	June 30, 2025	Dec 31, 2024	Dec 31, 2023
Capital equity and similar  To be deducted -Amount concerning the Fonds d'Accompagnement des Collectivités Territoriales (Support Fund for Territorial Communities) Net capital equity and similar Operations and earnings for the fiscal year Net banking income Pre-tax earnings Earnings taxes Distributed profits Retained earnings (placed in reserves or pending allocation) Earnings per share (in MAD) Net earnings per share or unit Earnings distributed per share Staff Gross remuneration for the fiscal year Average number of employees during the fiscal year	6,434,865 - 903 6,433,962 328,115 280,426 109,705 - 170,721 - - 23,872 84	6,244,938 - 6,244,938 - 671,780 584,406 216,731 - 367,675 - - - 42,343 86	5,876,479 - 5,876,479 669,251 409,906 210,819 - 199,087 - - - 42,948 89

DATING AND SUBSEQUENT EVENTS	(in thousand MAE
I. DATING	
Closing date (1)	06/30/2025
Date of preparation of the summary statements (2)	September 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

III. EVENTS OCCURRING AFTER THE END OF THE FISCAL YEAR AND NOT RELATED TO THE FISCAL YEAR AND KNOWN BEFORE THE 1° EXTERNAL COMMUNICATION OF THE SUMMARY STATEMENTS

Dates Indication of events

<u>Favorable</u> <u>Unfavorable</u>

NONE

STAFF		June 30, 2025 (in number)
STAFF	June 30, 2025	Dec 31, 2024
Paid staff	82	85
Staff used		85
Full-time equivalent staff		85
Administrative and technical staff (full-time equivalent)		-
Staff assigned to banking tasks (full-time equivalent)		-
Executives (full-time equivalent)		79
Employees (full-time equivalent)		6
Of which, staff employed abroad		-

SECURITIES AND OTHER ASSETS UNDER MANAGEMENT OR ON DEPOSIT			ne 30, 2025 housand MAD)	
SECURITIES	Number o	of accounts	Amo	unt
SECORTIES	June 30, 2025	Dec 31, 2024	June 30, 2025	Dec 31, 2024

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	June 30, 2025	Dec 31, 2024
Permanent branches Temporary branches Automatic teller machines and Bank ATMs Branches and agencies abroad Representative offices abroad	NO	NE

CUSTOMER ACCOUNTS		June 30, 2025 (in number)
CUSTOMER ACCOUNTS	June 30, 2025	Dec 31, 2024

Current accounts
Checking accounts of Moroccans living abroad
Other checking accounts
Factoring accounts
Savings accounts
Tarm accounts
Cash vouchers
Other deposit accounts

NONE

STATEMENT OF NON PERFORMING LOANS AND RELATED PROVISIONS AT 06/30/2025 (In thousand MAD)				
	June 30,	2025	Dec 31, 2024	
Conventional loans	Receivables	Provisions	Receivables	Provisions
Pre-doubtful loans Doubtful loans	142,000	5,619 -	-	1
Compromised loans Subtotal 1	5,927 147,926	5,344 10,962	5,927 5,927	5,344 5,344
MEN loans	Receivables	Provisions	Receivables	Provisions
Pre-doubtful loans Doubtful loans Compromised loans Subtotal 2	851 851	- 146 146	851 851	- 146 146
GRAND TOTAL	148,777	11,109	6,778	5,490



#### 1. Integrated Risk Management

#### 1.1. Risk Management Control and Governance Principles

The governance of risk management at the Fonds d'Equipement 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;
- the 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**

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 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 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
- · 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 cvbersecurity 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

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.

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

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

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

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 June 2025: The net weighted risks borne by the FEC reached 7,708,557 thousand MAD, composed of

84% credit risk and 16% operational risk. In compliance with prudential requirements, the solvency ratio reached 82.98%, while the Tier One ratio reached 70.01%, reflecting the institution's strong solvency level.

#### Credit Portfolio Analysis

Customer receivables, consisting of 99.9% commitments to Territorial Communities, totalled 26,486,494 thousand MAD as of June 30, 2025.

Financing commitments provided by the FEC to customers amounted to 5,863,603 thousand MAD as of June 30, 2025.

The analysis of off-balance sheet commitments as of June 30, 2025, reveals that only 69.92% 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 Department 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 8.18% at the end of June 2025, 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.

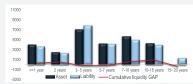
- The FEC may be exposed to liquidity risk, which may arise in one of the following forms:

  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 shortterm 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 June 30, 2025 the liquidity gap profile is as follows:

#### **ANNUAL LIQUIDITY GAPS**



#### 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;

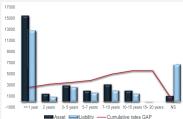
Scenario 6: Steepening of the yield curve.
The analysis and assessment of interest rate risks follows a dual logic, namely the preservation of the interest margin and the economic value of equity capital.
The Bank has opted for the approach known as the static mode maturity method. This approach

consists of liquidating all balance sheet positions in static mode according to their contractual or conventional characteristics.

#### Exposure as of June 30, 2025

The flow of interest rate gaps as of June 30, 2025 is as follows:

#### ANNUAL RATES GAPS



The impact of regulatory scenarios is -2.63% on the forecasted net interest margin (Scenario 1) and 11.62% on the economic value of Shareholders' equity (Scenario 2).

#### 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

#### » 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 process map was developed in accordance with 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 subject to regular and evolving review in order to comply, among other things, 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. 47/6/2007 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.

In this context, awareness sessions on regulatory requirements, as well as on the stakes and best practices in terms of business continuity, were organized for the benefit of all employees.
Similarly, a maintenance and operational plan for the Business Continuity Plan (BCP) is currently

being reinforced.

Being reminded. Etc 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 first half of 2025.

**Operational risk management**The FEC has an operational risk mapping based on the Basel II typology, which is updated annually.

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. 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.



#### Coopers Audit

83, Avenue Hassan II Casablanca Maroc

#### FONDS D'EQUIPEMENT COMMUNAL

#### ATTESTATION D'EXAMEN LIMITE DES COMMISSAIRES AUX COMPTES SUR LA SITUATION INTERMEDIAIRE DES COMPTES SOCIAUX

#### PERIODE DU 1<sup>ER</sup> JANVIER AU 30 JUIN 2025

En application des dispositions de la loi n°44-12 relative à l'appel public à l'épargne et aux informations exigées des personnes morales et organismes faisant appel public à l'épargne, nous avons procédé à un examen limité de la situation intermédiaire 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 ainsi qu'une sélection d'états de l'état des informations complémentaires (ETIC) relatifs à la période du 1er janvier au 30 juin 2025. Cette situation intermédiaire qui fait ressortir un montant de capitaux propres et assimilés totalisant 6.433.962 KMAD dont un bénéfice net de 170.721 KMAD, relève de la responsabilité des organes de gestion de l'émetteur.

Nous avons effectué notre mission selon les normes de la profession au Maroc relatives aux missions d'examen limité. Ces normes requièrent que l'examen limité soit planifié et réalisé en vue d'obtenir une assurance modérée que la situation intermédiaire ne comporte pas d'anomalie significative. Un examen limité comporte essentiellement des entretiens avec le personnel du fonds et des vérifications analytiques appliquées aux données financières ; il fournit donc un niveau d'assurance moins élevé qu'un audit. Nous n'avons pas effectué un audit et, en conséquence, nous n'exprimons donc pas

Sur la base de notre examen limité, nous n'avons pas relevé de faits qui nous laissent penser que la situation intermédiaire, ci-jointe, ne donne pas une image fidèle du résultat des opérations du semestre écoulé ainsi que de la situation financière et du patrimoine du Fonds d'Equipement Communal établis au 30 juin 2025, conformément au référentiel comptable admis au Maroc.

Casablanca, le 23 septembre 2025

Les Commissaires aux Comptes

BDO Audit, Tax & Advisory

Coopers Audit Maroc S.A

Tél: 0522

Abdellah LAGHCHAOUI

Associé

Moutai CHAOUKI

Associé





Fonds d'Equipement Communal Espace Oudayas, angle avenue Annakhil and avenue Ben Barka B.P. 2175 - Hay Ryad 10 100 - Rabat - Morocco Phone: +212 (0) 537 56 60 90 to 93 - Fax: +212 (0) 537 56 60 94

www.fec.ma