



# FONDS D'ÉQUIPEMENT COMMUNAL

## PROSPECTUS SUMMURAY

### Issuance of an Ordinary Bond Loan for an Amount of MAD 2.000.000.000

The AMMC (Moroccan Capital Market Authority) visa covers the prospectus consisting of this offering memorandum and the following documents:

- Reference document relating to the financial year 2024 registered by the AMMC on July 29<sup>th</sup>, 2025 under the reference EN/EM/013/2025 ;
- The update of the reference document no 1 registered by the AMMC dated December 03<sup>rd</sup>, 2025 under the reference number EN/EM/035/2025;

	Tranche A Unlisted	Tranche B Unlisted
<b>Transaction Ceiling</b>	MAD 2 000 000 000	
<b>Maximum Number of securities to be issued</b>	20 000 bonds	
<b>Nominal value per unit</b>	MAD 100 000	
<b>Facial interest rate</b>	Renewable on an annual basis Between 2,80% & 2,90% For the 1 <sup>st</sup> Year, with reference to the 6-month (180 days) WAR (Weighted Average Rate) published by Bank Al Maghrib	Renewable on an annual basis Between 2,76% & 2,81% For the 1 <sup>st</sup> Year, with reference to the 52 weeks Treasury bill rate published by Bank Al Maghrib, on November 26 <sup>th</sup> , 2025
<b>Reference rate</b>	IAR (Interbank Average Rate)	Treasury Bill rate
<b>Entitlement Date</b>	December 19 <sup>th</sup> , 2025	December 19 <sup>th</sup> , 2025
<b>Date of 1<sup>st</sup> coupon payment and Reference rate revision</b>	February 02 <sup>nd</sup> , 2027	February 02 <sup>nd</sup> , 2027
<b>Risk premium</b>	Between 55 & 65 bps	Between 45 & 50 bps
<b>Maturity</b>	15 years and 45 days	15 years and 45 days
<b>Tradability of the securities</b>	Over-the-counter (Off the market)	Over-the-counter (Off the market)
<b>Repayment Method</b>	Linear annual depreciation of the principal (in 15 equal installments)	Linear annual depreciation of the principal (in 15 equal installments)
<b>Allocation method</b>	French Auction with priority given to Tranche A	

**SUBSCRIPTION PERIOD : FROM DECEMBER 10<sup>th</sup> TILL DECEMBER 12<sup>th</sup>, 2025 INCLUDED**

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

Financial Advisors	Agents in Charge of the Placement

#### APPROVAL OF THE AMMC (THE MOROCCAN FINANCIAL AUTHORITY)

In accordance with the AMMC circular, delivered in application of Section 5 of Act No. 44-12 on the public offering and the information required of legal persons and bodies, this prospectus was approved by the AMMC on December 03<sup>rd</sup>, 2025 under the reference number VI/EM/041/2025.

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

- Reference document relating to the financial year 2024 registered by the AMMC on July 29<sup>th</sup>, 2025 under the reference EN/EM/013/2025 ;
- The update of the reference document registered by the AMMC dated December 03<sup>rd</sup>, 2025 under the reference number EN/EM/035/2025;
- This transaction memorandum.

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## WARNING

The Moroccan Capital Market Authority (AMMC) approved on December 03<sup>rd</sup>, 2025 under reference no VI/EM/041/2025, the prospectus related to the issuance of an ordinary bond for the maximum global amount of MAD 2 000.000.000.

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

The prospectus is also made available to the public on the AMMC website [www.ammc.ma](http://www.ammc.ma).

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

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## PART I. PRESENTATION OF THE OPERATION

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## I. STRUCTURE OF THE OFFRING

The transaction involves a maximum total amount of two billion (2,000,000,000) MAD.

The FEC plans to issue twenty thousand (20,000) ordinary, unlisted bonds with a par value of one hundred thousand (100,000) MAD.

It is broken down into two tranches:

- **Tranche A** : non-listed ordinary bonds with an interest rate revised annually starting from February 2, 2027 (based on the arithmetic average of the Weighted Average Interbank Overnight Rates observed over a 180-day period), with a maturity of 15 years and 45 days, amortized linearly in 15 equal instalments, for a maximum amount of two billion (2,000,000,000) dirhams, with a nominal value of one hundred thousand (100,000) dirhams per bond;
- **Tranche B** : non-listed ordinary bonds with an interest rate revised annually starting from February 2, 2027 (based on the secondary market benchmark yield curve for Treasury bills published by Bank Al Maghrib), with a maturity of 15 years and 45 days, amortized linearly in 15 equal installments, for a maximum amount of two billion (2,000,000,000) dirhams with a nominal value of one hundred thousand (100,000) dirhams per bond.

## II. CHARACTERISTICS OF THE OPERATION

Characteristics of the Tranche A securities (Ordinary bonds with an annual basis reviewable-rate annually adjustable rate, with a 15-year maturity, unlisted on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Non-listed bonds entirely dematerialized by subscription with the Central Depository (MAROCLEAR) and entered into account at the authorized affiliates.
<b>Legal Form</b>	Bearer bonds.
<b>Transaction Ceiling</b>	<b>MAD 2,000,000,000</b>
<b>Number of securities to be issued</b>	<b>20,000 bonds</b>
<b>Nominal value per unit</b>	<b>MAD 100,000</b>
<b>Subscription Price</b>	Per value : 100% of the nominal value.
<b>Repayment Price</b>	Per value : 100% of the nominal value.
<b>Maturity</b>	<b>15 years and 45 days</b>
<b>Subscription Period</b>	From December 10 <sup>th</sup> to December 12 <sup>th</sup> , 2025 included
<b>Entitlement Date</b>	December 19 <sup>th</sup> , 2025
<b>1<sup>st</sup> interest rate reset date</b>	February 02 <sup>nd</sup> , 2027
<b>Date of 1<sup>st</sup> coupon payment and 1<sup>st</sup> principal repayment</b>	February 02 <sup>nd</sup> , 2027
<b>Maturity date</b>	February 02 <sup>nd</sup> , 2041
<b>Allocation Method</b>	French Auction with priority given to Tranche A
<b>Nominal interest rate</b>	<p><b>Rate renewable on an annual basis</b></p> <p>For the first year (i.e. from the entitlement date (december 19<sup>th</sup>, 2025) to february 02<sup>nd</sup>, 2027), the reference rate is determined on the basis of an arithmetic average composed of Interbank Average Weighted Rates, observed over a 6-month period ending on November 26<sup>th</sup>, 2025 as published by Bank Al Maghrib, be it 2.25%, increased by a risk premium of between 55 and 65 basis points, which is between 2.80% and 2.90%.</p> <p>For the subsequent years (i.e. after February 02<sup>nd</sup>, 2027), the reference rate is calculated on the basis of an arithmetic average of the Interbank Average Weighted Rates observed over a period of 180 days preceding the 02<sup>nd</sup> of February of each year of five business days, as published by Bank Al. Maghrib.</p>

	The reference rates thus obtained shall be increased by a risk premium of between 55 and 65 basis points withheld at auction.
<b>Risk premium</b>	<b>Between 55 and 65 bps.</b>
<b>Interest Rate Fixing Date</b>	The interest rate is to be revised annually on the 02 <sup>nd</sup> of February of each year, starting on February 02 <sup>nd</sup> , 2027. The new rate will be determined no later than 5 working days before the 02 <sup>nd</sup> of February of each year, starting on February 02 <sup>nd</sup> , 2027 and communicated to investors by the domiciliation body using any means deemed practical (email, mail, etc.).
<b>Method of calculating interest</b>	Interests shall be calculated on monetary basis, i.e : <b>For the first coupon:</b> [Nominal × nominal interest rate × (exact number of days between the securities entitlement date (December 19 <sup>th</sup> , 2025) and the first principal repayment (February 02 <sup>nd</sup> , 2027)/ 360)]. <b>For the following coupons (i.e. after February 02<sup>nd</sup>, 2027):</b> [Outstanding principal × nominal interest rate × (actual number of days* /360)] *The exact number of days: 365 or 366 days
<b>Agent in charge of calculating the interest rate</b>	Entity Centralising the Operation
<b>Payment of the coupon</b>	The coupons will be paid annually on 02 <sup>nd</sup> of February of each year, starting on February 02 <sup>nd</sup> , 2027, or on the first following working day in case that day is a non-working day. No deferral of interest will be allowed under this Transaction
<b>Tradability of the securities</b>	Over-the-counter. The securities shall be freely negotiated without any restriction by the issuance conditions.
<b>Principal Repayment</b>	The principal repayment of the loan's securities, will occur annually and linearly on each anniversary date of the issuance vesting date or the first working day following that date if it is a non-working day.
<b>Anticipated Repayment</b>	The FEC may not proceed with the anticipated repayment of bonds, purpose of this issuance.
<b>Bonds buy-back</b>	The FEC keeps the right to proceed, with the Bank Al-Maghrib prior consent, to bonds buy-back on the secondary market, provided the legal and regulatory provisions don't oppose to it, The bank must offer the same price in writing to all bondholders by publishing a notice in a legal gazette, and redeem on a pro rata basis from those who accept, in accordance with the quantities held by each of them. In this case, the issuer shall inform the AMMC and the bondholders' representative of this repurchase operation five trading days prior to the said operation. These redemptions have no consequences for subscribers wishing to hold their securities until normal maturity and have no impact on the normal amortization schedule. The redeemed bonds will be canceled and cannot be reissued. In the event of a redemption, the issuer must inform the AMMC and the representative of the bondholders of the canceled bonds.
<b>Assimilation clause</b>	The bonds issued by the FEC cannot be assimilated to any anterior securities issuance. In case the FEC subsequently issues new bonds with completely similar rights to Tranche A bonds, it will be authorized, without requesting the consent of the holders of former bonds, to proceed to the assimilation of the whole securities successively issued, thus unifying the operations of their financial service and their negotiation.
<b>Loan Ranking</b>	The bonds issued by the FEC and their interests constitute direct, general, unconditional and unsubordinated obligations of the issuer, ranking equally amongst themselves and the other present or future unsecured debts of the issuer.
<b>Guarantee of remboursement</b>	The bonds issued by the FEC are not subject to any guarantee.
<b>Rating</b>	The bonds issued by the FEC have not been rated.
<b>Applicable Law</b>	Moroccan Law
<b>Competent Jurisdiction</b>	Commercial Court of Rabat

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## Bondholders Representation

Pending the General Meeting of Bondholders, the Chief Executive Officer of the FEC by virtue of the powers granted to him by the Board of Directors, held on May 29<sup>th</sup>, 2019, appointed « Hdid Consulting » Firm as interim agent of the bondholders, in accordance with the relevant legal provisions. This decision will take effect as of the opening of the subscription period and will expire at the end of the nomination of the definitive representative by the General Meeting of the Bondholders.

The provisional representative of the bondholders' group undertakes to convene the general meeting of bondholders within a period of six months from the closing date of subscriptions in order to appoint the definitive representative, in accordance with the legal provisions in force.

The remuneration of the provisional proxy of the bondholders' group was fixed by the FEC at MAD 24,000 (including taxes). The remuneration of the bondholders' group's proxy will be brought to the knowledge of the latter during the publication of the notice of the bondholders' meeting that will appoint him.

In accordance with the legal provisions, the mandatary of the masse has, unless otherwise decided by the general meeting of bondholders, the power to carry out on behalf of the masse any management act necessary to safeguard the common interests of the bondholders.

It should also be noted that Hdid consulting firm is the permanent proxy for the bond issues carried out by the FEC in 2017, 2018, 2019, 2020 and 2022.

## Characteristics of the Tranche B securities (Ordinary bonds with an annual basis reviewable- rate annually adjustable rate, with a 15-year maturity, unlisted on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Non-listed bonds entirely dematerialized by subscription with the Central Depository (MAROCLEAR) and entered into account at the authorized affiliates.
<b>Legal Form</b>	Bearer bonds.
<b>Transaction Ceiling</b>	<b>MAD 2,000,000,000</b>
<b>Number of securities to be issued</b>	<b>20,000 bonds</b>
<b>Nominal value per unit</b>	<b>MAD 100,000</b>
<b>Subscription Price</b>	Per value : 100% of the nominal value.
<b>Repayment Price</b>	Per value : 100% of the nominal value.
<b>Maturity</b>	<b>15 years and 45 days</b>
<b>Subscription Period</b>	From December 10 <sup>th</sup> to December 12 <sup>th</sup> , 2025 included
<b>Entitlement Date</b>	December 19 <sup>th</sup> , 2025
<b>1<sup>st</sup> interest rate reset date</b>	February 02 <sup>nd</sup> , 2027
<b>Date of 1<sup>st</sup> coupon payment and 1<sup>st</sup> principal repayment</b>	February 02 <sup>nd</sup> , 2027
<b>Maturity date</b>	February 02 <sup>nd</sup> , 2041
<b>Allocation Method</b>	French Auction with priority given to Tranche A
<b>Nominal interest rate</b>	<p><b>Rate renewable on an annual basis</b></p> <p>For the first year (i.e. from the entitlement date (december 19<sup>th</sup>, 2025) to february 02<sup>nd</sup>, 2027), the reference rate is calculated on the basis of the sovereign rate of equivalent maturity (52 weeks), derived from the Treasury bills' secondary market yield curve as published by Bank Al-Maghrib on November 26<sup>th</sup>, 2025, be it 2.31%, increased by a risk premium of between 45 and 50 basis points, which is between 2.76% and 2.81%..</p> <p>For subsequent years (i.e. after February 2, 2027), the nominal interest rate will be determined by reference to the sovereign rate of equivalent maturity (52 weeks), observed from the secondary market benchmark yield curve for Treasury bills as published by Bank Al Maghrib five business days prior to the coupon payment date, plus a risk premium (applied at auction) of between 45 and 50 bps.</p>

	<p>If the reference rate is not directly observed on the secondary market Treasury bill reference yield curve, the rate will be determined using the linear interpolation method, using the two points flanking the full 52-week maturity (monetary basis).</p> <p>This linear interpolation will be performed after converting the rate immediately above the 52-week maturity (actuarial basis) into an equivalent monetary rate. The calculation formula is: <math>((\text{Actuarial rate} + 1) ^ (k / \text{exact number of days}^*) - 1) \times 360/k</math>; where k: corresponds to the maturity of the actuarial rate immediately above 52 weeks.</p> <p>*Exact number of days: 365 or 366 days.</p>
<b>Risk premium</b>	<b>Between 45 and 50 basis points.</b>
<b>Interest Rate Fixing Date</b>	<p>The interest rate is to be revised annually on the 02<sup>nd</sup> of February of each year, starting on February 02<sup>nd</sup>, 2027.</p> <p>The new rate will be determined no later than 5 working days before the 02<sup>nd</sup> of February of each year, starting on February 02<sup>nd</sup>, 2027 and communicated to investors by the domiciliation body using any means deemed practical (email, mail, etc.).</p>
<b>Method of calculating interest</b>	<p>Interests shall be calculated on monetary basis, i.e :</p> <p><b>For the first coupon:</b> [nominal <math>\times</math> nominal interest rate <math>\times</math> (exact number of days between the securities entitlement date (December 19<sup>th</sup>, 2025) and the first principal repayment (February 02<sup>nd</sup>, 2027)/ 360)].</p> <p><b>For the following coupons (i.e. after February 02<sup>nd</sup>, 2027):</b> [Outstanding principal <math>\times</math> nominal interest rate <math>\times</math> (actual number of days* /360)]</p> <p>*The exact number of days: 365 or 366 days</p>
<b>Agent in charge of calculating the interest rate</b>	Entity Centralising the Operation
<b>Payment of the coupon</b>	<p>The coupons will be paid annually on 02<sup>nd</sup> of February of each year, starting on February 02<sup>nd</sup>, 2027, or on the first following working day in case that day is a non-working day.</p> <p>No deferral of interest will be allowed under this Transaction</p>
<b>Tradability of the securities</b>	Over-the-counter. The securities shall be freely negotiated without any restriction by the issuance conditions.
<b>Principal Repayment</b>	The principal repayment of the Tranche B loan's securities, will occur annually and linearly (in 15 equal installements), on the 02 <sup>nd</sup> of February of each year, starting on february 02 <sup>nd</sup> , 2027 or the first working day following that date if it is a non-working day.
<b>Anticipated Repayment</b>	The FEC may not proceed with the anticipated repayment of bonds, purpose of this issuance.
<b>Bonds buy-back</b>	<p>The FEC keeps the right to proceed, with the Bank Al-Maghrib prior consent, to bonds buy-back on the secondary market, provided the legal and regulatory provisions don't oppose to it,</p> <p>The bank must offer the same price in writing to all bondholders by publishing a notice in a legal gazette, and redeem on a pro rata basis from those who accept, in accordance with the quantities held by each of them. In this case, the issuer shall inform the AMMC and the bondholders' representative of this repurchase operation five trading days prior to the said operation.</p> <p>These redemptions have no consequences for subscribers wishing to hold their securities until normal maturity and have no impact on the normal amortization schedule. The redeemed bonds will be canceled and cannot be reissued.</p> <p>In the event of a redemption, the issuer must inform the AMMC and the representative of the bondholders of the canceled bonds.</p>
<b>Assimilation clause</b>	<p>The bonds issued by the FEC cannot be assimilated to any anterior securities issuance.</p> <p>In case the FEC subsequently issues new bonds with completely similar rights to Tranche B bonds, it will be authorized, without requesting the consent of the holders of former bonds, to proceed to the assimilation of the whole securities successively issued, thus unifying the operations of their financial service and their negotiation.</p>

<b>Loan Ranking</b>	The bonds issued by the FEC and their interests constitute direct, general, unconditional and unsubordinated obligations of the issuer, ranking equally amongst themselves and the other present or future unsecured debts of the issuer.
<b>Guarantee of reimbursement</b>	The bonds issued by the FEC are not subject to any guarantee.
<b>Rating</b>	The bonds issued by the FEC have not been rated.
<b>Applicable Law</b>	Moroccan Law
<b>Competent Jurisdiction</b>	Commercial Court of Rabat
<b>Bondholders Representation</b>	<p>Pending the General Meeting of Bondholders, the Chief Executive Officer of the FEC by virtue of the powers granted to him by the Board of Directors, held on May 29<sup>th</sup>, 2019, appointed « Hdid Consulting » Firm as interim agent of the bondholders, in accordance with the relevant legal provisions. This decision will take effect as of the opening of the subscription period and will expire at the end of the nomination of the definitive representative by the General Meeting of the Bondholders.</p> <p>The provisional representative of the bondholders undertakes to convene a general meeting of bondholders within six months of the closing date for subscriptions in order to appoint a permanent representative, in accordance with the legal provisions in force.</p> <p>The remuneration of the provisional representative of the bondholders has been set by the FEC at MAD 24,000 (including tax). The remuneration of the representative of the bondholders will be brought to their attention when the notice convening the bondholders' meeting to appoint him is published.</p> <p>In accordance with legal provisions, the representative of the bondholders has, unless restricted by the bondholders' general meeting, the power to perform on behalf of the bondholders any management act necessary to safeguard their common interests.</p> <p>It should also be noted that Hdid Consultants is the permanent representative for the bond issues carried out by the FEC in 2017, 2018, 2019, 2020, and 2022.</p>

### III. OBJECTIVES OF THE OPERATION

The favourable development of the FEC's lending activity in recent years has naturally resulted in an increase in disbursements and financing needs, which in turn required a growing mobilisation of resources. This momentum is expected to continue over the coming years, in line with the major development initiatives launched nationwide for Local Authorities.

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

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

### IV. TIMETABLE FOR THE OPERATION

No.	Stages	Date
1	Procurement of AMMC visa	Wednesday, December 03 <sup>rd</sup> , 2025
2	Publication of the prospectus extract on the Issuer's website	Wednesday, December 03 <sup>rd</sup> , 2025
3	Publication of the press release by the Issuer in a Journal of legal notices	Friday, December 05 <sup>th</sup> , 2025
4	Opening of the subscription period	Wednesday, December 10 <sup>th</sup> , 2025
5	Closure of the subscription period	Friday, Decembre 12 <sup>th</sup> , 2025
6	Centralization of subscription orders by CDG Capital	Friday, Decembre 12 <sup>th</sup> , 2025
7	Sécurities Allocations	Friday, Decembre 12 <sup>th</sup> , 2025

8	Reporting the transaction results to subscribers	Monday, Decembre 15 <sup>th</sup> , 2025
9	Payment / Delivery	Friday, Decembre 19 <sup>th</sup> , 2025
10	Publication of the results of the Transaction and the rates retained in a legal publication newspaper by the Issuer	Tuesday, Decembre 23 <sup>rd</sup> , 2025

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## PART II. ISSUER'S PRESENTATION

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## I. GENERAL INFORMATION

<b>Corporate name</b>	Fonds d'Equipement Communal (FEC)
<b>Head office</b>	Espace Oudayas. Angle avenue Annakhil et avenue Ben Barka, B.P. 2175 Hay Riad, Rabat
<b>Telephone</b>	05.37.56.60.90 through 93
<b>Fax</b>	05.37.56.90.94
<b>Website</b>	<a href="http://www.fec.ma">www.fec.ma</a>
<b>Email</b>	<a href="mailto:fec@fec.ma">fec@fec.ma</a>
<b>Creation date</b>	June 13 <sup>th</sup> , 1959
<b>Financial year</b>	From the 1 <sup>st</sup> of January to the 31 <sup>st</sup> of December.
<b>Company object (articles 3 and 3 bis of Law No. 31-90 promulgated by Dahir No. 1-92-5 of Safar 5<sup>th</sup>, 1413 (August 5<sup>th</sup>, 1992) reorganizing the Communal Equipment Fund, as modified and supplemented by Law 11-96)</b>	<p>The Fonds d'Equipement Communal is in charge of contributing to the development of local communities; to this end, it can:</p> <ul style="list-style-type: none"> <li>▪ grant to local authorities, their associations as well as local public institutions any and all technical or financial assistance, including in the form of loans or advances for financing studies and equipment works;</li> <li>▪ assist local communities in the identification, evaluation and the monitoring of their projects' implementation;</li> <li>▪ provide assistance in any form whatsoever to the State or a public body for the study and implementation of all plans and local development programs.</li> </ul> <p>The Fonds d'Equipement Communal can also allocate between all local authorities any amount, the management of which would be entrusted to it to that effect.</p> <p>It can also make any civil or commercial securities or real-estate transactions, related to its purpose, required to enable it to exercise the activities mentioned above.</p> <p>To implement the tasks assigned to it by law No 31-90, the Fonds d'Equipement Communal is authorized to perform all operations that the banks are entitled to practice under Law No. 103-12 on credit institutions and similar bodies, as amended and supplemented.</p>
<b>Share capital on May 31<sup>st</sup>, 2025</b>	MAD 1,000,000,000
<b>Capital Allocation</b>	Capital owned 100% by the State
<b>Competent Courts</b>	Rabat Courts
<b>Consultation place of legal documents</b>	The legal documents can be consulted at the head office of the FEC
<b>Legal texts applicable to the society</b>	<p>Public institution governed by:</p> <ul style="list-style-type: none"> <li>▪ Law No. 31-90, promulgated by Dahir No. 1-92-5 of 05 safar, 1413 (August 05<sup>th</sup>, 1992) carrying the reorganizing the Fonds d'Equipement Communal As amended and supplemented by Law 11-96;</li> <li>▪ Decree of the Minister of Finance, Trade, Industry and Craftsmanship No. 2549-96 of 24 jomada II 1418 (October 27<sup>th</sup>, 1997) approving the operations of the Funds as a bank institution;</li> <li>▪ The decree No. 2-90-351 of 19 Jomada II, 1413 (December 14<sup>th</sup>, 1992) adopted for the application of law No. 31-90 mentioned above;</li> </ul> <p>By its activity, the FEC is governed by Law No. 103-12 relative to credit institutions and assimilated bodies of December 24<sup>th</sup>, 2014, as completed and amended by the reglementary of Bank Al-Maghrib..</p> <p>Making public offering, the FEC is submitted to the legal and statutory requirements relative to financial markets, especially:</p> <ul style="list-style-type: none"> <li>▪ law No. 43-12 relating to the Moroccan Capital Market Authority promulgated by dahir n ° 1-13-21 of March 13<sup>th</sup>, 2013;</li> <li>▪ Order of the Minister of Finance and Foreign Investment no. 2560-95 of October 9<sup>th</sup>, 1995 relating to certain negotiable debt securities as completed and amended;</li> <li>▪ dahir providing law no. 19-14 relating to the Stock Exchange, Stock Exchange Companies and Financial Investment Advisors ;</li> </ul>

- General regulation of the stock exchange approved by the order of Minister of Economy and Finances No. 2208-19 of July 3<sup>rd</sup>, 2019;
- Law No. 44-12 on the public offering and the information required of legal entities and organizations making public offerings, promulgated by Dahir No. 1-12-55 of December 28<sup>th</sup>, 2012;
- Law No. 35-96 relative to the creation of a central depository and to the institution of a general regime for the inscription in account of certain values, modified and completed by the law No. 43-02;
- General regulation of the central Depository approved by the order of Minister of Economy and Finances No. 932-98 of April 16<sup>th</sup>, 1998 as completed and amended; General regulation of the AMMC such as approved by the order of Minister of Economy and Finances No. 2169/16 of the 14<sup>th</sup> of July 2016;
- Law No. 35-94 relating to certain Negotiable debt securities, as amended and completed.

## V. SHARE CAPITAL

As of May 31, 2025, the FEC's share capital is wholly owned by the State (“State-owned”) and amounts to 1,000,000,000 dirhams. Since its creation, the FEC has been wholly owned by the State.

## VI. FEC ACTIVITÉS

With over 65 years of experience in financing the local public sector, the FEC has developed a deep expertise and capitalized on know-how that consolidate its role as a technical and financial partner to the Kingdom's local authorities, their groupings, and local public institutions.

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

The Bank offers to its customers products and services adapted to their needs and focuses on assisting them technically for building up and deploying their equipment projects. The FEC accompanies thus its customers in expressing their investment choices and offers them the possibility to realize high value-add projects. Through its numerous partnerships on projects with these public entities, the FEC aims to improve citizens' living conditions and cover a variety of sectors that encompass all the prerogatives of local authorities, as defined by organic laws nos. 111-14, 112-14, and 113-14, relating respectively to regions, prefectures and provinces, and municipalities.

Similarly, the FEC supports local authorities at the local level in achieving national sustainable development objectives in their economic, social, and environmental dimensions, thereby contributing to the reduction of territorial and social disparities and strengthening the resilience of territories to climate change.

### III.1 loan Activities

As part of its activity, the FEC offers:

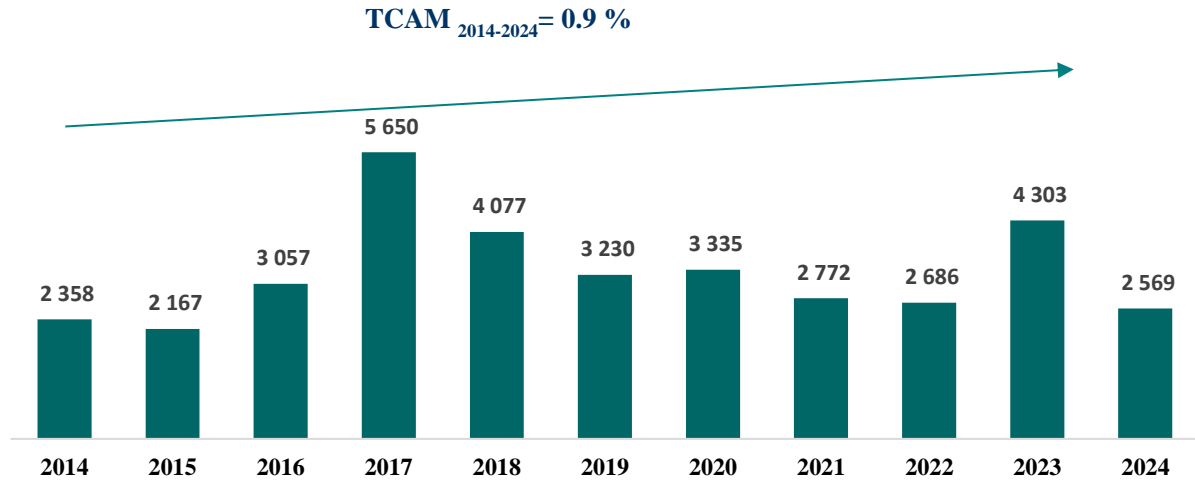
- conventional loans to finance investment projects;
- Lines of credit (LOCs), in place since 2004, for the financing of development programs. This type of financing allows Local Authorities to have the visibility needed to secure funding for their development projects. It encourages Local Authorities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

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### III.2 The Loan Commitments

The evolution of loan commitments by financial year over the periode 2014 to 2024 is presented as follow:

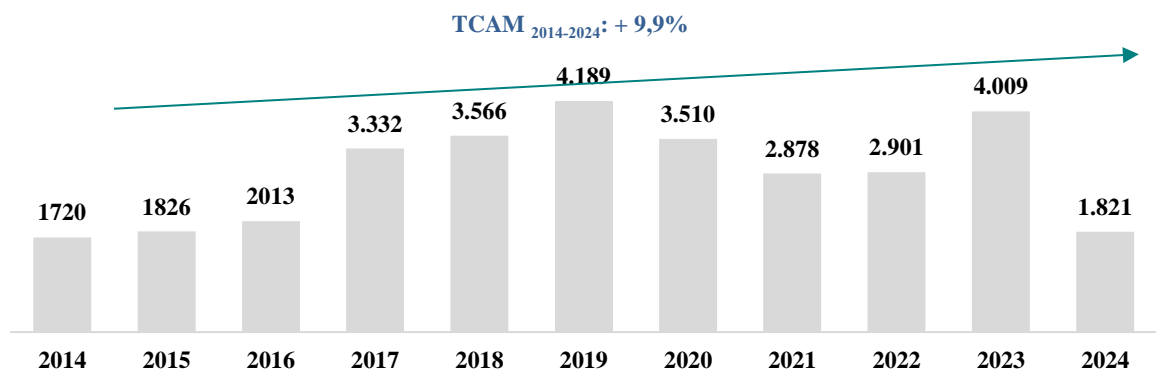
#### Evolution of loan commitments by financial year over the period 2014 to 2024 (in MMAD)



Source : FEC

### III.3 Loan Disbursements

#### Evolution of loan disbursements by financial year over the period 2014 to 2023 (in MMAD) :



Source : FEC

## IV. FEC GOUVERNANCE

### IV.1 Board of Directors

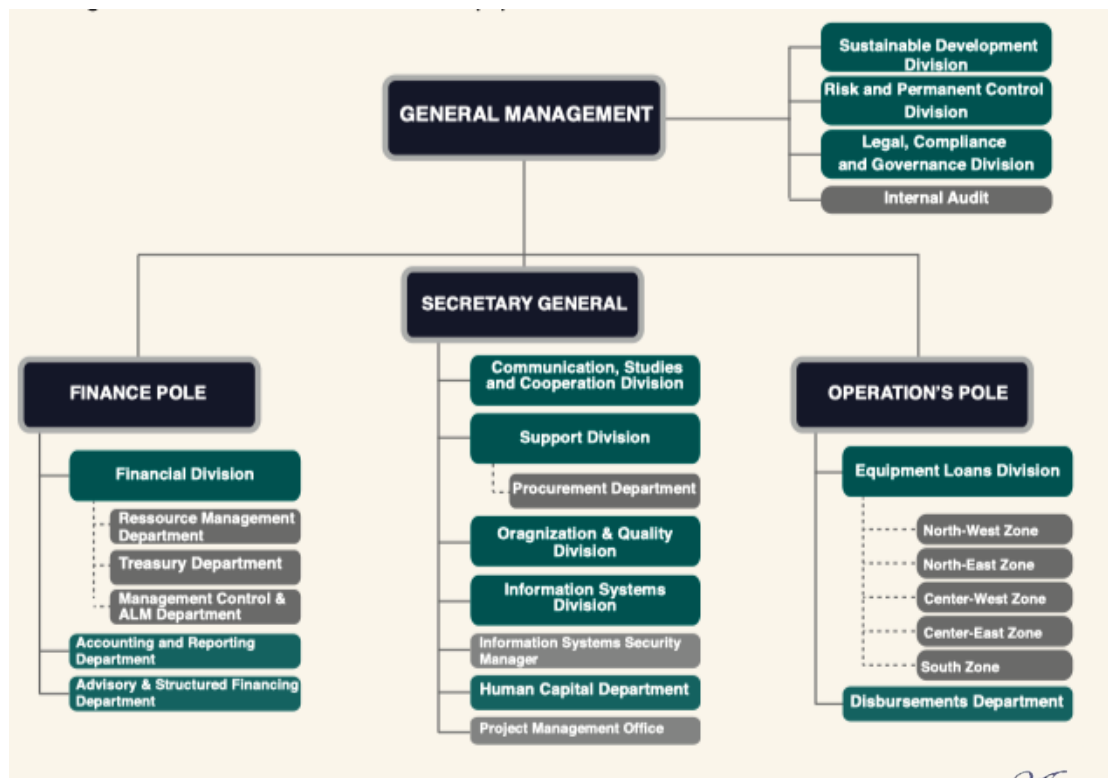
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Composition of the FEC's Board of directors as of October 31 <sup>st</sup> , 2025						
Position within the Board of directors	Full name	Date of First Appointment	Number of directorships in other companies		Meetings attendance Rate 2025	FEC Committee Membership
			Total Number of mandates	Of which in publicly traded companies		
President	Mr. Abdelouafi LAFTIT Minister of the Interior	-	-	-	-*	-
Executive Directors	-	-	-	-	-	-
Non-Executive Directors	02 representatives of the ministry of the interior (members non-designated intuitu personae)	-	-	-	2/2	-
Directors of the FEC Representing the administration	Mr. Khalid EI HATTAB (Representative of The ANGSPÉ)	14-Mar-23	10	3	2/2	Member of the Audit committee Risks committee & Nomination, Remuneration & Governance committee
	Mr. Mehdi BOURISS (Representative of The CDG's Director or his representative) 3	24-Oct-25	-	-	2/2	-
	Ms. Saadia LAAROUSSI (Representative of Ministry Economic & Finance)	09-Nov-15	0	0	1/2	Member of Credit committee
	Mr. Mohammed EL IDRISSE (Representative of Ministry Economic & Finance)	03-Jan-22	1	1	2/2	Member of the Audit committee Risks committee & Nomination, Remuneration & Governance committee
	Mr. Abdelouahab BELMADANI (Representative of Ministry of Health & Social Security)5	29-Oct-18	0	0	2/2	-
	M. Ahmed BOUZID (Representative of Ministry of Energy Transition and Sustainable Development)	02-Apr-25	2	0	2/2	-
	Ahmed SKIM (Representative of Ministry of Equipment & Water)	04-Oct-24	1	1	2/2	-
	Ms. Mina BOUHOUD	03-May-17	0	0	2/2	-
	Mr. Mohammed CHAOUKI	03-May-17	0	0	2/2	-
	Mr. Badr EL MOUSSAOUI	03-May-17	0	0	1/2	-
Directors of the FEC Representing local Elected officials	Five (5) members representing elected officials are being appointed following the September 2021 elections (termination of office)	-	0	0	-	-
Independent directors	-	-	-	-	-	-

The Wali, Secretary General of the Ministry of the Interior, chaired the Board meetings held on 28 May 2025 and 30 October 2025  
1. The composition of the FEC's Board of Directors is established pursuant to the provisions of Law No. 31-90 on the reorganisation of the FEC and the implementing texts adopted thereunder.  
2. The members of the FEC's Board of Directors are appointed, as the case may be, by regulatory act (eight representatives of the administration) and by decision of the Minister of the Interior for municipal councillors (Article 4 of the aforementioned Law No. 31-90 and Article 3 of its implementing decree)  
3. Replacing Mr. Hamid TAWFIKI, former representative of the CDG, who attended the Board meeting of 28/05/2025  
4. At its meeting of 28/05/2025, the FEC's Board of Directors approved the procedure for appointing the independent member  
5. At the FEC Board of Directors meetings held on 28 May 2025 and 30 October 2025, Mr. Abdelouahab BELMADANI, representative of the Ministry of Health and Social Protection, was represented by Mr. Abdellilah AL MARNISSI

## IV.2 Organizational chart

As of May 31, 2025, the organizational chart of the Fonds d'Equipeement Communal is as follow:



Source : FEC

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## PARTIE II. FINANCIAL STATEMENT OF THE ISSUER

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## 1- YEARLY FINANCIAL INFORMATION

### Income Statement :

The following table shows historical data from the FEC's income statement for the 2022, 2023 & 2024 fiscal years:

Million MAD	2022	2023	2024	Var. 23/22	Var. 24/23
<b>Banking operating income</b>	<b>1 257,2</b>	<b>1 402,9</b>	<b>1 544,4</b>	<b>11,6%</b>	<b>10,1%</b>
Interest and similar income from transactions with credit institutions	2,0	11,8	68,6	>100,0%	>100,0%
Interests and income from customer transactions	1 255,1	1 360,9	1 474,0	8,4%	8,3%
Interest and similar income from debt securities	-	27,7	-	ns	-100,0%
Other banking products	0,2	1,4	1,8	>100,0%	32,4%
<b>Banking Operating Expenses</b>	<b>-</b>	<b>1,0</b>	<b>-</b>	<b>ns</b>	<b>-100,0%</b>
Interest and similar expenses on transactions with credit institutions	<b>595,7</b>	<b>733,6</b>	<b>872,7</b>	<b>23,1%</b>	<b>19,0%</b>
Interest and similar expenses from issued debt securities	255,3	396,3	515,3	55,2%	30,0%
Other bank expenses	340,2	337,2	357,2	-0,9%	5,9%
<b>Net Banking Income</b>	<b>0,2</b>	<b>0,1</b>	<b>0,2</b>	<b>-33,0%</b>	<b>2,4%</b>
Non-banking revenue	<b>661,5</b>	<b>669,3</b>	<b>671,8</b>	<b>1,2%</b>	<b>0,4%</b>
Non-bank operating expenses	1,7	0,5	1,4	-73,2%	>100,0%
<b>General Operating Expenses</b>	<b>0,2</b>	<b>0,2</b>	<b>0,2</b>	<b>21,2%</b>	<b>-19,8%</b>
Staff costs	<b>60,2</b>	<b>62,1</b>	<b>62,3</b>	<b>3,1%</b>	<b>0,3%</b>
Taxes and duties	47,3	48,3	48,3	2,0%	0,2%
External expenses	0,8	0,8	0,8	0,8%	-0,4%
Other General operating expenses	5,4	6,7	7,2	24,6%	7,1%
Allocation to depreciations and provisions of assets	3,6	3,8	3,4	6,2%	-12,4%
<b>Allocations to provisions and unrecoverable debt</b>	<b>3,1</b>	<b>2,4</b>	<b>2,5</b>	<b>-20,6%</b>	<b>3,7%</b>
Appropriations to provisions on debts and pending	<b>24,7</b>	<b>23,6</b>	<b>9,5</b>	<b>-4,7%</b>	<b>-59,5%</b>
Losses on unrecoverable debts	0,6	2,2	-	>100,0%	-100,0%
Other Provisions	-	-	-	ns	ns
<b>Reversals of provisions and recoveries on written off loans</b>	<b>24,1</b>	<b>21,4</b>	<b>9,5</b>	<b>-11,4%</b>	<b>-55,3%</b>
Reversals of provisions on debts and pending	<b>4,4</b>	<b>6,3</b>	<b>11,6</b>	<b>43,4%</b>	<b>85,1%</b>
Other Provisions Reversals	1,3	0,7	2,5	-47,8%	>100,0%
<b>Operating result</b>	<b>3,1</b>	<b>5,6</b>	<b>9,1</b>	<b>81,0%</b>	<b>62,8%</b>
Non-current income	<b>582,4</b>	<b>590,1</b>	<b>612,8</b>	<b>1,3%</b>	<b>3,8%</b>
Non-recurring expenses	0,0	0,1	0,1	>100,0%	48,1%
<b>Pre-tax income</b>	<b>28,4</b>	<b>180,3</b>	<b>28,5</b>	<b>&gt;100,0%</b>	<b>-84,2%</b>
Taxes on income	<b>554,0</b>	<b>409,9</b>	<b>584,4</b>	<b>-26,0%</b>	<b>42,6%</b>
<b>Net Income</b>	<b>216,1</b>	<b>210,8</b>	<b>216,7</b>	<b>-2,5%</b>	<b>2,8%</b>

Source : FEC

### Balance Sheet :

The following table shows the FEC's Balance sheet, for the last three fiscal years (2022, 2023 & 2024) :

Million MAD	2022	2023	2024	Var. 23/22	Var. 24/23
<b>Assets</b>	<b>28 639,4</b>	<b>29 902,3</b>	<b>28 116,4</b>	<b>4,4%</b>	<b>-6,0%</b>
Cash, central banks, public treasury, postal	54,5	8,5	55,5	-84,4%	>100,0%

Claims on credit and assimilated institutions	0,2	1 251,6	0,9	>100,0%	-99,9%
Advances to customers	26 848,6	28 061,6	27 459,2	4,5%	-2,1%
Receivables acquired through factoring	-	-	-	ns	ns
Trading and investment securities	-	-	-	ns	ns
Other assets	562,8	539,4	559,4	-4,1%	3,7%
Investment securities	1 131,0	-	-	-100,0%	ns
Equity securities and similar assets	0,0	0,0	0,0	0,0%	0,0%
Subordinated debts	-	-	-	ns	ns
Fixed assets given in leasing and renting	-	-	2,9	ns	ns
Intangible assets	0,2	0,1	0,1	-38,5%	-33,5%
Tangible assets	42,1	40,9	38,3	-2,9%	-6,4%
<b>Liabilities</b>	<b>28 639,4</b>	<b>29 902,3</b>	<b>28 116,4</b>	<b>4,4%</b>	<b>-6,0%</b>
Central banks, public treasury, postal	-	-	-	ns	ns
Amounts owed to credit and related institutions	12 665,8	14 428,0	14 099,4	13,9%	-2,3%
Customer deposits	-	-	-	ns	ns
Issued debt securities	9 958,2	9 226,3	7 337,7	-7,3%	-20,5%
Other liabilities	271,4	283,0	345,4	4,3%	22,0%
Provisions for liabilities and charges	72,7	88,5	88,9	21,7%	0,5%
Regulated provisions	-	-	-	ns	ns
Subsidies, allocated public and special guarantee funds	-	-	-	ns	ns
Subordinated debt	1 010,8	1 016,8	1 017,6	0,6%	0,1%
Revaluation Surplus	-	-	-	ns	ns
Reserves and additional paid-in capital	3 322,7	3 660,6	3 859,6	10,2%	5,4%
Capital	1 000,0	1 000,0	1 000,0	0,0%	0,0%
Shareholders, unpaid capital (-)	-	-	-	ns	ns
Retained earnings (+/-)	-	-	-	ns	ns
Net income pending allocation (+/-)	-	-	-	ns	ns
Net income for the fiscal year (+/-)	337,9	199,1	367,7	-41,1%	84,7%

Source : FEC

### **Cash flow statement:**

The FEC cash flow statement for the period under review is as follows:

Million MAD	2022	2023	2024	Var. 23/22	Var. 24/23
+ Banking operating income received	1 257,2	1 402,9	1 544,4	11,6%	10,1%
+ Recoveries on impaired loans	-	-	-	ns	ns
+ Non-banking operating income received	1,7	0,5	1,5	-68,6%	>100,0%
- Banking operating expenses paid	595,7	733,6	872,7	23,1%	19,0%
- Non-banking operating expenses paid	28,6	180,5	28,7	>100,0%	-84,1%
- General operating expenses paid	57,1	59,6	59,7	4,4%	0,2%
- Income taxes paid	216,1	210,8	216,7	-2,5%	2,8%
<b>Net cash flow from income and expense account</b>	<b>361,3</b>	<b>218,8</b>	<b>368,2</b>	<b>-39,4%</b>	<b>68,2%</b>
+/- Receivables from credit institutions and similar entities	0,7	-1 251,4	1 250,7	<100,0%	>100,0%
+/- Loans to customers	-665,6	-1 214,9	605,0	-82,5%	>100,0%
+/- Trading and investment securities	-	-	-	ns	ns
+/- Other assets	-261,4	23,6	-20,0	>100,0%	<-100,0%
+/- Fixed assets leased and rented	-	-	-	ns	ns

+/- Payables to credit institutions and similar entities	2 706,8	1 762,2	-328,6	-34,9%	<-100,0%
+/- Customer deposits	-	-	-	ns	ns
+/- Debt securities issued	-1 217,6	-725,9	-1 887,8	40,4%	<100,0%
+/- Other liabilities	237,2	11,6	62,4	-95,1%	>100,0%
<b>Net change in operating assets and liabilities</b>	<b>800,1</b>	<b>-1 394,6</b>	<b>-318,3</b>	<b>&lt;100,0%</b>	<b>77,2%</b>
<b>Net cash flow from operating activities</b>	<b>1 161,5</b>	<b>-1 175,8</b>	<b>49,8</b>	<b>&lt;-100,0%</b>	<b>&gt;100,0%</b>
+ Proceeds from disposal of financial assets	-	-	-	ns	ns
+ Proceeds from disposals of intangible and tangible fixed assets	-	-	-	ns	ns
- Acquisition of financial assets	1 131,0	-1 131,0	-	<-100,0%	+100,0%
- Acquisition of intangible and tangible fixed assets	0,3	1,2	2,8	>100,0%	>100,0%
+ Interest received	-	-	-	ns	ns
+ Dividends received	-	-	-	ns	ns
<b>Net cash flow from investing activities</b>	<b>-1 131,4</b>	<b>1 129,9</b>	<b>-2,8</b>	<b>&gt;100,0%</b>	<b>&lt;-100,0%</b>
+ Grants, government funds, and special guarantee funds received	-	-	-	ns	ns
+ Issuance of subordinated debt	-	-	-	ns	ns
+ Issuance of shares	-	-	-	ns	ns
- Repayment of equity and similar items	-	-	-	ns	ns
- Interest paid	-	-	-	ns	ns
- Dividends paid	-	-	-	ns	ns
- Other	-	-	-	ns	ns
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>ns</b>	<b>ns</b>
<b>Net change in cash</b>	<b>30,1</b>	<b>-46,0</b>	<b>47,0</b>	<b>&lt;-100,0%</b>	<b>&gt;100,0%</b>
<b>Cash at beginning of year</b>	<b>24,4</b>	<b>54,5</b>	<b>8,5</b>	<b>&gt;100,0%</b>	<b>-84,4%</b>
<b>Cash at end of period</b>	<b>54,5</b>	<b>8,5</b>	<b>55,5</b>	<b>-84,4%</b>	<b>&gt;100%</b>

Source : FEC

## 2. HALF-YEARLY FINANCIAL INFORMATION (AS OF JUNE 30<sup>TH</sup>, 2025)

### Income statement

The following table shows historical data from the FEC's income statement for the two half-years 2025 and 2025:

Million MAD	S1 2024	S1 2025	Var. S1 25/S1 24
<b>Produits d'exploitation bancaire</b>	<b>764,3</b>	<b>741,4</b>	<b>-3,0%</b>
Interest and similar income from transactions with credit institutions	32,5	17,1	-47,3%
Interests and income from customer transactions	730,8	723,4	-1,0%
Interest and similar income from debt securities	-	-	ns
Fees services	0,9	0,9	-0,5%
Other banking products	-	-	ns
<b>Banking Operating Expenses</b>	<b>438,5</b>	<b>413,3</b>	<b>-5,7%</b>
Interest and similar charges on transactions with credit institutions	259,3	265,5	2,4%
Interest and similar charges on transactions with customers	-	-	ns
Interest and similar charges on issued debt securities	179,2	147,7	-17,5%
Charges on leasing and hire-purchase operations	-	-	ns

Other banking products	0,0	0,1	>100%
<b>Net Banking Income</b>	<b>325,8</b>	<b>328,1</b>	<b>0,7%</b>
Non-banking revenue	0,5	1,1	139,1%
Non-bank operating expenses	0,1	0,1	55,1%
<b>General Operating Expenses</b>	<b>30,4</b>	<b>28,9</b>	<b>-5,0%</b>
Staff costs	23,8	22,1	-7,0%
Taxes and duties	0,4	0,4	-1,4%
External expenses	3,2	2,8	-12,7%
Other General operating expenses	1,8	2,2	20,8%
Allocation to depreciations and provisions of assets	1,2	1,4	15,1%
<b>Allocations to provisions and unrecoverable debt</b>	<b>2,8</b>	<b>5,6</b>	<b>97,3%</b>
Appropriations to provisions on debts and pending	2,8	5,6	97,3%
Losses on unrecoverable debts	-	-	ns
Other Provisions	-	-	ns
<b>Reversals of provisions and recoveries on written off loans</b>	<b>1,8</b>	<b>-</b>	<b>na</b>
Reversals of provisions on debts and pending	1,8	-	na
Other Provisions Reversals	-	-	-
<b>Operating result</b>	<b>294,7</b>	<b>294,6</b>	<b>0,0%</b>
Non-current income	0	0,0	ns
Non-recurring expenses	14,5	14,2	-2,5%
<b>Pre-tax income</b>	<b>280,2</b>	<b>280,4</b>	<b>0,1%</b>
Taxes on income	103,6	109,7	5,9%
<b>Net Income</b>	<b>176,6</b>	<b>170,7</b>	<b>-3,3%</b>

Source : FEC

## BALANCE SHEET

The FEC's Balance sheet as of the 1<sup>st</sup> semester of 2025, is as follow::

Million MAD	2024	S1 2025	Var, S1 25/24
<b>Assets</b>	<b>28 116,4</b>	<b>28 256,0</b>	<b>0,5%</b>
Cash, central banks, public treasury, postal	55,5	167,2	>100%
Claims on credit and assimilated institutions	0,9	1 112,7	>100%
Advances to customers	27 459,2	26 473,2	-3,59%
Receivables acquired through factoring	-	-	ns
Trading and investment securities	-	-	ns
Other assets	559,4	461,1	-17,59%
Investment securities	-	-	ns
Equity securities and similar assets	0,0	0,0	0,0%
Subordinated debts	-	-	ns
Fixed assets given in leasing and renting	2,9	2,8	-5,60%
Intangible assets	0,1	0,3	>100%

Tangible assets	38,3	38,7	1,04%
<b>Liabilities</b>	<b>28 116,4</b>	<b>28 256,0</b>	<b>0,5%</b>
Central banks, public treasury, postal	-	-	ns
Amounts owed to credit and related institutions	14 099,4	14 047,5	-0,4%
Customer deposits	-	-	ns
Issued debt securities	7 337,7	7 096,3	-3,3%
Other liabilities	345,4	589,3	70,6%
Provisions for liabilities and charges	88,9	88,9	0,0%
Regulated provisions	-	-	ns
Subsidies, allocated public and special guarantee funds	-	-	ns
Subordinated debt	1 017,6	1 036,8	1,9%
Revaluation Surplus	-	-	ns
Reserves and additional paid-in capital	3 859,6	4 226,4	9,5%
Capital	1 000,0	1 000,0	0,0%
Shareholders, unpaid capital (-)	-	-	ns
Retained earnings (+/-)	-	-	ns
Net income pending allocation (+/-)	-	-	ns
Net income for the fiscal year (+/-)	367,7	170,7	-53,6%

Source : FEC

## CASH FLOW STATEMENT

The FEC cash flow statement for the period under review is as follows:

Million MAD	2024	S1 2025	Var. S1 25/24
+ Banking operating income received	1 544,4	741,4	-52,0%
+ Recoveries on impaired loans	-	-	ns
+ Non-banking operating income received	1,5	1,1	-26,7%
- Banking operating expenses paid	872,7	413,3	-52,6%
- Non-banking operating expenses paid	28,7	14,3	-50,2%
- General operating expenses paid	59,7	27,5	-53,9%
- Income taxes paid	216,7	109,7	-49,4%
<b>Net cash flow from income and expense account</b>	<b>368,2</b>	<b>177,7</b>	<b>-51,7%</b>
+/- Receivables from credit institutions and similar entities	1 250,7	-1 111,8	<-100%
+/- Loans to customers	605,0	980,3	62,0%
+/- Trading and investment securities	-	-	ns
+/- Other assets	-20,0	98,4	>100%
+/- Fixed assets leased and rented	-	-	ns
+/- Payables to credit institutions and similar entities	-328,6	-51,9	84,2%
+/- Customer deposits	-	-	ns
+/- Debt securities issued	-1 887,8	-222,2	88,2%
+/- Other liabilities	62,4	243,9	>100%
<b>Net change in operating assets and liabilities</b>	<b>-318,3</b>	<b>-63,2</b>	<b>80,1%</b>
<b>Net cash flow from operating activities</b>	<b>49,8</b>	<b>114,5</b>	<b>&gt;100%</b>
+ Proceeds from disposal of financial assets	-	-	ns
+ Proceeds from disposals of intangible and tangible fixed assets	-	-	ns
- Acquisition of financial assets	-	-	ns

- Acquisition of intangible and tangible fixed assets	2,8	1,9	32,1%
+ Interest received	-	-	ns
+ Dividends received	-	-	ns
<b>Net cash flow from investing activities</b>	<b>-2,8</b>	<b>-1,9</b>	<b>32,1%</b>
+ Grants, government funds, and special guarantee funds received	-	-	ns
+ Issuance of subordinated debt	-	-	ns
+ Issuance of shares	-	-	ns
- Repayment of equity and similar items	-	-	ns
- Interest paid	-	-	ns
- Dividends paid	-	0,9	-
- Other	-	-	ns
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-0,9</b>	<b>-</b>
<b>Net change in cash</b>	<b>47,0</b>	<b>111,7</b>	<b>&gt;100%</b>
<b>Cash at beginning of year</b>	<b>8,5</b>	<b>55,5</b>	<b>&gt;100%</b>
<b>Cash at end of period</b>	<b>55,5</b>	<b>167,2</b>	<b>&gt;100%</b>

*Source : FEC*

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## PARTIE III. RISK FACTORS

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## 1. Integrated risk management

The Bank has ensured that appropriate governance is in place for the control, management, and monitoring of risks and opportunities related to sustainability and climate.

Given their strategic importance, sustainability and climate issues are overseen by the Bank's administrative bodies, primarily the Board of Directors and General (Senior) Management, which are supported in the exercise of their duties by specific committees and operational departments.



Source : FEC

### 1.1. Role and responsibilities of the Bank's governing bodies

#### a. Board of Directors

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

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

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

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

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

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## b. Audit and Risk Committee

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

## c. General Management

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

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

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

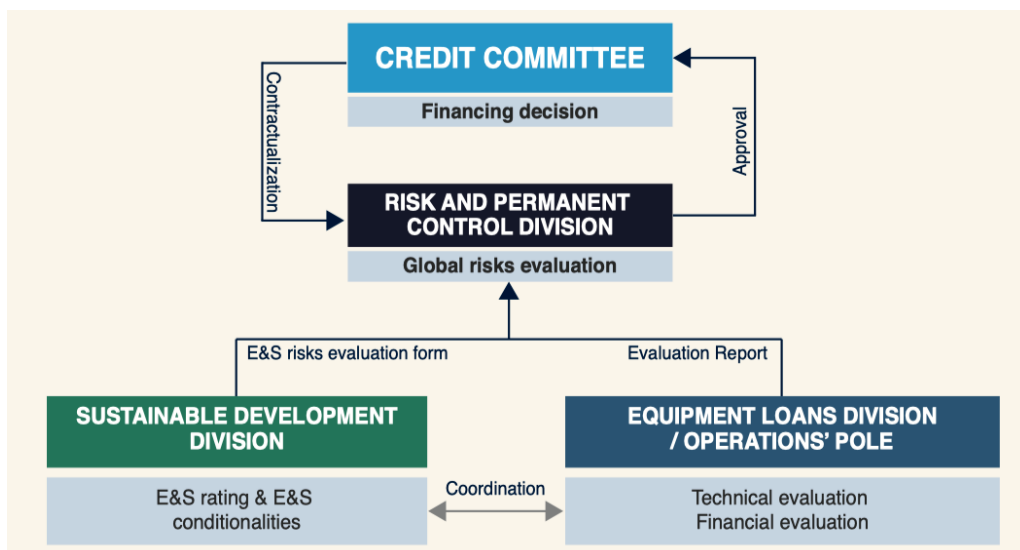
The Compliance Function, overseen by the Legal, Compliance, and Governance Division, monitors and controls the risk of non-compliance.

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

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

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

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



Source : FEC

## 2. Risk exposure

### 2.1 Provisions, provisioning policy, and credit risk coverage

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

#### General lending policy

The FEC requires its clients to contribute at least 20% of the investment cost from their own funds, except in cases where exceptions are justified and approved by the Credit Committee.

The rates applied are either fixed or adjustable.

ECF loans are repaid in annual installments, including principal and interest.

#### Decision-making

The Risk and Permanent Control Department is responsible for approving the project to be financed and assesses the level of risk involved in granting the new loan as well as the client's ability to carry out the project.

The Credit Committee decides whether to grant the loan. The loan is authorized by a joint decree signed by the Ministers of the Interior and Economy and Finance.

#### Credit risk management process

Upon receipt of a project financing application and depending on its size, the Operations Division assesses the project and analyzes the client's financial standing.

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

The analysis of the client's financial situation focuses on the budgetary data from the balance sheets for the last three years, the respective approved budgets, and the provisional budget data for the current year.

A retrospective analysis is first carried out to identify trends in the main budget items of the local authority.

Secondly, a forward-looking analysis is carried out on the basis of the trends observed in order to measure the evolution of the local authority's borrowing capacity over time.

The calculation of borrowing capacity incorporates the following principles:

- the Collectivity's repayment capacity depends on the level of savings generated;
- the maximum savings convertible into annuities must not exceed 80% of 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 Department assesses the level of risk incurred by granting the new credit based on:

- analysis of the customer file: general and legal data, financial and technical data;
- an analysis of the customer's past and future financial situation, which makes it possible to determine their intrinsic financial quality and assess various debt and solvency ratios as well as their self-financing capacity;
- an assessment of the customer's quality based on their repayment history for previous loans and their arrears situation with the FEC;
- Assessment of the project based on commonly accepted technical ratios for each type of project;
- Judging the need to attach guarantees to the loan to be granted and proposing risk mitigation measures to be put in place.

#### General conditions for granting loans

As with other local authority debts, FEC loan annuities are subject to a legal obligation to be included in their budgets.

FEC loan agreements provide for:

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

#### Creditworthiness profile

At the end of June 2025:

The weighted net risks borne by the FEC amounted to MAD 7,708,557 thousand and consisted of 84% credit risk and 16% operational risk.

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In accordance with prudential requirements, the solvency ratio stood at 82.98%, while the Tier One ratio stood at 70.01%, reflecting the institution's good level of solvency.

### Credit portfolio analysis

Loans to customers, consisting of 99.9% commitments to local authorities, totaled MAD 26,486,494 thousand as of June 30, 2025.

The FEC's financing commitments to customers amounted to MAD 5,863,603 thousand as of June 30, 2025.

An analysis of off-balance sheet commitments as of June 30, 2025, shows that 69.92% of the total volume corresponds to recent loans committed within the last three years.

### Risk Division Coefficient

The FEC constantly monitors compliance with the maximum ratio of 20% between the total risks incurred on a single customer and its equity capital.

When processing financing requests, the operational entities and the Risk and Permanent Control Department ensure compliance with the maximum risk diversification coefficient.

The maximum risk division coefficient is set at 8.18% at the end of June 2025, in accordance with the terms of Bank Al-Maghrib Circular No. 08/G/2012, which is below the regulatory threshold set by BAM.

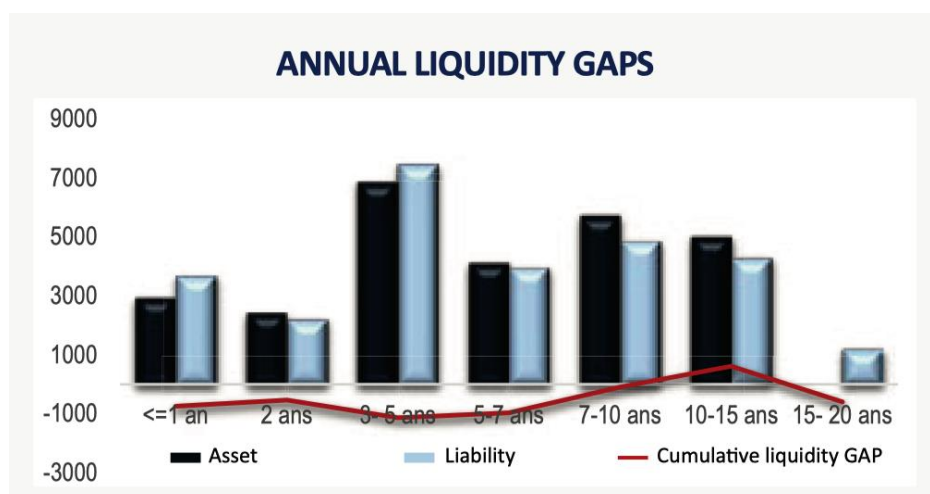
In accordance with Bank Al-Maghrib Directive No. 2/G/2010 on stress testing and with a view to strengthening credit risk measurement and assessment tools, stress tests were conducted to assess the FEC's degree of aversion to this risk.

The results of the minimum stress tests within the meaning of the aforementioned directive, incorporating potential changes in the composition of the ECF's portfolio, demonstrate the ECF's resilience to credit risk. In all scenarios, the ECF has a solvency ratio above the regulatory threshold and a non-performing loan ratio not exceeding 1%

## 2.2 Assets/Liabilities Management

### » Exposure as at June 30<sup>th</sup>, 2025

Liquidity gaps as of June 30, 2025 are as follows:



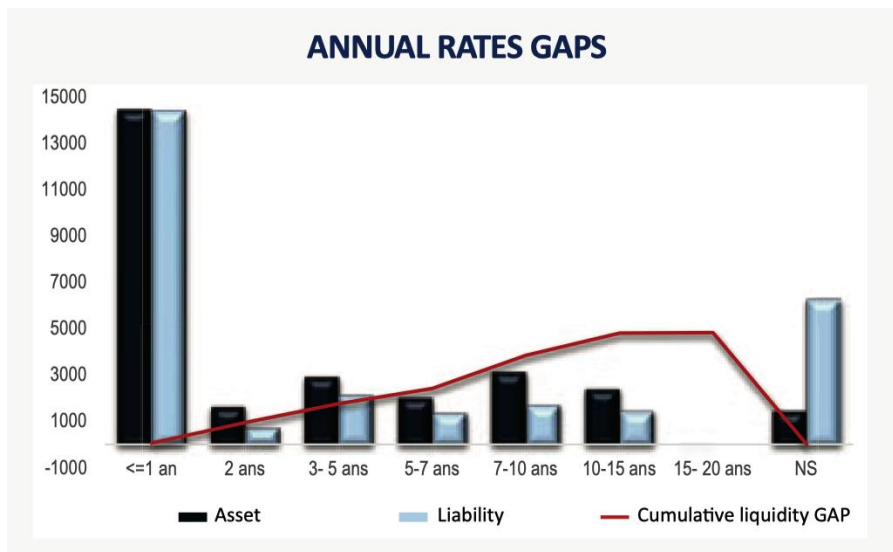
Source : FEC

### Interest rate risk

### » Exposure as at June 30<sup>th</sup>, 2025

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Rate gaps as at June 30, 2025 stand as follows:



Source : FEC

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

## 2.3 Financial risks related to the environment and climate change

### » Risks and opportunities related to sustainability and climate

The Bank has made an early and voluntary commitment to integrate environmental, social, and climate issues into its financing activities. This commitment is part of a strategic vision, which has been reflected since 2021 in the implementation of its Environmental and Social Management System (ESMS) and the entry into force of its environmental and social (E&S) policy. In 2024, the Bank reinforced this approach by defining new climate-related criteria to complement its existing E&S criteria. These requirements are now fully integrated into its risk management systems and financing decision-making processes.

The environmental information presented below focuses primarily on sustainability and climate-related risks and opportunities that could have an impact on the projects financed by local authorities and the Bank's business model, particularly in terms of mobilizing competitive national and international financing. The purpose of this information is to communicate with the Bank's stakeholders on the processes implemented to identify, assess, prioritize, and monitor sustainability and climate-related risks and opportunities, as well as to assess the Bank's performance in this area. This information is structured around four pillars: governance, strategy, risk management, and indicators and objectives.

## 3. Strategy for managing risks and opportunities related to sustainability and climate

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

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

### 3.1 Increasing the financing of projects with climate co-benefits

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

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

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

#### a. Roadmap for climate integration

The Bank has established a roadmap, underlying its pro-climate approach, aimed at aligning its financing activities with national objectives for resilience and low-carbon transition in local areas. The integration of climate into the financing strategy should enable the mobilization of competitive financing, including climate finance, and improve financing conditions for local authorities with the aim of supporting the emergence of projects with climate co-benefits and thus increase the Bank's climate financing.

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

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

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

### 3.2 Financial inclusion: Supporting territorial communities with low development

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

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

### 3.3 The Bank's strategy in response to climate risks

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

Development of a climate toolbox to calculate GHG emission reductions and verify the climate resilience of financed projects;

- Development and implementation of a climate action plan to further refine its climate strategy over time;
- Contribution to the financing of projects that strengthen the resilience of populations facing water stress and flood risks;
- Establishment of dedicated governance for the management of sustainability and climate-related risks and opportunities;
- Integration of climate risks and opportunities into the overall risk management process;

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- Update of the Bank's E&S policy and procedures to incorporate climate risks and opportunities, approved by the Bank's governing bodies;
- Implementation of awareness and capacity-building sessions for internal stakeholders on climate-related risks and opportunities;
- Definition of monitoring indicators related to E&S and climate risks.

#### 4. Management of risks and opportunities related to sustainability and climate

##### 4.1 FEC Environmental and Social Policy

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

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

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

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

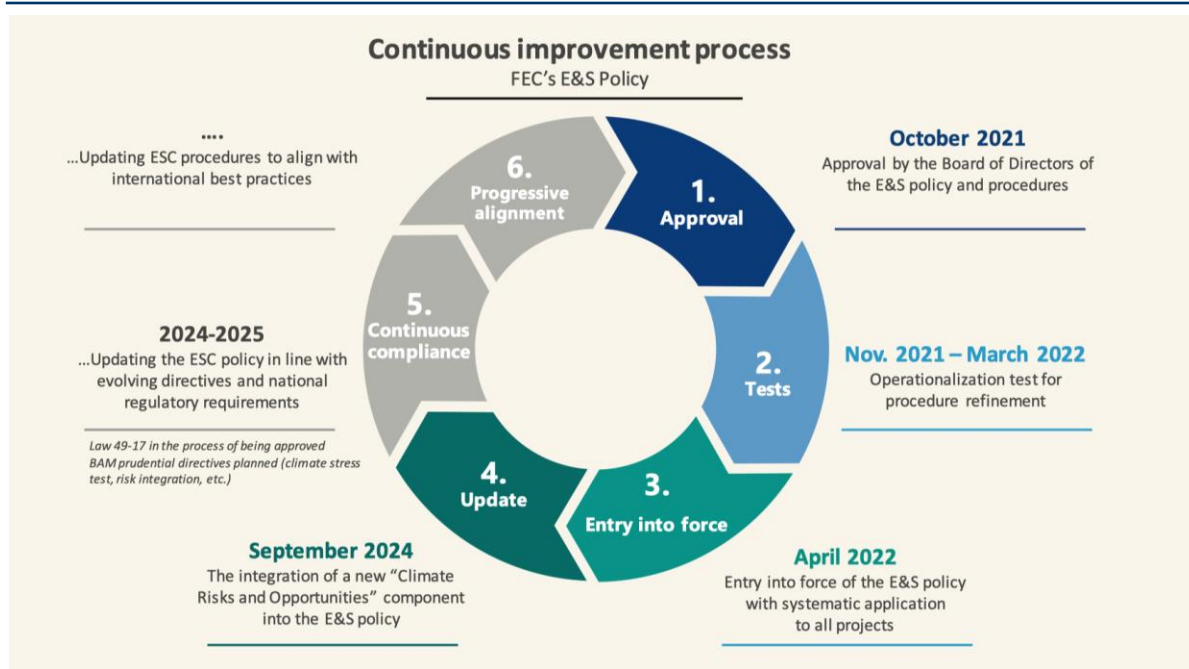


Source : FEC

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

Capitalizing on its achievements, and following a continuous compliance and gradual alignment approach with international best practices, the Bank updated its E&S Policy in October 2024 to enhance the integration of climate change considerations. This aims to promote low-carbon and climate-resilient development of territories as part of the Bank's contribution to achieving the goals of the National Sustainable Development Strategy (NSDS), in accordance with national regulations and the country's international commitments. This update consists of integrating a new component addressing climate risks and opportunities, particularly through the inclusion of climate-related impacts and risks (e.g., floods, droughts etc.) in the project due diligence process, while ensuring improved project and population resilience to the effects of climate change.

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Source : FEC

#### 4.2 Process for identifying and assessing sustainability-related risks and opportunities durabilité

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

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

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

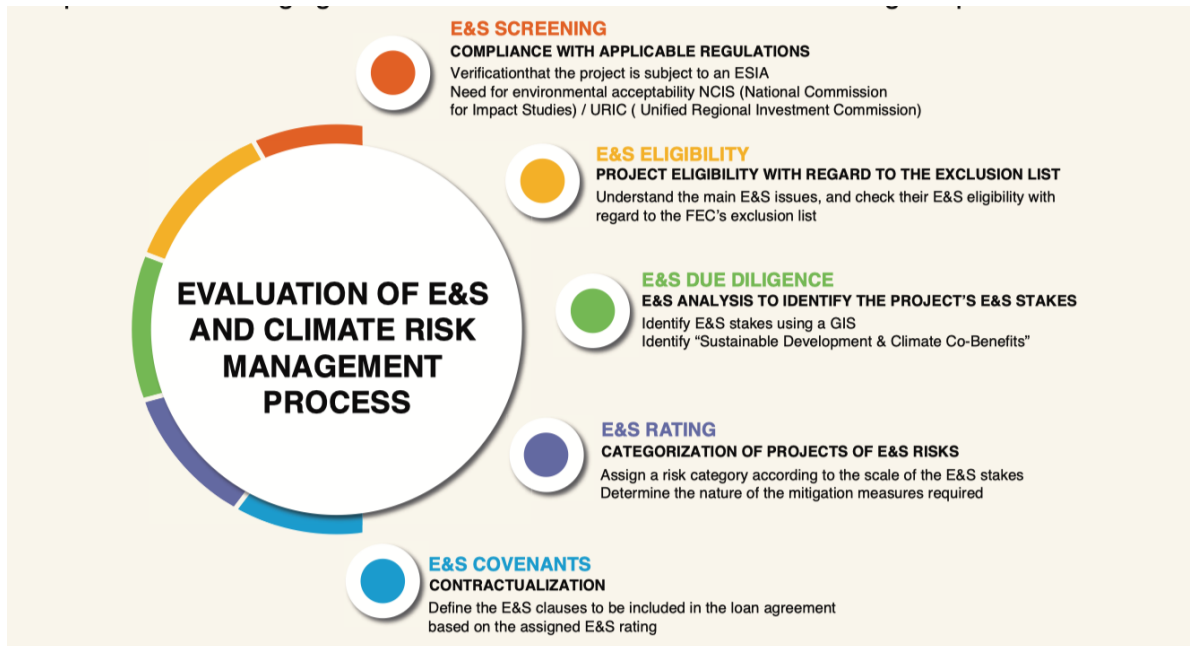
The process for assessing Environmental, Social, and Climate (E&S) risks is carried out concurrently with the technical and financial evaluation of loan applications. It involves assigning an E&S rating to each project submitted for financing by the Bank, based on the scale of the identified E&S risks.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

- » Ensure that the project does not fall under the exclusion list set out in the FEC's E&S Policy;
- » Identify the key environmental and social issues of the projects, and verify compliance with the relevant legislative and regulatory requirements;
- » Assign an E&S risk category to each project based on its issues and the scale of environmental and social risks, ranging from highest to lowest risk:
  - Category A: Projects likely to cause significant and/or irreversible negative environmental and/or social impacts that are difficult to control;
  - Category B: Projects with limited potential environmental and social risks and/or minor impacts that can be mitigated with appropriate measures;
  - Category C: Projects with minimal adverse environmental and social risks or impacts, but requiring specific measures;

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- Category D : Projects with minimal risks; and whose potential impacts are controllable through standard, well-established measures, or considered to have no significant environmental and social risks.

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



Source : FEC

#### 4.3 Process for managing sustainability risks and opportunities

The Bank applies E&S safeguards to improve the E&S performance of projects submitted for financing. Positive impacts are highlighted and promoted, while negative impacts that these projects could have on the environment, workers, and local communities are identified and managed appropriately using measures tailored to the project's E&S rating.

The Bank applies project exclusion criteria and does not finance activities that pose significant environmental risks to the natural environment or high or substantial social risks to the social environment. The social and environmental risks of the projects financed are generally low to medium, easily controllable, and manageable.

Projects subject to the applicable impact assessment law must provide an Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) accompanied by environmental authorization in the form of a letter of environmental acceptability issued by a national or regional commission, as applicable.

Project financing cannot be granted until land issues have been resolved and cleared up.

The E&S rating of projects makes it possible to define the scope of mitigation measures required to anticipate, minimize, and reduce negative impacts or to compensate for them when they persist, if necessary. These include:

- General measures provided for in the General Administrative Clauses relating to environmental protection, health and safety of workers and the population, construction waste management, etc.;
- Specific measures that require the implementation of an E&S Management Plan depending on the nature and scale of the project.

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

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## Project ratings according to the level of E&S risks

	E&S RISK LEVEL	EXTENT OF MITIGATION MEASURES
<b>Category A</b>	<b>High risk</b>	- Environmental acceptability Letter - E&S Impact Study - E&S Management Plan - GCC-T Measures* (The General Conditions of Contract)
<b>Category B</b>	<b>Medium risk</b>	- Environmental acceptability Letter - E&S Impact Notice - E&S Management Plan - GCC-T Measures* (The General Conditions of Contract)
<b>Category C</b>	<b>Low to medium risk</b>	- E&S management Plan (Restricted) - GCC-T Measures* (The General Conditions of Contract)
<b>Category D</b>	<b>Low risk</b>	- GCC-T Measures* (The General Conditions of Contract)

<b>A</b>	This category includes projects that may result in adverse environmental and/or social impacts that, at the time of the project assessment are deemed to be significant, high and/or irreversible and difficult to control.
<b>B</b>	This category includes projects presenting limited potential environmental and social risks and/or with the potential to generate few impacts, generally specific to the project site, largely reversible and which can be easily addressed through mitigation measures.
<b>C</b>	This category includes projects with minimal environmental and social risks or adverse impacts, but which still require specific measures to limit the risk of environmental impacts.
<b>D</b>	This category includes projects with minimal risks and whose probable impacts are easily controllable by known and applied standard measures, or projects considered to have no significant environmental and social risks.

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

Source : FEC

The conclusions of the E&S risk assessment are reported in an E&S Risk Assessment sheet, which presents the results of the assessment of the negative and positive impacts of the project on the environment and the local population, as well as the mitigation measures to be undertaken and the E&S conditions to be provided for based on the E&S risk rating assigned to the project.

#### 4.4. Process for identifying and assessing climate-related risks and opportunities

The Bank's commitment to integrating climate change issues is a response to Morocco's international climate commitments, national policy guidelines, and the evolving regulatory requirements of national financial regulators. In this regard, it is worth recalling Bank Al-Maghrib Directive No. 5/W/2021 on the management of climate and environmental financial risks, as well as AMMC Circular No. 03/2019 of February 20, 2019, on the publication of additional financial information by issuers, as amended and supplemented by AMMC Circular No. 02/20 of December 22, 2020.-financial information by issuers, as amended and supplemented by AMMC Circular No. 02/20 of December 22, 2020.

To operationalize the consideration of climate change, the Bank has updated its operational procedures and implemented a comprehensive set of tools, notably for calculating greenhouse gas emissions by project type, verifying, to the best of its knowledge, the resilience of projects to the effects of climate change, and monitoring environmental, social, and climate performance indicators.

##### a. Identification of projects presenting climate-related risks and opportunities

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

The identification of projects with climate co-benefits potential is based on a list of potential climate actions by sector and type of investment financed by the Bank. This list was developed based on

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internationally recognized standards, including the European taxonomy and the IDFC1 mitigation common principles.

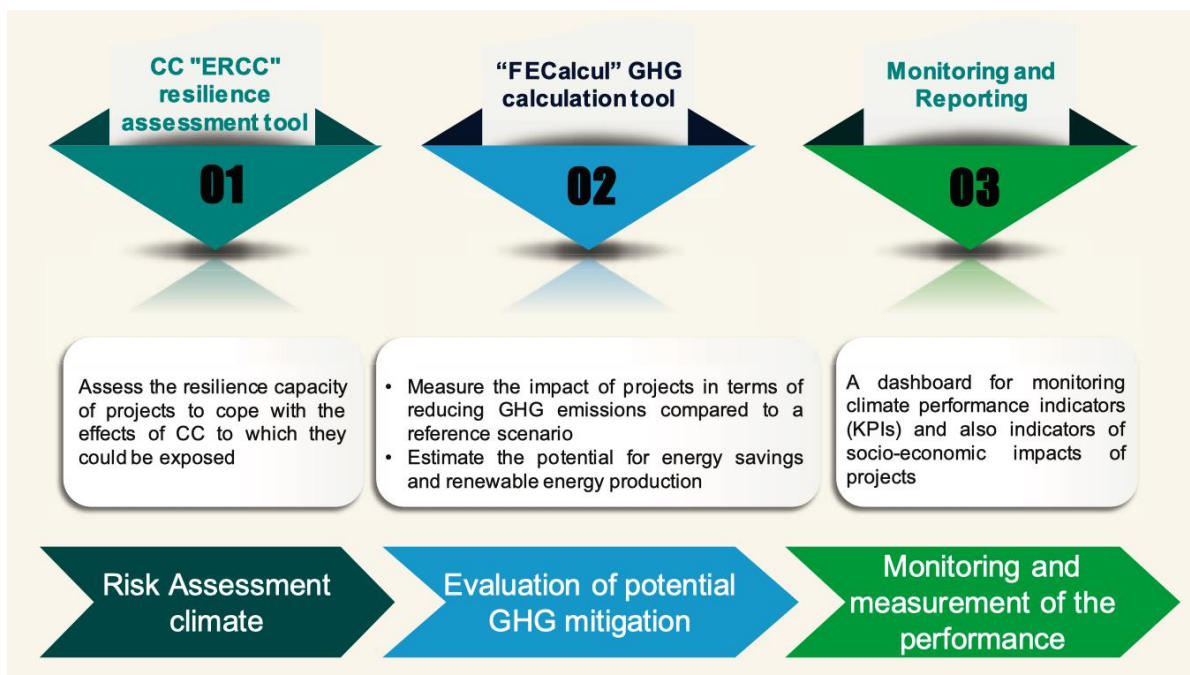
## b. Assessment of climate-related risks and opportunities

Identifying whether a project has potential climate co-benefits or is exposed to climate risk triggers the process of collecting the data required to use the subsequent tools, in particular the tool for calculating greenhouse gas (GHG) emissions by project type and the tool for verifying the resilience of projects to the climate hazards they may face.

### • • Measuring GHG emission reduction potential

The impact of financed projects in terms of expected GHG emission reductions compared to a baseline scenario is assessed using the GHG emissions calculation tool by project type. This tool covers various types of mitigation actions that may be associated with projects financed by the Bank. There are 17 types of projects with climate co-benefits across seven sectors associated with renewable energy production, energy efficiency in public lighting and buildings, sustainable mobility, energy recovery from sludge, sustainable waste management, and urban planting.

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



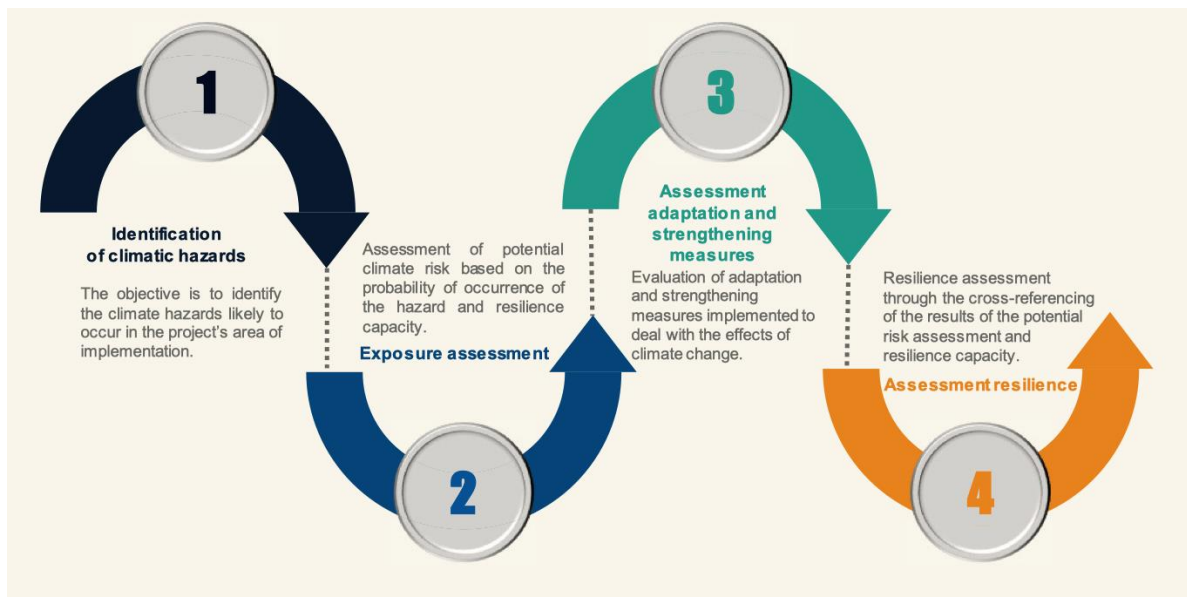
Source : FEC

### • Verification of climate change resilience

The Bank systematically assesses the exposure of projects to physical climate risks. The project resilience assessment tool is used to evaluate the capacity of projects to cope with the effects of climate change they may face, taking into account their intrinsic and extrinsic parameters (geographical location and exposure to climate hazards, etc.). The resilience assessment depends on potential climate risks and the adaptation and reinforcement measures put in place.

The methodological approach to resilience assessment consists of four steps, as illustrated in the following figure:

<sup>1</sup> International Development Finance Club



Source : FEC

Using a scoring system and a cross-referenced matrix, the Bank assigns a climate resilience rating to projects, divided into five classes: very high resilience, high resilience, moderate resilience, low resilience, and very low resilience. This climate resilience rating highlights whether or not structural or non-structural measures need to be implemented to strengthen the resilience of the projects to be financed.

## 5. Indicators and targets relating to sustainability and climate risks and opportunities

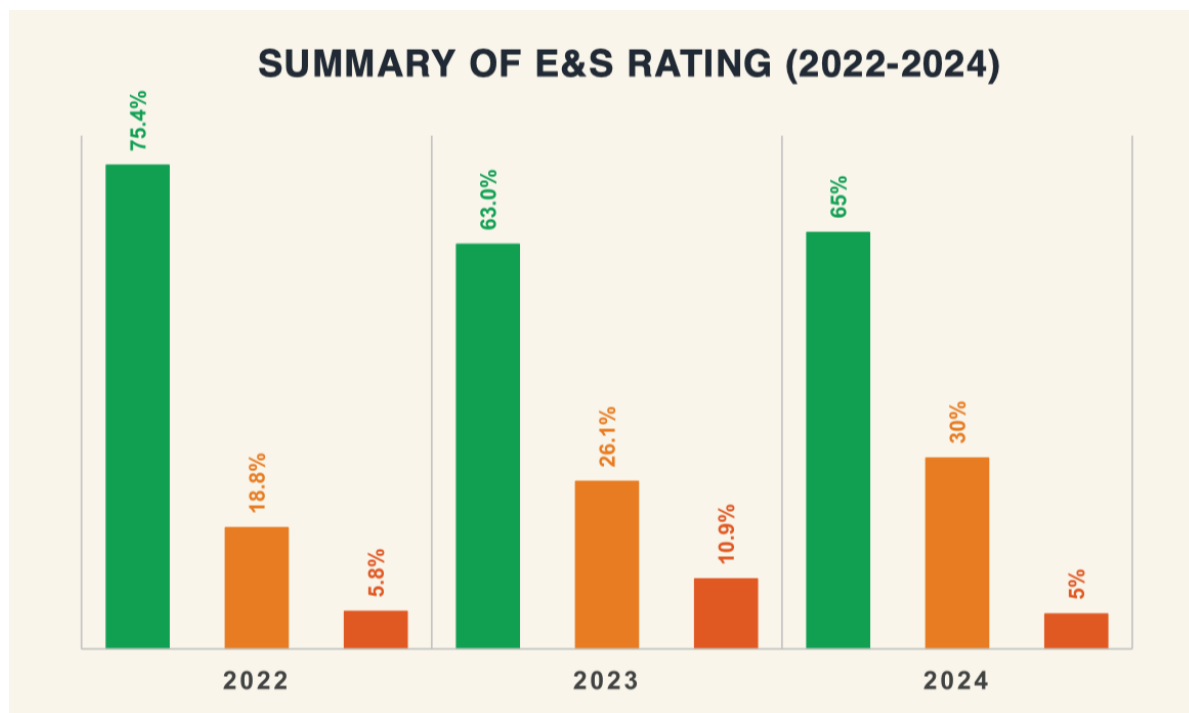
Information on indicators and targets enables the Bank's performance to be assessed in relation to sustainability and climate-related opportunities and risks, as well as the progress made towards achieving set targets. To this end, and to the best of its knowledge, the Bank uses all reasonable and justifiable information in its possession.

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

### » Indicators relating to sustainability risks

In accordance with the Bank's E&S policy, all projects submitted for financing by the Bank are systematically assessed and rated for their Environmental & Social (E&S) risks. The distribution and balance of E&S ratings between 2022 and 2024 is summarized below:

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Source : FEC

The results of the E&S rating of the 152 projects awarded during the 2022, 2023, and 2024 financial years show a predominance of projects classified in "Categories D and C," representing 92.8% of the total, which are projects with minimal and easily manageable risks. Category B projects account for 7.2% of the projects financed. These projects present limited potential E&S risks that can be easily addressed through mitigation measures.

Furthermore, no "Category A" projects were identified. This category includes projects that may have negative environmental or social impacts that are considered significant, high, or irreversible and difficult to control.

## **RISKS RELATED TO ORDINARY BONDS**

### **Liquidity risk**

Subscribers to ordinary bonds issued by the Municipal Equipment Fund may be subject to liquidity risk on the secondary market for private debt. Depending on market conditions (liquidity, changes in the yield curve, etc.), the liquidity of FEC bonds may be temporarily affected.

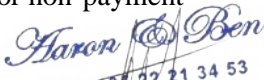
However, given the large volume of FEC bonds in circulation on the market (following the issuance of MAD 13 billion between 2012 and 2021), the liquidity risk associated with this security is limited.

### **Interest rate risk**

The bond issue covered by this offering memorandum provides for a tranche with an interest rate that is revised annually with reference to the TMPI (tranche A) and a tranche with an interest rate that is revised every 52 weeks (tranche B). As such, the value of the securities could increase or decrease depending on changes in the secondary market reference yield curve for Treasury bills and the TMPI as published by Bank Al Maghrib.

### **Risk of reimbursement default**

The bonds covered by this offering memorandum may present a risk that the Issuer will be unable to meet its contractual obligations to bondholders. This risk is reflected in the potential for non-payment of coupons and/or non-repayment of principal..

  
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**WARNING**

The above mentioned information constitutes only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) on December 03<sup>rd</sup>, 2025, under reference number VI/EM/041/2025. The AMMC recommends reading the entire prospectus, which is available to the public in French.

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