

# CRÉDIT IMMOBILIER ET HÔTELIER

## PROSPECTUS SUMMARY

### SUBORDINATED BOND ISSUE

**TOTAL ISSUE AMOUNT: MAD 1.000.000.000,00 (MAD)**

	Tranche A Unlisted	Tranche B Listed	Tranche C Unlisted
<b>Ceiling</b>	500,000,000 MAD	500,000,000 MAD	1,000,000,000 MAD
<b>Maximum Number of Securities</b>	5,000 Subordinated Bonds	5,000 Subordinated Bonds	10,000 Subordinated Bonds
<b>Nominal Value</b>	100,000 MAD	100,000 MAD	100,000 MAD
<b>Securities' tradability</b>	Over the counter	Tradable in the Casablanca Stock Exchange	Over the counter
<b>Rate</b>	Fixed, determined with reference to the benchmark yield on the secondary market for 10-year Treasury bonds as published by Bank Al-Maghrib on 26 April 2018, being 3,22%, increased by a risk premium, i.e. 4,02%	Fixed, determined with reference to the benchmark yield on the secondary market for 10-year Treasury bonds as published by Bank Al-Maghrib on 26 April 2018, being 3,22%, increased by a risk premium, i.e. 4,02%	Revisable annually, determined with reference to the benchmark yield on the secondary market for 52-weeks full rate (monetary rate) Treasury bonds, as published by Bank Al-Maghrib on 26 April 2018, being 2,34%, increased by a risk premium, i.e. between 2,99% and 3,14%
<b>Risk Premium</b>	80 basis points	80 basis points	Between 65 and 80 basis points
<b>Repayment Guarantee</b>	None	None	None
<b>Maturity</b>	10 years	10 years	10 years
<b>Repayment of Principal</b>	At maturity	At maturity	At maturity
<b>Allotment Method</b>	Allocation in proportion to demand for tranches A and B	Allocation in proportion to demand for tranches A and B	French Auction with priority for tranches A and B

**SUBSCRIPTION PERIOD: FROM 08 TO 10 MAY 2018 INCLUSIVE**

**SUBSCRIPTION RESERVED TO QUALIFIED INVESTORS UNDER MOROCCAN LAW LISTED IN THE PROSPECTUS**

Financial Advising and coordinating Institution	Institution in charge of the placement	Institution in charge of the registration	Domicile Institution
			

#### MOROCCAN CAPITAL MARKETS AUTHORITY APPROVAL VISA

In accordance with the provisions of the AMMC circular, published in application of Article 14 of Dahir no. 1-93-212 of 21 September 1993 as amended and completed, the original prospectus has been approved by AMMC on 27 April 2018, with reference no. VI/EM/007/2018

## Disclaimer

The Moroccan Capital Market Authority (AMMC) approved, On April, 27<sup>th</sup>, 2018, a prospectus related to the issue of subordinated bond by CIH Bank.

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

- CIH Bank bank headquarters: 187, Avenue Hassan II - Casablanca. Phone: 0522 479 000, and on its website [www.cihbank.ma](http://www.cihbank.ma);
- CDG Capital : 163, Tour Mamounia, Place Moulay El Hassan – Rabat Phone: 0537 665 252.

The prospectus is at the disposal of the public at the headquarters of Casablanca Stock Exchange and on its website [www.casablanca-bourse.com](http://www.casablanca-bourse.com). It is also available on the AMMC website [www.ammc.ma](http://www.ammc.ma).

## I. PRESENTATION OF THE OPERATION

### I.1. Transaction aims

The present issue is a part of the bank's development plan and mainly aims at:

- Strengthening capital requirements;
- Financing its development plan and supporting the growth dynamic of distributed credit.

The funds raised will be classified as supplementary (Tier 2) capital, in compliance with Accounting Plan of Credit institutions and article 26 of Bank Al Maghrib's Circular no.14/G/2013.

### I.2. Transaction Characteristics

#### **Warning :**

A subordinated bond differs from a classical bond in terms of the rank of claims contractually defined by the subordination clause. The effect of the subordination clause is, in the event of the issuer's winding up, to subordinate the repayment of the bond to that all preferred stock holders and common stock holders.

**Characteristics of Tranche A (fixed rate bonds, with 10 years maturity, unlisted on the Casablanca Stock Exchange)**

<b>Description of Securities</b>	Subordinated bonds unlisted on the Casablanca Stock Exchange, dematerialized by registration in the central securities depository (Maroclear) and inscribed into accounts at the chartered affiliates
<b>Legal Form</b>	Subordinated bonds in bearer form
<b>Ceiling</b>	<b>MAD 500,000,000</b>
<b>Maximum Number of Securities to be Issued</b>	<b>5,000 securities</b>
<b>Nominal Value</b>	<b>MAD 100,000</b>
<b>Issue Price</b>	100% i.e MAD 100,000
<b>Maturity</b>	<b>10 years</b>
<b>Subscription Period</b>	<b>From 08<sup>th</sup> to 10<sup>th</sup> May 2018 inclusive</b>
<b>Entitlement Date</b>	<b>18<sup>th</sup> May 2018</b>
<b>Maturity Date</b>	<b>18<sup>th</sup> May 2028</b>

<b>Nominal Interest Rate</b>	<p><b><u>Fixed Rate</u></b></p> <p>With reference to the 10-year rate determined from the benchmark secondary market yield curve for treasury bonds, as published by Bank Al Maghrib on 26<sup>th</sup> April 2018, being <b>3,22%</b>, increased by an 80 pbs risk premium, i.e. <b>4,02%</b>;</p> <p>The benchmark rate will be determined by the linear interpolation using the two points framing the full 10-year maturity (actuarial basis).</p>
<b>Risk Premium</b>	<b>80 pbs</b>
<b>Allotment Method</b>	Allocation in proportion to demand for Tranches A and B with priority for Tranches A and B up to MAD 500,000 (Fixed rate)
<b>Interest</b>	<p>Interest will be paid annually on the anniversary of the loan's entitlement date, i.e 18<sup>th</sup> May of each year. Payment will be made on that day or the first working day after 18<sup>th</sup> May, if it is not a working day.</p> <p>Interests on the subordinated bonds will cease to accrue from the date that the capital is repaid by CIH Bank. Deferment of interest is not possible under the terms of this transaction.</p> <p>Interest will be calculated as per the following formula: Nominal x nominal rate</p>
<b>Repayment of the Principal</b>	<p>The principal of Tranche A will be repaid at maturity.</p> <p>In the event that a merger, demerger or partial contribution of CIH Bank assets occurs during the loan term, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated bonds shall be automatically transferred to the legal substituting for CIH Bank's rights and obligations.</p> <p>The repayment of the capital is, in the event of CIH Bank's winding up, subordinated to all other claims.</p>
<b>Early Repayment</b>	<p>CIH Bank undertakes not to go through an advance repayment of the subordinated loan bond, stated on the present prospectus.</p> <p>However, CIH Bank reserves the right, with Bank Al Maghrib's prior approval, to buy back of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortisation schedule. The subordinated bonds thus redeemed may only be cancelled with Bank Al Maghrib's prior agreement.</p>
<b>Assimilation Clause</b>	<p>The subordinated bonds issued can not been assimilated into other subordinated bonds previously issued.</p> <p>In the event that CIH Bank were to subsequently issues new securities with identical rights in every aspects to those of this issue, it may, without requiring bearer's consent, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.</p>
<b>Security's Tradability</b>	<p>Over the counter</p> <p>There is no restriction imposed under the terms of the issue on the free tradability of the subordinated bonds of Tranche A.</p>
<b>Loan's Ranking</b>	<p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause does not in any way violate the legal rules relating to the accounting principles for appropriating of losses, shareholders' obligations, and subscribers' rights to obtain, in accordance with the conditions set out in the contract, payment for its securities in capital and interest.</p> <p>In the event of CIH Bank's winding up, repayment of capital and interest of the present issue's subordinated securities will only occur after all preferred stock holders and common stock holders have been reimbursed. These subordinated securities which have already been or may subsequently be issued by CIH Bank both in</p>

	Morocco and overseas, pro-rata to their amount, where applicable.
<b>Maintaining the Loan's Ranking</b>	CIH Bank agrees, until all these securities have actually been repaid, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of the company's winding up, without granting the same rights to the subordinated securities of the present loan.
<b>Repayment Guarantee</b>	The present issue has not been subject to a special guarantee.
<b>Rating</b>	The present issue has not been subject to any rating request.
<b>Bond Holders Representation</b>	<p>In compliance with article 299, line 1, and article 300 lines 1 and 2 of law no.17-95, the Chairman and Chief Executive Officer has designed, on April 26<sup>th</sup>, 2018, the Cabinet HDID Consultants represented by Mr. Mohamed Hdid as temporary representative of Bond holders of Tranches A, B, C. This decision shall take effect from the start of the subscription period. It is specified that the temporary representative appointed is the same for Tranches A, B and C of this issue, which are grouped into a single entity.</p> <p>The CIH Bank Board of Directors undertakes to convene a General Meeting of Bond holders to appoint a permanent representative of all bondholders within one year from the start of the subscription period.</p>
<b>Governing Law</b>	Moroccan law
<b>Competent Jurisdiction</b>	Casablanca Commercial Court

### Characteristics of Tranche B (fixed rate bonds, with a 10-year maturity, listed on the Casablanca Stock Exchange)

<b>Description of Securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration in the central securities depository (Maroclear) and inscribed into accounts at the chartered affiliates
<b>Legal Form</b>	Subordinated bonds in bearer form
<b>Ceiling</b>	<b>MAD 500,000,000</b>
<b>Maximum Number of Securities to be Issued</b>	<b>5,000 securities</b>
<b>Nominal Value</b>	<b>MAD 100,000</b>
<b>Issue Price</b>	100% i.e MAD 100,000
<b>Maturity</b>	<b>10 years</b>
<b>Subscription Period</b>	<b>From 08<sup>th</sup> to 10<sup>th</sup> May 2018 inclusive</b>
<b>Entitlement Date</b>	<b>18<sup>th</sup> May 2018</b>
<b>Maturity Date</b>	<b>18<sup>th</sup> May 2028</b>
<b>Nominal Interest Rate</b>	<p><b><u>Fixed Rate</u></b></p> <p>With reference to the 10-year rate determined from the benchmark secondary market yield curve for treasury bonds, as published by Bank Al Maghrib on 26<sup>th</sup> April 2018, being <b>3,22%</b>, increased by an 80 pbs risk premium, i.e. <b>4,02%</b>;</p> <p>The benchmark rate will be determined by the linear interpolation using the two points framing the full 10-year maturity (actuarial basis).</p>
<b>Risk Premium</b>	<b>80 basis points</b>
<b>Allotment Method</b>	Allocation in proportion to demand for Tranches A and B with priority for Tranches A and B up to MAD 500,000 (Fixed rate)
<b>Interest</b>	<p>Interest will be paid annually on the anniversary of the loan's entitlement date, i.e 18<sup>th</sup> May of each year. Payment will be made on that day or the first working day after 18<sup>th</sup> May, if it is not a working day.</p> <p>Interests on the subordinated bonds will cease to accrue from the date that the capital is repaid by CIH Bank. Deferment of interest is</p>

	<p>not possible under the terms of this transaction.</p> <p>Interest will be calculated as per the following formula: Nominal x nominal rate</p>
<b>Repayment of the Principal</b>	<p>The principal of Tranche B will be repaid at maturity.</p> <p>In the event that a merger, demerger or partial contribution of CIH Bank assets occurs during the loan term, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated bonds shall be automatically transferred to the legal substituting for CIH Bank's rights and obligations.</p> <p>The repayment of the capital is, in the event of CIH Bank's winding up, subordinated to all other claims.</p>
<b>Early Repayment</b>	<p>CIH Bank undertakes not to go through an advance repayment of the subordinated loan bond, stated on the present prospectus.</p> <p>However, CIH Bank reserves the right, with Bank Al Maghrib's prior approval, to buy back of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortisation schedule. The subordinated bonds thus redeemed may only be cancelled with Bank Al Maghrib's prior agreement.</p> <p>In case of cancellation CIH Bank have to inform the Casablanca Stock Exchange of the cancelled bonds.</p>
<b>Assimilation Clause</b>	<p>The subordinated bonds issued can not been assimilated into other subordinated bonds previously issued.</p> <p>In the event that CIH Bank were to subsequently issues new securities with identical rights in every aspects to those of this issue, it may, without requiring bearer's consent, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.</p>
<b>Loan's Ranking</b>	<p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause does not in any way violate the legal rules relating to the accounting principles for appropriating of losses, shareholders' obligations, and subscribers' rights to obtain, in accordance with the conditions set out in the contract, payment for its securities in capital and interest.</p> <p>In the event of CIH Bank's winding up, repayment of capital and interest of the present issue's subordinated securities will only occur after all preferred stock holders and common stock holders have been reimbursed. These subordinated securities which have already been or may subsequently be issued by CIH Bank both in Morocco and overseas, pro-rata to their amount, where applicable.</p>
<b>Procedure of first listing</b>	<p>The listing of Tranche B will be made by a direct listing in accordance with Sections 1.2.6 and 1.2.22 of the General Regulation of the Stock Exchange.</p>
<b>Listing of Securities</b>	<p>The subordinated bonds of Tranche B will be listed on the Casablanca Stock Exchange and will be subject to a request for listing in the bond compartment of the Casablanca Stock Exchange. Their listing date is scheduled on May 15<sup>th</sup>, 2018 on the bond compartment under Ticker OCIHC.</p> <p>In order to be listed on the Casablanca Stock Exchange, the amount allocated to Tranche B must be higher or equal to an amount of MAD 20,000,000.</p> <p>In case the amount allocated to tranche B in the closing of the subscription period, is lower than MAD 20,000,000, the subscriptions relating to this tranche will be cancelled.</p>
<b>Security's Tradability</b>	<p>The Tranche B bonds are freely tradable on the Casablanca Stock Exchange. There are no restrictions imposed by the conditions of the issue to the free tradability of the subordinated bonds.</p>

<b>Entity in charge of the registration of the operation in the Casablanca Stock Exchange</b>	CDG Capital Bourse
<b>Repayment Guarantee</b>	The present issue has not been subject to a special guarantee.
<b>Rating</b>	The present issue has not been subject to any rating request.
<b>Bond Holders Representation</b>	In compliance with article 299, line 1, and article 300 lines 1 and 2 of law no.17-95, the Chairman and Chief Executive Officer has designed, on April 26 <sup>th</sup> , 2018, the Cabinet HDID Consultants represented by Mr. Mohamed Hdid as temporary representative of Bond holders of Tranches A, B, C. This decision shall take effect from the start of the subscription period. It is specified that the temporary representative appointed is the same for Tranches A, B and C of this issue, which are grouped into a single entity. The CIH Bank Board of Directors undertakes to convene a General Meeting of Bond holders to appoint a permanent representative of all bondholders within one year from the start of the subscription period.
<b>Governing Law</b>	Moroccan law
<b>Competent Jurisdiction</b>	Casablanca Commercial Court

**Characteristics of Tranche C (annually revisable rate bonds, with a 10-year maturity, unlisted on the Casablanca Stock Exchange)**

<b>Description of Securities</b>	Subordinated bonds unlisted on the Casablanca Stock Exchange, dematerialized by registration in the central securities depository (Maroclear) and inscribed into accounts at the chartered affiliates
<b>Legal Form</b>	Subordinated bonds in bearer form
<b>Ceiling</b>	<b>MAD 1,000,000,000</b>
<b>Maximum Number of Securities to be Issued</b>	<b>10,000 securities</b>
<b>Nominal Value</b>	<b>MAD 100,000</b>
<b>Issue Price</b>	100% i.e MAD 100,000
<b>Maturity</b>	<b>10 years</b>
<b>Subscription Period</b>	<b>From 08<sup>th</sup> to 10<sup>th</sup> May 2018 inclusive</b>
<b>Entitlement Date</b>	<b>18<sup>th</sup> May 2018</b>
<b>Maturity Date</b>	<b>18<sup>th</sup> May 2028</b>
<b>Nominal Interest Rate</b>	<u><b>Revisable on annual basis Rate (determined upon subscription issue for the first year)</b></u> In the first year, the nominal interest rate is determined with reference to the benchmark yield on the secondary market for 52-weeks full rate (monetary rate) Treasury bonds, as published by Bank Al Maghrib on 26 April 2018, being <b>2,34%</b> , increased by a risk premium between 65 pbs and 80 pbs, i.e. between <b>2,99%</b> and <b>3,14%</b> . The nominal interest rate adopted will be published no later than 18 <sup>th</sup> May 2018 by CIH Bank in a legal announcement publication. On each anniversary date, the benchmark rate will be determined with reference to the 52-week full rate (monetary rate) calculated on the basis of the benchmark yield on the secondary market for Treasury Bonds as published by Bank Al Maghrib, five working days prior to each anniversary. The resulting benchmark rate will be increased by a risk premium (decided at the subscription's closing). Bonds holders will be informed of the rate, which will be published in a legal announcement publication, three working days prior to the anniversary.

<b>Calculation Method</b>	<p>The rate is determined through the linear interpolation method using the two points covering the full maturity of 52 weeks (on a monetary basis).</p> <p>This linear interpolation will be done after the conversion the rate immediately higher than the 52-week maturity (actuarial basis) into the equivalent monetary rate.</p> <p>The calculation formula is:</p> $(((\text{Actuarial rate} + 1) ^ {k/\text{exact number of days}}) - 1) \times 360/k$ <p>where k is the maturity of the actuarial rate immediately greater than 52 weeks.</p> <p>*Exact number of days is 365 or 366 days.</p>
<b>Risk Premium</b>	<b>Between 65 and 80 basis points</b>
<b>Allotment Method</b>	French auction method with a priority for tranche A and B (Fixed rate)
<b>Interest</b>	<p>Interest will be paid annually on the anniversary of the loan's entitlement date, i.e 18<sup>th</sup> May of each year. Payment will be made on that day or the first working day after 18<sup>th</sup> May, if it is not a working day.</p> <p>Interests on the subordinated bonds will cease to accrue from the date that the capital is repaid by CIH Bank. Deferment of interest is not possible under the terms of this transaction</p> <p>Interest will be calculated using to the following formula: Nominal x nominal rate x exact number of days/360</p>
<b>Repayment of the Principal</b>	<p>The principal of Tranche C will be repaid at maturity.</p> <p>In the event that a merger, demerger or partial contribution of CIH Bank assets occurs during the loan term, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated bonds shall be automatically transferred to the legal substituting for CIH Bank's rights and obligations.</p> <p>The repayment of the capital is, in the event of CIH Bank's winding up, subordinated to all other claims.</p>
<b>Early Repayment</b>	<p>CIH Bank undertakes not to go through an advance repayment of the subordinated loan bond, stated on the present prospectus.</p> <p>However, CIH Bank reserves the right, with Bank Al Maghrib's prior approval, to buy back of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortisation schedule. The subordinated bonds thus redeemed may only be cancelled with Bank Al Maghrib's prior agreement.</p>
<b>Assimilation Clause</b>	<p>The subordinated bonds issued can not been assimilated into other subordinated bonds previously issued.</p> <p>In the event that CIH Bank were to subsequently issues new securities with identical rights in every aspects to those of this issue, it may, without requiring bearer's consent, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.</p>
<b>Security's Tradability</b>	<p>Over the counter</p> <p>There is no restriction imposed under the terms of the issue on the free tradability of the subordinated bonds of Tranche C.</p>
<b>Loan's Ranking</b>	<p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause does not in any way violate the legal rules relating to the accounting principles for appropriating of losses, shareholders' obligations, and subscribers' rights to obtain, in accordance with the conditions set out in the contract, payment for its securities in capital and interest.</p>



	In the event of CIH Bank's winding up, repayment of capital and interest of the present issue's subordinated securities will only occur after all preferred stock holders and common stock holders have been reimbursed. These subordinated securities which have already been or may subsequently be issued by CIH Bank both in Morocco and overseas, pro-rata to their amount, where applicable.
<b>Maintaining the Loan's Ranking</b>	CIH Bank agrees, until all these securities have actually been repaid, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of the company's winding up, without granting the same rights to the subordinated securities of the present loan.
<b>Repayment Guarantee</b>	The present issue has not been subject to a special guarantee.
<b>Rating</b>	The present issue has not been subject to any rating request.
<b>Bond Holders Representation</b>	<p>In compliance with article 299, line 1, and article 300 lines 1 and 2 of law no.17-95, the Chairman and Chief Executive Officer has designed, on April 26<sup>th</sup>, 2018, the Cabinet HDID Consultants represented by Mr. Mohamed Hdid as temporary representative of Bond holders of Tranches A, B, C. This decision shall take effect from the start of the subscription period. It is specified that the temporary representative appointed is the same for Tranches A, B and C of this issue, which are grouped into a single entity.</p> <p>The CIH Bank Board of Directors undertakes to convene a General Meeting of Bond holders to appoint a permanent representative of all bondholders within one year from the start of the subscription period.</p>
<b>Governing Law</b>	Moroccan law
<b>Competent Jurisdiction</b>	Casablanca Commercial Court



### I.3. Transaction calendar

Stages	Date
Complete file Received by the Casablanca Stock Exchange	26 <sup>th</sup> April 2018
<ul style="list-style-type: none"> <li>Approval of the issue by the Casablanca Stock Exchange</li> <li>Visa received from AMMC</li> </ul>	27 <sup>th</sup> April 2018
Receipt by the Casablanca Stock Exchange of the prospectus approved by the AMMC	27 <sup>th</sup> April 2018
Notice of the listing of bonds issued under Tranche B published in the official report of the Casablanca Stock Exchange	30 <sup>th</sup> April 2018
Summary prospectus published in a legal announcement publication	30 <sup>th</sup> April 2018
Subscription period opens	08 <sup>th</sup> May 2018
Subscription period closes	10 May 2018
Allotment of securities by institution in charge of the placement	10 <sup>th</sup> May 2018
Receipt of the results of the transaction and nominal interest rate for tranche C by the Casablanca Stock Exchange	11 <sup>st</sup> May 2018
<ul style="list-style-type: none"> <li>Listing of the bonds</li> <li>Registration of the transaction in the Stock Exchange</li> <li>Announcement of the results of the operation in the Listing Report</li> </ul>	15 <sup>th</sup> May 2018
Settlement and delivery	18 <sup>th</sup> May 2018
Nominal interest rate and results of the transaction published by the issuer in a legal announcement publication.	18 <sup>th</sup> May 2018

## II. CIH BANK PRESENTATION

### II.1. General Information

<b>Company Name</b>	CIH Bank
<b>Head Office</b>	187, avenue Hassan II, Casablanca
<b>Telephone/Fax</b>	+212(0)5 22 47 90 00 / (0)5 22 47 91 11 +212(0)5 22 47 93 63 / (0)5 22 22 37 48 / (0)5 22 20 84 25
<b>Website</b>	<a href="http://www.cihBank.ma">www.cihBank.ma</a>
<b>Legal Form</b>	Private Limited company with a Board of directors - governed by the banking law dated 14 February 2006 as well as provisions of the Law 17/95 relating to Limited companies as supplemented and modified by the Law 20-05 promulgated by the Dahir No. 1-08-18 dated 23 May 2008.
<b>Date of Incorporation</b>	25 <sup>th</sup> April 1927
<b>Trade Register</b>	RC 203 in Casablanca
<b>Life</b>	99 years
<b>Financial year</b>	From 1 January to 31 December
<b>Purpose</b>	<p>As per Article 2 of the Statutes and in accordance with existing legislation, the purpose of the company is to:</p> <ul style="list-style-type: none"> <li>• Receive public funds;</li> <li>• Grant short, medium, or long-term loans;</li> <li>• Make commitments by signature;</li> <li>• Collect resources by issuing short, medium, or long-term debt securities necessary to conduct its business activities in addition to the capital deposited by its customers;</li> <li>• Provide all payment methods to the customers or their management;</li> <li>• All rental business activities with an option to buy;</li> <li>• All sales activities with right of repurchase or sale with repurchase option, securities and transferable securities;</li> <li>• All factoring business activities;</li> <li>• All foreign exchange business activities;</li> <li>• All business activities in gold, precious metals, and coins;</li> <li>• All consultancy activities and assistance in inheritance management matters;</li> <li>• All operations regarding investment, subscription, purchase management, custody and sale relating to transferable securities or any other financial product;</li> <li>• Consultancy and assistance in financial management, financial engineering and all services generally intended to facilitate the creation and development of companies;</li> <li>• Any other activity usually carried out by credit institutions, such as activities related to or necessary for conducting the businesses above and all banking activities, in particular those of individuals and families.</li> </ul>
<b>Share Capital at 31 December 2017</b>	2,660,808,500 MAD (26,608,085 shares with a par value of 100 DH)
<b>Legal Documents</b>	In particular, the Statutes, General Meeting Minutes, Annual Report can be consulted at CIH Bank's registered office, located at 187, avenue Hassan II, Casablanca.
<b>List of applicable legislation</b>	<p>By virtue of its legal form, CIH Bank is governed by Moroccan law and Act No. 17-95 as amended and completed;</p> <p>By virtue of its business activity, CIH Bank is governed by Dahir No. 1-14-193 of 1st Rabi I 1436 enacting Act No. 103-12 relating to credit institutions and similar organisations (Banking Act);</p> <p>By virtue of its shares being listed on the Casablanca Stock Exchange, CIH Bank is subject to all legal and regulatory provisions relating to financial markets</p>

	<p>including:</p> <ul style="list-style-type: none"> <li>• Dahir No. 1-93-211 of 21st September 1993 relating to the Stock Exchange, amended and completed by Acts 34-96, 29-00, 52-01, 45-06 and 43-09;</li> <li>• General Rules of the Stock Exchange approved by Decree No. 1268-1208 of 7th July 2008 of the Minister of the Economy and Finance, amended and completed by Decrees of the Minister of the Economy and Finance No. 1156-10 of 7th April 2010, No. 30-14 of 6th January 2014 and No. 1955-16 of 4th July 2016;</li> <li>• Dahir enacting Act No. 1-93-212 of 4th Rabi II 1414 (21st September 1993) relating to the Moroccan Capital Markets Authority (AMMC), amended and completed by Acts No. 23-01, 36-05 and 44-06;</li> <li>• The AMMC's General Rules, approved by Decree No. 2169-16 of the Minister of the Economy and Finance;</li> <li>• Dahir No. 35-96 relating to the setting up of a Central Securities Depository and the establishment of a general system for registering securities in accounts, amended and completed by Act No. 43-02;</li> <li>• General Rules of the Central Securities Depository approved by Decree No. 932-98 of the Minister of the Economy and Finance of 18th Rabi I 1418 (16th April 1998), amended and completed by Decree No. 1961-01, published in the Official Bulletin No. 4966 and Decree No. 77-05 of 17th March 2005;</li> <li>• Dahir No. 1-04-21 of 21st April 2004, enacting Act No. 26-03 relating to public offerings and amended by Act No. 46-06;</li> <li>• The AMMC circular, amended and completed.</li> </ul> <p>CIH Bank is also subjected to:</p> <ul style="list-style-type: none"> <li>• Al-Maghreb Bank Circular No. 2/G/96 of 30<sup>th</sup> January 1996 relating to certificates of deposit and its amendment;</li> <li>• Act No. 35-94 relating to negotiable debt securities.</li> </ul>
<b>Competent Court in The Event Of Litigation</b>	Casablanca Commercial Court
<b>Tax Regime</b>	CIH Bank, is subject to the Corporation tax (37%) and the VAT (10%)

## II.2. Shareholding structure

At 31<sup>st</sup> December 2017, CIH Bank's shareholding structure was as follows:

Shareholders	Number. of Shares Held	2017	
		% of share Capital	% of Voting Rights
Massira Capital Management	17,530,419	65.88%	65.88%
Sanad	1,559,043	5.86%	5.86%
Atlanta	1,518,457	5.71%	5.71%
RCAR	1,246,608	4.69%	4.69%
Others and Float	4,753,558	17.87%	17.87%
<b>Total</b>	<b>26,608,085</b>	<b>100.00%</b>	<b>100.00%</b>

## II.3. Subsidiaries and Shares

At 31<sup>st</sup> December 2017, CIH Bank's portfolio includes 28 entities as follows:

	Companies	Shares held %
<b>FINANCIAL AND ASSIMILATED COMPANIES</b>	SOFAC	66.30%
	UMNIA Bank	40.00%
	AJARINVEST	40.00%
	MAROCLEASING	34.01%
	MAGHREB TITRISATION	24.33%
	ATLANTA	10.00%
	CENTRE MONETIQUE INTERBANCAIRE	7.13%
	INTERBANK REAL ESTATE	6.67%
	INTERBANK	6.00%
	SGFGD	5.88%
	SBVC Casablanca	3.00%
	MAROCLEAR	1.38%
	DAR AD-DAMANE	0.67%
<b>HOTEL SHARES</b>	SANGHO	100.00%
	THE TIVOLI	89.36%
	NEW SALAM	65.12%
<b>100% SUBSIDIARIES</b>	CIH COURTAGE	100.00%
	RHOSN ENNAKHIL	100.00%
	LES HOTELS MAHD SALAM TWO	100.00%
<b>OTHER</b>	PALM-BAY	85.00%
	SIDI IFNI	20.00%
	SIDETSA	15.00%
	SUD LUXE	15.00%
	IMEG C/C	14.29%
	SICOPAR	10.03%
	IDMAJ SAKAN	10.00%
	SED FES	5.00%
	SMIT	0.02%

## II.4. Rating

Crédit Immobilier et Hôtelier was the first be rated by Fitch Ratings for the 2016 financial year.

A full list of rating actions is attached to the prospectus.

### **Fitch Affirms Credit Immobilier et Hotelier at 'BB+'; Outlook Stable**

Fitch Ratings-London-05 July 2017: Fitch Ratings has affirmed Credit Immobilier et Hotelier (CIH) Long- and Short-term Issuer Default Ratings (IDR), respectively at 'BB+' and 'B'. Fitch has also affirmed CIH's Viability Rating (VR) at 'bb-', National Long-Term and Short-Term Ratings, respectively of 'AA-(mar)' and 'F1+(mar)' and Support Rating at '3'. The Outlooks on the Long-Term ratings are Stable.

The IDRs and National Ratings are driven by potential support from CIH's majority shareholder, Caisse de Depot et Gestion (CDG). The VR, which measures the bank's standalone financial strength, indicates CIH's vulnerability to adverse changes in business or economic conditions but also the bank's moderate financial strength.

### **KEY RATING DRIVERS**

#### IDRS, NATIONAL RATINGS AND SUPPORT RATING

The bank's IDRs, National Ratings and Support Rating reflect potential support from CDG, which controls 65.9% of the bank.

CDG, a public sector establishment, is Morocco's leading institutional investor and a driver for development and change in the country's financial sector and capital markets. CDG is represented on CIH's board and key committees and is closely involved with the bank's strategic decisions and oversight.

According to Moroccan law, public sector entities are not allowed to fail or be liquidated. In our view, the Moroccan state's propensity to support CDG in case of need is very high, as is CDG's propensity to support CIH if required. However, the overall probability of support for CIH from CDG is moderate and this is reflected in the bank's Support Rating. The Stable Outlook reflects that on Morocco's sovereign ratings.

#### VR

The VR reflects CIH's moderate franchise and concentrations in both real estate development and the retail mortgage market. It also factors in some weaknesses in asset quality, asset and liability maturity mismatches, which expose the bank to high interest rate risk, and expansion plans that will likely result in an erosion of capital adequacy ratios. The bank's experienced management team, sound knowledge of Morocco's real estate markets and good execution skills, combined with the bank's acceptable risk controls, are positive factors for the VR.

CIH's share of banking sector assets is below 5%. However, its share of retail mortgages and real estate development loans is nearly 10%, reflecting the bank's origins as a specialist financier of Morocco's key tourism and real estate sectors. CIH plans to reduce its dependence on the real estate sector, but, in our view, this will take time. Impaired loans represent around 7% of CIH's gross loans, in line with the average for the sector's domestic, entirely Moroccan-based, loan portfolios. Stable deposits provide 50% of funding and the bank's access to domestic capital markets is good. Performance indicators are in line with the sector average.

## **RATING SENSITIVITIES**

### IDRS, NATIONAL RATINGS AND SUPPORT RATING

The bank's IDRs, National Ratings and Support Rating are sensitive to a change in our assumptions around CDG's propensity and ability to support CIH. This would most likely be triggered by a change in Morocco's sovereign rating. This is unlikely to happen in the near term, as indicated by the Stable Outlook on Morocco's rating..

### Viability Rating

CIH shares other Moroccan banks' certain weaknesses, which constrain their VRs at somewhat low levels. We do not expect to see significant revenue diversification at CIH in the near term, nor do we expect to see a material reduction in concentration risk, impaired loans, or structural interest rate risk. Upside for CIH's VR is therefore currently limited. As the bank further builds up its presence in the consumer finance segment, expands its corporate lending business and continues to grow, this could lead to a modest upgrade of the VR over time, provided capital ratios are maintained.

The rating actions are as follows:

Long-Term Foreign and Local Currency IDR affirmed at 'BB+'; Outlook Stable

Short-Term Foreign and Local Currency IDR affirmed at 'B'

Viability Rating affirmed at 'bb-'

Support Rating affirmed at '3'

National Long-Term Rating affirmed at 'AA-(mar)'; Outlook Stable

National Short-Term Rating affirmed at 'F1+(mar)'

## II.5. Board of Directors

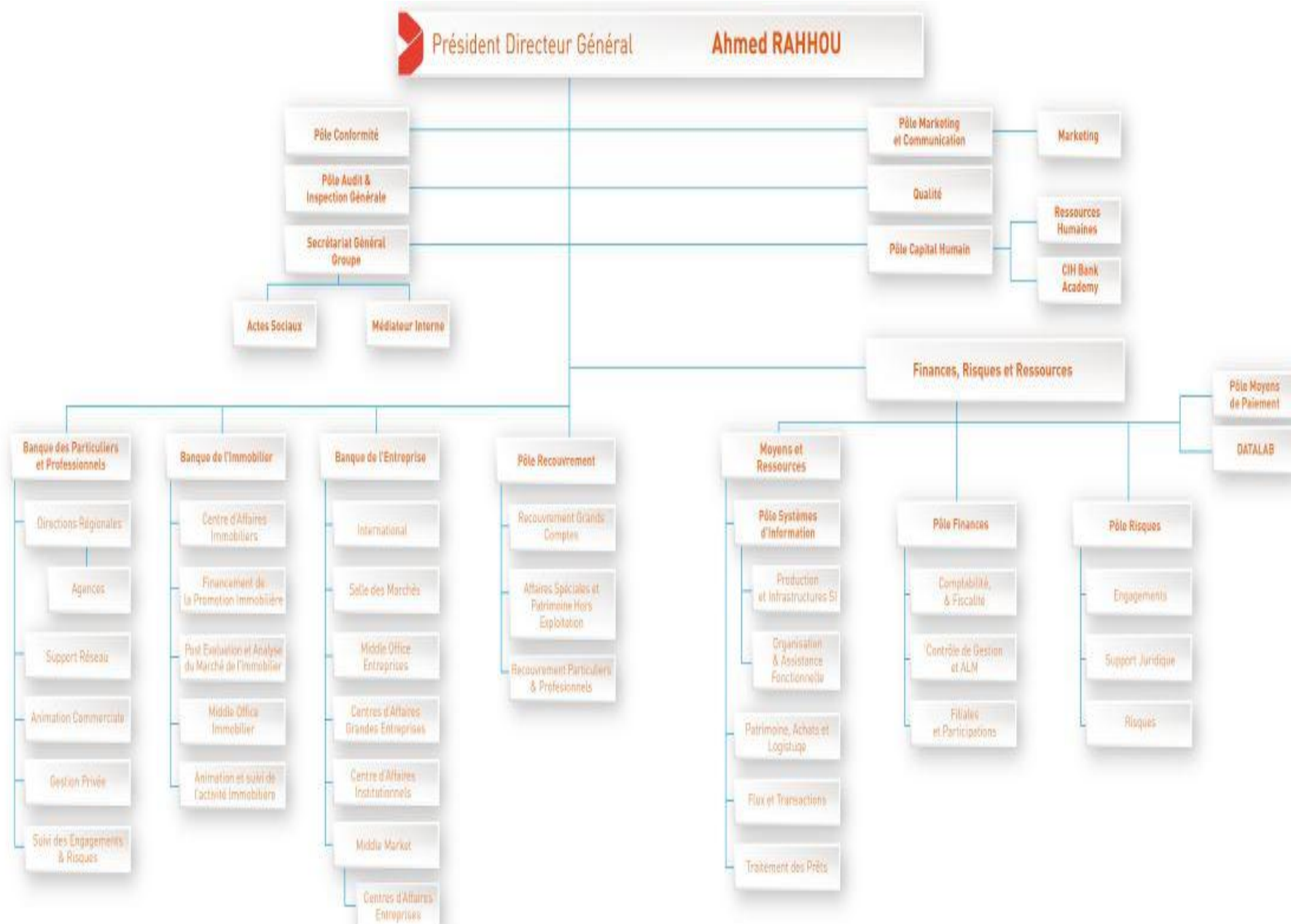
At 31<sup>st</sup> December 2017, CIH Bank is administered by a Board of Directors consisting of nine members and chaired by Mr Ahmed RAHHOU:

Director		Date of First Appointment	Term of office expires
<b>Chairman</b>	Mr. Ahmed Rahhou Chief Executive Officer- CIH BANK	10/07/2009	AGO convened to approve the financial statements 2020
<b>Director</b>	Mr. Abdellatif Zaghoun Managing Director-CDG	11/03/2015	AGO convened to approve the financial statements 2020
	Mr. Yassine Haddaoui Director of Strategy and Development Division- CDG Permanent Representative of Massira Capital Management	28/05/2009	AGO convened to approve the financial statements 2020
	Mrs. Latifa Echihabi Secretary General- CDG	06/09/2017	AGO convened to approve the financial statements 2020
	Mr. Khalid El Hattab Chief Financial Officer- CDG	06/09/2017	AGO convened to approve the financial statements 2019
	Mr. Mohamed Hassan Bensalah Chief Executive Officer - HOLMARCOM	28/05/2009	AGO convened to approve the financial statements 2020
	Mr. Mustapha Lahboubi Director of Risk Management -CDG	25/11/2010	AGO convened to approve the financial statements 2020
	Mr. Karim Chiouar Deputy Managing Director - HOLMARCOM	17/12/2014	AGO convened to approve the financial statements 2019
<b>Independent Directors</b>	Mr. Khalid Cheddadi Chief Executive Officer- CIMR	20/05/2011	AGO convened to approve the financial statements 2022
	Mrs. Amina Benkhadra Managing Director - National Office for Hydrocarbons and Mines	14/12/2016	AGO convened to approve the financial statements 2021

## II.6. Organizational Chart

At 31<sup>st</sup> December 2017, the organizational chart of CIH Bank is the following as:





## II.7. CIH Bank's activity

### a) Deposit growth

For the period 2015-2017, the following table shows the customer deposits increase:

MAD M	2015	2016	Change	2017	Change
Sight deposits in credit	13,408	15,951	18.96%	17,117	7.31%
Savings Accounts	4,155	4,412	6.18%	4,773	8.19%
Term Deposits	4,877	5,667	16.20%	7,126	25.73%
Other Accounts in credit	519	488	-6.05%	763	56.40%
<b>Customer Deposits</b>	<b>22,959</b>	<b>26,518</b>	<b>15.50%</b>	<b>29,779</b>	<b>12.30%</b>

CIH Bank - Financial statement

\*Including accrued interest payable

At 31<sup>st</sup> December 2017, customer deposits reached almost MAD M 29.8, increased by 12.3% compared to 2016; mainly due to the increase in term deposits and sight deposits in credit by 25.7% and 7.3% respectively.

An analysis of CIH Bank's customer deposit structure over the 2015-2017 period shows that sight deposits dominate with 59% of customer deposits, compared to 22% for term deposits. In 2017, the share of demand deposits depreciated by 2.7 points to 57.5% against 60.2% at the end of 2016, to the benefit of term deposits, which went from 21.4% in 2016 to 23.9% in 2017.

### b) Loan growth

For the period 2015-2017, the following table shows the customer loans increase:

MAD M	2015	2016	Change	2017	Change
Liquidity and Consumer Loans	3,377	4,010	18.76%	5,736	43.05%
Equipment Loans	1,105	1,955	76.87%	2,577	31.78%
Mortgage Loans	22,633	23,721	4.81%	24,212	2.07%
Other Loans	886	997	12.55%	1,393	39.73%
<b>Customer Loans</b>	<b>28,001</b>	<b>30,683</b>	<b>9.58%</b>	<b>33,918</b>	<b>10.54%</b>

CIH Bank- Financial statements

At 31<sup>st</sup> December 2017, receivables customer's loans increased by 10.5% to reach MAD M 33.9 MAD compared to MAD M 30.6 in 2016. This increase covers:

- A rise in cash and consumer loans of 43.0%, from MAD M 4,010 at the end of 2016 compared to MAD M 5,736 at the end of 2017;
- An increase of 31.8% in equipment loans, from MAD M 1,955 at the end of 2016 compared to MAD M 2,577 at the end of 2017;
- A 2.1% increase in mortgages at MAD M 24,212 at the end of 2017 compared to MAD M 23,721 in 2016;
- An increase of 39.7% of other loans to settle at MAD M 1,393 at the end of 2017 compared to MAD M 997 at the end of 2016.

The analysis of the CIH Bank's customer's loans structure shows a predominance of mortgages with an average share of 77% over the 2015-2017 period. Continuing its diversification policy, CIH Bank's client loan structure is marked by a gradual decline in the share of real estate loans over the 2015-2017 period, from 80.8% in 2015 to 71.4% in 2017.

At the end of 2017, the share of mortgages decreased to 71.4% in favour of the share of cash and consumer loans, equipment loans and other loans, which increased respectively to 16.9%, 7.6%, and 4.1%. This increase can be explained by the Bank's policy initiated since 2011, aimed at gradually diversifying its customer loans through expanding non-real estate loans on medium and short maturities, particularly in a context marked by falling interest rates.

### III. FINANCIAL STATEMENTS

#### III.1. Consolidated Balance Sheet over the period 2015-2017

ASSETS-K MAD	2015	2016	2017
1. Cash and amounts due from Central Banks and post office banks	2,188,474	1,586,200	1,333,425
2. Financial assets at Fair value through profit or loss	-	1,161,522	1,525,718
3. Derivatives used for Hedging	-	-	-
4. Available for sale financial assets	575,200	694,592	970,911
5. Loans and receivables due from credit institutions	1,175,532	922,441	2,093,461
6. Loans and receivables due from customers	33,746,086	36,726,375	40,352,316
7. Remeasurement adjustment on interest rate risk hedged assets	-	-	-
8. Held-to-maturity financial assets	3,217,955	2,480,637	2,487,693
9. Current tax assets	317,648	340,396	312,484
10. Deferred tax assets	-	10,334	88,481
11. Accrued income and other assets	783,431	935,798	870,894
12. Non-current assets held for sale	-	-	-
13. Investments associates	583,511	593,476	507,858
14. Investments property	915,104	993,542	1,082,207
15. Property, plant and equipment	1,058,173	1,065,790	1,423,539
16. Intangible assets	171,822	233,514	268,247
17. Goodwill	174,884	174,884	299,428
<b>Total Assets</b>	<b>44,907,820</b>	<b>47,919,501</b>	<b>53,616,662</b>

LIABILITIES-K MAD	2015	2016	2017
1. Due to Central Banks and Post Office Banks	12	12	268
2. Financial liabilities at fair value through profit or loss	-	-	-
3. Derivatives used for hedging purposes	-	-	-
4. Due to credit institutions	2,797,145	2,611,686	2,259,676
5. Due to customers	25,074,822	28,447,096	31,935,217
6. Debt securities	9,218,916	8,057,118	10,159,482
7. Remeasurement adjustment on interest rate risk hedged portfolios	-	-	-
8. Current tax liabilities	294,619	266,269	253,378
9. Deferred tax liabilities	97,758	85,798	163,251
10. Accrued expenses and other liabilities	1,164,044	1,024,890	1,260,483
11. Liabilities related to non-current assets held for sale	-	-	-
12. Technical reserves for insurance companies	-	-	-
13. Provisions for contingencies and charges	210,270	234,256	241,732
14. Subsidies, assigned public funds and special guarantee funds	-	-	-
15. Subordinated debt	1,043,332	2,051,159	2,050,200
16. Equity	5,002,901	5,141,217	5,292,974
17. Equity group share	4,871,357	4,915,333	4,977,457
18. Capital and associated reserves	2,660,809	2,660,809	2,660,809
19. Consolidated reserves	1,685,355	1,811,601	1,872,842
20. Unrealised or deferred gains or losses	5,671	8,403	8,037,013
21. Net profit of financial year	519,523	434,519	435,770
22. Minority interests	131,544	225,884	315,517
<b>Total Liabilities</b>	<b>44,907,820</b>	<b>47,919,501</b>	<b>53,616,662</b>

### III.2. Consolidated Income Statement over the period 2015-2017

K MAD	2015	2016	2017
1. + Interest and similar income	2,415,563	2,368,382	2,464,589
2. Interest and similar expense	(960,181)	(887,891)	(923,790)
<b>3. NET INTEREST INCOME</b>	<b>1,455,382</b>	<b>1,480,491</b>	<b>1,540,799</b>
4. + Fees received and commission income	215,785	288,817	307,247
5. - Fees paid and commission expense	(20,311)	(13,593)	(12,784)
<b>6. NET FEE INCOME</b>	<b>195,474</b>	<b>275,225</b>	<b>294,464</b>
7. +/- Net gains or losses on financial instruments at fair value through profit or loss	19	6,687	32,695
8. +/- Net gains or losses on available-for-sale financial assets	13,019	18,913	25,844
9. + Other banking revenues	569,517	540,815	693,911
10. - Other banking expenses	(443,124)	(474,936)	(551,805)
<b>11. NET BANKING INCOME</b>	<b>1,790,287</b>	<b>1,847,194</b>	<b>2,035,907</b>
12. - General Operating Expenses	(953,956)	(974,714)	(1,199,488)
13. - Allowances for depreciation and amortization PE and intangible assets	(111,325)	(120,692)	(117,817)
<b>14. GROSS OPERATING INCOME</b>	<b>725,006</b>	<b>751,788</b>	<b>718,601</b>
15. Cost of Risk	(38,866)	(116,142)	(58,127)
<b>16. OPERATING INCOME</b>	<b>686,140</b>	<b>635,647</b>	<b>660,474</b>
17. +/- Share in net income of companies accounted for by equity method	26,042		
18. +/- Net gains or losses on other assets	127,300	30,321	49,402
19. +/- Changes in goodwill	0	-	-96,174
<b>20. PRE-TAX EARNINGS</b>	<b>839,482</b>	<b>692,260</b>	<b>636,796</b>
21. - Income tax	(304,413)	(247,995)	(214,318)
22. +/- Net outcome of tax on discontinued operations or operations held for sale	0	-	-
<b>23. NET INCOME</b>	<b>535,069</b>	<b>444,265</b>	<b>422,478</b>
24. Non-controlling interests	(15,546)	(9,745)	13,292
<b>25. GROUP NET SHARE RESULT</b>	<b>519,523</b>	<b>434,519</b>	<b>435,770</b>
26. Basic earnings per share in dirhams	19.5	16.3	16.4
27. Diluted net earnings per share in dirhams	19.5	16.3	16.4

## IV. RISKS

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### IV.1. Credit Risk

Credit risk is understood as the risk for which a counter-party will not be capable of honouring its obligations to the bank.

As part of the implementation of advanced credit risk calculation methods, CIH Bank has devised:

- A rating model for property development;
- A rating model for businesses;
- A model for selecting reliable payers for business customers;
- Scoring models for awarding and scoring models for Retail customers.

#### a. Basic Principles Governing Credit Operations

The credit operations at CIH Bank are based on the following basic principles:

- Compliance with regulations and professional ethics governing the credit activity;
- Compliance with internal standards and risk policies governing the granting of loans to customers (amount of financing, indebtedness percentage, rate of coverage by required guarantees, etc.);
- Double verification in the analyses of applications for large accounts loans carried out by independent structures;
- Use of rating systems as tools for decision-making in granting and pricing;
- Collegiality in the decision-making process;
- Dual signature of all actions relating to the implementation of authorised appropriations;
- Central control of guarantees received before any use of new grants awarded.

#### b. Monitoring and Management of Credit Risk

##### Credit Risk Monitoring Device

The monitoring of credit risk is the responsibility of both the commercial structures and those in charge of risk management.

In addition to daily monitoring by the commercial structures, centralised monitoring is provided first by the Commitments Department and secondly by the Risk Department.

Reports are regularly sent to the auditing committee, the risk management committee, and the credit risk steering committee.



## Analysis of the Commitments Portfolio

### *Distribution of outstanding loans by market and by type of credit*

The distribution of the total outstanding loans by customer markets, as of 30 June 2016, reflects:

- The strategic positioning of the bank regarding the financing of the needs of individuals, and the particular needs of families, since personal loans represent 59% of total out-of-court loans;
- The high concentration of activity in housing loans, insofar as loans for production and the acquisition of housing account for 77% of the out-of-court outstanding loans of the bank;
- The right distribution of credit risks since outstanding loans to individuals represent more than half.

In the area of property development, the two regions of Greater Casablanca and of the Rabat region account for more than half of the total outstanding loans (out-of-court PI) of loans.

### Quality of the Credit Portfolio

The overall volume of outstanding receivables (CES) has been steadily declining since 2004. It rose from 15 billion dirhams at the end of 2004 to 3.03 billion dirhams as of 31 December 2017.

The CES rate stands at 5.63% as of 31 December 2017.

## **IV.2. Operational Risk**

### **a. Definition of Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel, or from internal systems or external events. This definition includes legal risk but excludes strategic risks and risks to reputation.

### **b. Organisation of Operational Risk Management**

In order to identify the full scope of the management of operational risks, the bank has implemented a dedicated software package and assured management actions driving for stakeholders in the processes of managing these risks. This software package allows for managing the workflow of incident reports (agencies and central entities), the formalisation of the results of self-evaluation exercises, and the monitoring of corrective action plans.

A report is sent regularly to the Steering Committee for Operational Risks and the Risk Management Committee, which allow a decision on the actions to be taken to reduce risks.

### **c. The Operational Continuity Plan**

The operational continuity plan is a documented action plan that outlines the procedures and systems required to continue or re-establish the operations of the institution in a planned manner in the event of operational disruptions.

Since its initial conception, the operational continuity plan currently covers the bank's vital processes. It is subject to continuous updating in the light of developments in the Bank's critical activities

### IV.3. Market Risk

#### a. Definition of Market Risk

The term market risk is defined as the risks of losses from changes in market prices. They cover:

- The interest rate risks and position risks on property holdings relating to the instruments included in the trading book;
- Foreign exchange risk and commodity risk incurred on all balance sheet and off-balance sheet items, other than those included in the trading book.

#### b. Organisation of Market Risk Management

##### Role of the Trading Room

The Trading Room manages the implementation of the bank's refinancing policy through the market, managing the treasury and securities portfolios of the bank, and managing the hedging of the foreign exchange position.

This entity participates in the development of the bank's refinancing strategy and is responsible for ensuring compliance with the limits and regulatory ratios relating to the activity of the Trading Room.

##### Role of the Risk Department

The Risk Department is responsible for the assessment of Market Risks. As such, it develops the risk strategy in terms of policies and limits on market risks and establishes monitoring and tracking indicators.

### IV.4. Asset-Liability Management

#### a. Evaluation of Interest Rate and Liquidity Risks

##### Assessment of Overall Interest Rate Risk

The difference between this NPV calculated using the current rates and the NPV calculated with these +100 pb rates makes it possible to deduce the sensitivity of the balance sheet to changes in interest rates.

A distinction is also made between ST sensitivity (maturities of less than 1 year), MT sensitivity (maturities between 1 and 7 years) and LT sensitivity (maturities greater than 7 years).

The application of this method as of 30 June 2016 indicates the bank's balance sheet is sensitive to a variation of +1% of the rate curves of -324 million MAD, or -8.44% of the regulatory required capital.

### Liquidity Risk Assessment

Monitoring of liquidity risk is assured via the assessment of immediately available cash and forecast cash flow.

Management of immediately available cash (short term) is ensured by the trade office. A daily dashboard is established by the bank's treasurer. It calculates the daily gap in cash based on the on the required monetary reserve, of our balance at BAM, incoming and outgoing cash flows from agencies and our borrowing/lending in the money market.

Liquidity management (MLT) is provided by the ALM unit. It connects with the following:

- Calculation of liquidity gaps (outstanding resources minus outstanding job resources) for each maturity period (1 month, 2 months, 3 months, 6 months, 1 year, 2 years ... 15 years and over 15 years);
- Presentation of the ALM dashboard to the ALM Committee including liquidity gaps;

The latter is obtained by using the amortisation schedules of contracts for contract positions, and the flow of liquidity rules for non-contract positions.

#### **b. Coverage Rate and Liquidity Gaps.**

The ALM Committee decides, if necessary, on measures to be taken to mitigate the fixed rate gaps and liquidity gaps and meet ALM limits. These key measures are the following:

- The launch of mortgage securitisation operations;
- The issuance of certificates of deposit;
- The launch of subordinated or conventional bonds operations;
- The use of the portfolio of treasury bills as means of coverage (assignment or acquisition based on need);
- The change in the structure of the portfolio of loans and borrowings regarding type and duration of loans;
- The use of lines of financing with financial intermediaries;
- The implementation, where appropriate, of refinancing commitments to core shareholders.

#### **c. Monitoring of Interest Rate Risk and Liquidity Risk**

The monitoring of the interest rate risk and liquidity is provided by the ALM Committee, through quarterly reporting.

In addition, the regular monitoring of these risks is ensured by the Risk Department. This monitoring is reinforced by the limits of exposure to these risks and a regular reporting system.

The risk data are aggregated periodically, so that Executive Management and the Board of Directors may provide an overall view of all interest rates and liquidity risks affecting CIH Bank. These data are presented to the ALM Committee, the Management Risk Committee, and to the Audit Committee.

#### IV.5. Ratio of Solvency and Risk-Weighted Assets

As of 31 December, 2017, pursuant to the provisions of Circular 14/G/2013 relating to the capital of credit institutions, CIH Bank's regulatory capital amounted to 4.95 billion MAD.

The solvency ratio stands at 16.07%.

Tier 1 capital amounts to 3.26 billion MAD, including 3.44 billion MAD of eligible equity instruments as CET1 and 755 million MAD of reserves and undistributed income. Deductions from core capital concern Intangible Assets including software for 147 million MAD and equity investments for an aggregate amount of 790 million MAD.

The Tier 1 capital ratio stands at 10.60%.

Tier 2 capital amounted to 1.68 billion MAD, consisting mainly of bonds issued for 1.91 billion MAD. Deductions from Tier 2 capital concern Intangible Assets including software for 147 million MAD and shares for an aggregated amount of 790 million MAD.

##### a. Credit Risk

Under the standardised approach, credit risk-weighted assets at the end of December 2017 amounted to 27.74 billion dirhams or 90% of all risks reported in equity, for an equity requirement of 2.22 billion dirhams.

##### b. Market Risk

In view of the situation set at the end of December 2017 of the Bank's foreign exchange position, the capital requirements for market risk amounted to 11.59 million MAD.

##### c. Operational Risk

In application of the "core indicator" approach, risk-weighted operational risk represents 2.89 billion MAD as of December 31, 2017 for a capital requirement of 231 million MAD.

#### **Notice:**

The above information constitutes a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under reference no. VI/EM/007/2018 on April 27<sup>th</sup> 2018

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