

# PROSPECTUS SUMMARY



## RCI FINANCE MOROCCO

### SUBORDINATED BONDS ISSUE FOR A TOTAL AMOUNT OF MAD 100,000,000

The AMMC-approved prospectus consists of:

- This securities note;
- RCI FINANCE MOROCCO's reference document for the 2022 financial year registered by the AMMC on September 21, 2023 under reference EN/EM/021/2023;
- Update no. 1 of RCI FINANCE MOROCCO's reference document relating to the 2022 financial year, registered by the AMMC on December 11, 2023 under reference EN/EM/032/2023.

|                           |  |
|---------------------------|--|
| Amount                    | MAD 100,000,000  |
| Number of shares          | 1,000 subordinated bonds   |
| Nominal value             | MAD 100,000  |
| Maturity                  | 10 years   |
| Face interest rate        | Annually revisable: For the first year, the face interest rate is the full 52-week rate (money market rate) determined based on the secondary market yield curve for Treasury bills as published by Bank Al-Maghrib on December 15, 2023, plus a risk premium of 170 basis points. |
| Principal repayment       | Bullet   |
| Risk premium              | 170 bps  |
| Repayment guarantee       | None   |
| Allocation method         | Pro rata auction   |
| Tradability of securities | Over-the-counter (off-market)  |

**Subscription period: December 18 to 20, 2023 inclusive**

**Issue reserved for qualified investors under Moroccan law as listed in this securities note**

#### Advisory Body

Attijari Finances Corp.



التجاري للاستشارة المالية  
Attijari Finances Corp.

#### Members of the placement syndicate



التجاري وفا بنك  
Attijariwafa bank



الشركة العامة  
SOCIETE GENERALE

#### APPROVAL BY THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of the AMMC circular, issued in application of article 5 of law no. 44-12 relating to public offerings and the information required from legal entities and bodies making public offerings, this prospectus was approved by the AMMC on December 11, 2023 under reference VI/EM/036/2023.

This securities note constitutes only part of the AMMC-approved prospectus. The latter comprises the following documents:

- This securities note;
- RCI FINANCE MOROCCO's reference document for the 2022 financial year registered by the AMMC on September 21, 2023 under reference EN/EM/021/2023;
- Update no. 1 of RCI FINANCE MOROCCO's reference document relating to the 2022 financial year, registered by the AMMC on December 11, 2023 under reference EN/EM/032/2023.

**DISCLAIMER**

The Moroccan Capital Market Authority (AMMC) approved, on December 11, 2023 under the reference VI/EM/035/2023, a prospectus relating to the subordinated bonds issue by RCI FINANCE Morocco.

The approval of the Moroccan Capital Market Authority (AMMC) relates to the prospectus comprising:

- This securities note;
- RCI FINANCE MOROCCO's reference document for the 2022 financial year registered by the AMMC on September 21, 2023 under reference EN/EM/021/2023;
- Update no. 1 of RCI FINANCE MOROCCO's reference document relating to the 2022 financial year, registered by the AMMC on December 11, 2023 under reference EN/EM/032/2023.

The AMMC-approved prospectus available at any time in the following locations:

- RCI FINANCE MOROCCO's registered office: 44, boulevard Khalid Ibnou Loualid - Casablanca. Phone: 05.22.76.97.54, and on its website: [www.rcifinance.ma](http://www.rcifinance.ma);
- Attijari Finances Corp.: 163, avenue Hassan II - Casablanca. Phone: 05.22.47.64.35.

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

This summary was translated by LISSANIAT firm under the joint responsibility of the said translator and RCI FINANCE MOROCCO. In the event of any discrepancy between the contents of this summary and the AMMC-approved prospectus, only the approved prospectus will prevail.

## **PART I: PRESENTATION OF THE OPERATION**

### **I. OBJECTIVES OF THE OPERATION**

The main purpose of this issue is to:

- reinforce current regulatory capital and, consequently, strengthen RCI FINANCE MOROCCO's solvency ratio;
- strengthen its stable resources and harmonize the average maturity of its financing sources with the average duration of outstanding loans;
- diversify funding sources and optimize financing costs;
- finance the company's development and growth.

### **II. STRUCTURE OF THE OFFER**

RCI FINANCE MOROCCO is planning to issue 1,000 subordinated bonds with a nominal value of MAD 100,000, having the following characteristics: subordinated bonds with a maturity of 10 years, at an annually revisable rate, not listed on the Casablanca Stock Exchange, for an amount of MAD 100,000,000 and a nominal value of MAD 100,000 each (bullet principal repayment).

In the event of failure to fully subscribe to the bond issue, subscriptions will be deemed null and void.

This issue is reserved for the qualified investors under Moroccan law mentioned in this securities note.

The purpose of limiting subscriptions to qualified investors under Moroccan law is to facilitate the management of subscriptions on the primary market. It is understood that any investor wishing to purchase the bonds may do so on the secondary market.

### **III. INFORMATION RELATING TO RCI FINANCE MOROCCO'S SUBORDINATED BONDS**

**Disclaimer:** *The subordinated bond differs from the ordinary bond in that the subordination clause defines the contractual ranking of the debt. In the event of liquidation of the issuer, the subordination clause makes repayment of the bond conditional on payment of all other conventional, preferred or unsecured debts.*

**Securities characteristics (annually revisable rate, 10-year maturity, bullet principal repayment, not listed on the Casablanca Stock Exchange)**

|  |   |
|--|---|
| <b>Nature of securities</b>              | Subordinated bonds not listed on the Casablanca Stock Exchange, fully dematerialized by book entry with authorized financial intermediaries and admitted to the operations of the central depository (Maroclear). |
| <b>Legal form</b>                        | Bearer bond   |
| <b>Amount</b>                            | MAD 100,000,000   |
| <b>Number of securities to be issued</b> | 1,000 subordinated bonds  |
| <b>Nominal value</b>                     | MAD 100,000   |
| <b>Issue price</b>                       | 100%, i.e., MAD 100,000   |
| <b>Repayment price</b>                   | 100%, i.e., MAD 100,000   |
| <b>Loan maturity</b>                     | 10 years  |
| <b>Subscription period</b>               | From December 18 to 20, 2023 inclusive  |



|  |   |
|--|---|
| <b>Dividend entitlement date</b>         | December 22, 2023   |
| <b>Maturity date</b>                     | December 22, 2033   |
| <b>Allocation method</b>                 | Pro rata auction  |
| <b>Face interest rate</b>                | <p><b>Annually revisable rate</b></p> <p>For the first year, the face interest rate is the full 52-week rate (money market rate), determined using the reference yield curve for the secondary market in Treasury bills, as published by Bank Al-Maghrib on December 15. This rate will be increased by a risk premium of 170 basis points.</p> <p>The reference rate and the face interest rates will be published by RCI FINANCE MOROCCO on its website and in a legal gazette on December 15, 2023.</p> <p>On each anniversary date, the reference rate is the full 52-week rate (money market rate) determined using the reference yield curve for the secondary market in Treasury bills published by Bank Al-Maghrib, preceding the coupon anniversary date by 5 business days.</p> <p>The reference rate thus obtained will be increased by a risk premium of 170 basis points and will be communicated by RCI FINANCE MOROCCO, via its website, to the bondholders and the representative of the bondholders' pool 5 business days prior to the anniversary date.</p> |
| <b>Reference rate calculation method</b> | <p>If the 52-week rate is not directly observable, RCI FINANCE MOROCCO will determine the reference rate by linear interpolation using the two points surrounding the full 52-week maturity (monetary basis).</p> <p>This linear interpolation will be made after converting the rate immediately above 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: maturity of the actuarial rate immediately above 52 weeks.</p> <p>*Exact number of days: 365 or 366 days.</p>  |
| <b>Risk premium</b>                      | 170 basis points  |
| <b>Interest rate determination date</b>  | <p>The coupon will be revised annually on the anniversary dates of the bond's maturity date.</p> <p>The new rate will be communicated by the issuer to bondholders and the representative of the bondholders' pool, via its website, 5 business days before the anniversary date.</p>   |

**Interests**

Interests will be paid annually on the anniversary of the dividend entitlement date, i.e., December 22 of each year. Payment will be made on the same day, or on the first business day following December 22 if this is not a business day. Interest on the subordinated bonds will cease to accrue from the date on which the principal is repaid by RCI FINANCE MOROCCO. No deferral of interest will be possible in connection with this operation.

Interest will be calculated in accordance with the following formula:

$[\text{Nominal} \times \text{Face interest rate} \times \text{Exact number of days} / 360]$ .

**Principal repayment**

The securities will be subject to bullet principal repayment.

In the event of a merger, demerger or partial transfer of RCI FINANCE MOROCCO's assets occurring during the term of the loan and resulting in the transfer of all assets and liabilities to a separate legal entity, the rights and obligations under the subordinated bonds will automatically be transferred to the legal entity substituted for the rights and obligations of RCI FINANCE MOROCCO.

In the event of the liquidation of RCI FINANCE MOROCCO, repayment of the capital is subordinated to all conventional, preferential or unsecured debts.

**Early repayment**

RCI FINANCE MOROCCO is prohibited from early repayment of the bonds covered by this securities note.

However, RCI FINANCE MOROCCO reserves the right to proceed, with the prior consent of Bank Al-Maghrib, to repurchase subordinated bonds on the secondary market, provided that legal and regulatory provisions so permit.

RCI FINANCE MOROCCO must offer the same prices in writing to all bondholders by means of a notice published in a legal gazette, and repurchase in proportion to those who accept, in accordance with the quantities held by each bondholder. In this case, the issuer will inform the AMMC and the bondholders' representative of the repurchase operation 5 trading days before the said operation.

Such repurchases will have no impact on subscribers wishing to keep their bonds until their normal maturity date, and will have no effect on the normal repayment schedule. Bonds repurchased will be cancelled and may not be put back into circulation.

In the event of repurchase, the issuer must inform the AMMC and the bondholders' representative of the bonds cancelled.

**Tradability of securities**

Tradable over-the-counter.

There are no restrictions imposed by the terms of issue on the free tradability of the subordinated bonds.



|                                  |   |
|----------------------------------|---|
| <b>Assimilation clauses</b>      | <p>There is no assimilation of the subordinated bonds covered by this securities note, with the securities of a previous issue.</p> <p>In the event that RCI FINANCE MOROCCO subsequently issues new securities enjoying rights identical in all respects to those of this issue, it may, without requiring the consent of the holders, provided that the issue contracts so provide, assimilate all the securities of successive issues, thereby unifying all operations relating to their management and trading.</p>   |
| <b>Loan rank / subordination</b> | <p>Capital and interest are subject to a subordination clause.</p> <p>The application of this clause in no way affects the rules of law concerning accounting principles for the allocation of losses, the obligations of shareholders and the rights of subscribers to obtain payment of their securities in principal and interest.</p> <p>In the event of the liquidation of RCI FINANCE MOROCCO, the repayment of the capital and interest of the subordinated securities of this issue will only take place after the payment of all traditional, preferential or unsecured creditors. These subordinated bonds will rank pari passu with all other subordinated bonds that may subsequently be issued by RCI FINANCE MOROCCO, both in Morocco and internationally, in proportion to their amount, if any.</p> |
| <b>Maintaining loan rank</b>     | <p>RCI FINANCE MOROCCO undertakes, until the effective repayment of all the securities of this loan, not to institute in favor of other subordinated securities that it may issue subsequently, any priority as to their repayment rank in the event of liquidation, without granting the same rights to the subordinated securities of this loan.</p>  |
| <b>Repayment guarantee</b>       | <p>This issue is not subject to any specific guarantee.</p>   |
| <b>Rating</b>                    | <p>No rating has been requested for this issue.</p>   |

### Representation of bondholders' pool

The Board of Directors meeting held on September 27, 2023 appointed HDID Consultants, represented by Mr. Mohamed Hdid, as provisional representative.

Within 6 months from the closing date of subscriptions, the provisional representative will convene the ordinary general meeting of bondholders to elect the representative of the bondholders' pool in accordance with the provisions of articles 301 and 301 bis of law 17-95 relating to public limited companies, as amended and supplemented.

In accordance with article 301 bis of law 17-95 relating to public limited companies, as amended and supplemented, it was decided to set the remuneration of the provisional representative and the representative of the bondholders' pool at MAD 20,000 (excl. tax) per year in respect of the pool.

In accordance with article 302 of the aforementioned law, the bondholders' representative has the power to carry out, in the name of the bondholders' pool, all management acts necessary to safeguard the common interests of the bondholders, subject to any restrictions decided by the general meeting of bondholders.

RCI FINANCE MOROCCO has no capital or business ties with HDID Consultants, represented by Mr. Mohamed Hdid.

In addition, HDID Consultants represented by Mr. Mohamed Hdid is the representative of the bondholders' pool of the issues carried out by RCI FINANCE MOROCCO in 2020 and 2023.

|                               |                              |
|-------------------------------|------------------------------|
| <b>Applicable law</b>         | Moroccan law.                |
| <b>Competent jurisdiction</b> | Casablanca Commercial Court. |

## IV. EVENT OF DEFAULT

An event of default (an "Event of Default") is the failure to pay all or part of the interest due by the Company on any Bond unless payment is made within 14 business days of the due date.

In the event of an Event of Default, the Representative of the Bondholders' Pool must promptly send a formal notice to the Company to remedy the Event of Default, with an order to pay any interest due by the Company within 14 business days of the formal notice.

If the Company fails to remedy the Event of Default within 14 business days from the date of receipt of the formal notice, the representative of the bondholders' pool may, after convening the general meeting of bondholders, and upon a decision of the latter ruling under the conditions of quorum and majority provided for by law and upon simple written notification sent to the Issuer, with a copy to the Paying Agent, and to the AMMC, render the entire issue due and payable, automatically triggering the obligation for the Company to repay the said Bonds in the principal amount, plus interest accrued since the last interest payment date, plus accrued interest not yet paid. The principal amount being the initial principal amount (initial nominal value x number of securities), or in the event of repayment, the outstanding principal amount.

## V. RISKS RELATING TO SUBORDINATED BONDS

- **Liquidity risk:** Subscribers to RCI FINANCE MOROCCO's subordinated bonds may be subject to a liquidity risk on the secondary market for private debt. Depending on market conditions (liquidity,



changes in the yield curve, etc.), the liquidity of RCI FINANCE MOROCCO's subordinated bonds may be temporarily affected;

- **Interest-rate risk:** The bond issue covered by this securities note has an annually revisable interest rate. As a result, the valuation of the securities may vary upwards or downwards, depending on changes in the reference yield curve for the Treasury Bill secondary market, as published by Bank Al Maghrib;
- **Subordination risk:** The bond issue is subject to a subordination clause, under which, in the event of liquidation of the issuer, repayment of the principal and interest on the subordinated securities of this issue will be made only after all traditional, preferred and unsecured creditors have been paid in full;
- **Risk of default:** The bonds covered by this securities note may present a risk that the issuer will not be able to meet its contractual obligations to bondholders, resulting in the non-payment of coupons and/or the non-repayment of principal.

## VI. OPERATION SCHEDULE

| Orders | Steps  | Date              |
|--------|--|-------------------|
| 1      | Obtaining AMMC approval  | December 11, 2023 |
| 2      | Publication of the prospectus extract on the issuer's website                                      | December 11, 2023 |
| 3      | Publication by issuer of press release in a legal gazette  | December 12, 2023 |
| 4      | Observation of reference rate  | December 15, 2023 |
| 5      | Publication of reference rate and face interest rate on issuer's website                           | December 15, 2023 |
| 6      | Publication of reference rate and face interest rate in a legal gazette                            | December 15, 2023 |
| 7      | Opening of subscription period   | December 18, 2023 |
| 8      | Closing of subscription period   | December 20, 2023 |
| 9      | Allocation of securities   | December 20, 2023 |
| 10     | Settlement / Delivery  | December 22, 2023 |
| 11     | Publication by the issuer of the operation results and rates in a legal gazette and on its website | December 22, 2023 |



## **PART II: ABOUT RCI FINANCE MOROCCO**

### **I. GENERAL INFORMATION**

|   |  |
|---|--|
| <b>Corporate name</b>   | RCI Finance Morocco  |
| <b>Registered office</b>  | 44, Boulevard Khalid Ibnou Loualid, Ain Sbaa, Casablanca   |
| <b>Phone / Fax</b>  | Phone: (212) 5 22 76 97 54<br>Fax:(212) 5 22 34 98 85  |
| <b>Website</b>  | <a href="http://www.rcifinance.ma">www.rcifinance.ma</a>   |
| <b>Legal form</b>   | Public limited company with a Board of Directors, governed by law 17-95 on public limited companies, as amended and supplemented, and by law 103-12 on credit institutions and similar bodies.   |
| <b>Date of incorporation</b>  | 10/03/2007   |
| <b>Life span</b>  | The company's term is 99 years from the date of registration in the Commercial Register, unless dissolved early or extended in accordance with the Articles of Association or the law.   |
| <b>Commercial register no.</b>  | 171 495, Casablanca court  |
| <b>Financial year</b>   | From January 1 to December 31  |
| <b>Corporate purpose</b>  | <p>According to article 2 of the articles of association, the company's purpose is:</p> <ul style="list-style-type: none"> <li>▪ Factoring operations, in particular through the collection and/or mobilization of trade receivables;</li> <li>▪ Leasing, rental with purchase option and similar operations;</li> <li>▪ Consumer credit operations;</li> <li>▪ The acquisition of direct or indirect interests, either on its own behalf or on behalf of third parties, or in joint ventures with any natural or legal person in any form whatsoever, in all transactions involving the creation of new companies, contributions, subscriptions or purchases of securities or corporate rights, mergers, alliances, associations or otherwise;</li> <li>▪ And, more generally, any financial, commercial, industrial, real estate, securities or other transactions directly or indirectly related in whole or in part to the corporate purpose described above and to any similar or related purpose likely to facilitate or promote the development of the company and its business.</li> </ul> |
| <b>Share capital as of 09/30/2023</b>                                     | MAD 289,783,500 divided into 2,897,835 shares of MAD 100 each.   |
| <b>Legal documents consultation</b>                                       | The company's legal documents, in particular its articles of association, minutes of general meetings and auditors' reports, may be consulted at the registered office of RCI Finance Morocco.   |
| <b>Legislative and regulatory texts applicable to RCI Finance Morocco</b> | <p><b>Legislation governing RCI Finance Morocco by virtue of its legal form:</b></p> <p>The company is governed by Moroccan law, Law no. 17-95 on public limited companies, as amended and supplemented.</p> <p><b>Texts governing RCI Finance Morocco by virtue of its activity:</b></p> <ul style="list-style-type: none"> <li>▪ Law 103-12 governing credit institutions and similar bodies.</li> </ul> <p><b>Texts governing RCI Finance Morocco as regards its issuance of Financing Company Bonds:</b></p> <ul style="list-style-type: none"> <li>▪ Law no. 43-12 relating to the AMMC;</li> <li>▪ Law 44-12 relating to public offerings and the information required from legal entities and bodies making public offerings, promulgated by Dahir no. 1-12-55 of Safar 14, 1434 (December 28, 2012);</li> <li>▪ The provisions of law no. 35-94 relating to certain negotiable debt securities, as amended and supplemented;</li> </ul>  |

- Law no. 35-96 relating to the creation of a central depository and the introduction of a general system for the book-entry of certain securities, as amended and supplemented;
- The general regulations of the central depository, approved by Order No. 932-98 of the Minister of the Economy and Finance, dated April 16, 1998, and amended by Order No. 1961-01 of the Minister of the Economy, Finance, Privatization and Tourism, dated October 30, 2001;
- The decree of the Minister of Finance and External Investments relating to certain negotiable debt securities no. 2560-95 dated November 9, 1995, as amended and supplemented;
- AMMC's general regulations approved by Minister of Economy and Finance order no. 2169-16 of July 14, 2016;
- AMMC circulars.

**Tax system**

RCI Finance Morocco's tax system is governed by current commercial and tax legislation applicable to finance companies. In 2022, the corporate income tax rate applicable to RCI Finance Morocco was 37%. Under the 2023 General Tax Code, the corporate income tax rate applied to credit institutions and similar bodies will change as follows: 37.75% in 2023, 38.50% in 2024, 39.25% in 2025 and 40% from January 2026.

With regard to VAT, a rate of 10% is applied to the depreciable credit business and 20% to the leasing business.

**Competent court in case of dispute**

Casablanca Commercial Court.

## II. INFORMATION ON THE ISSUER'S CAPITAL

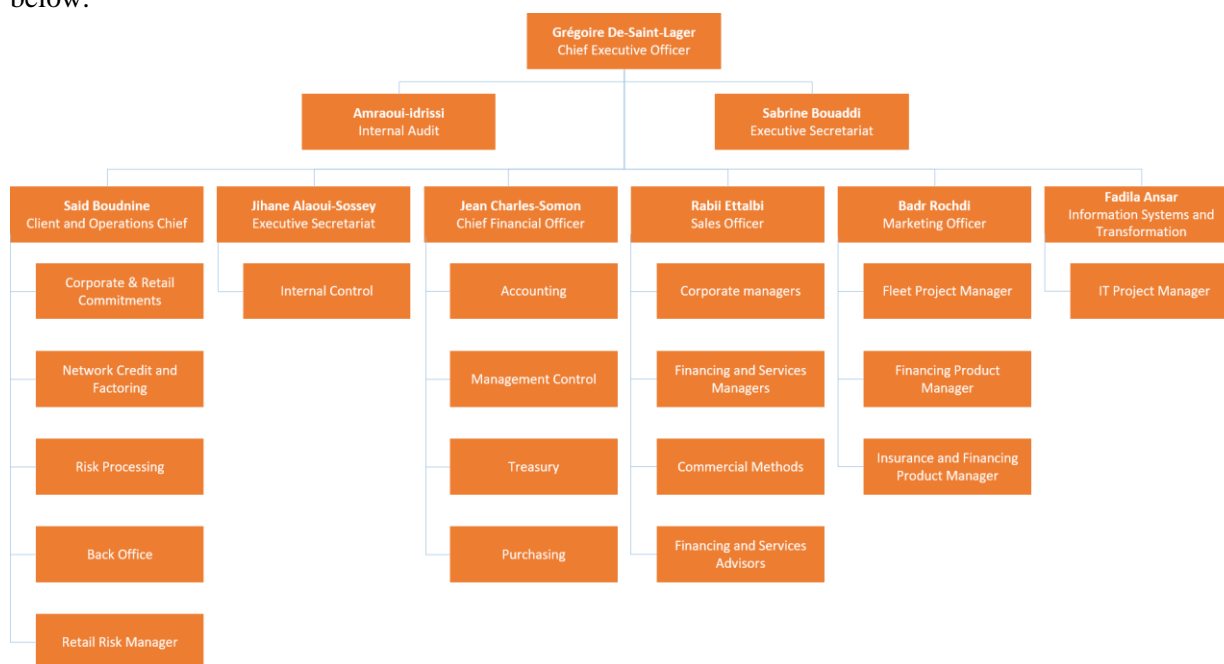
As of September 30, 2023, the company's share capital stood at MAD 289,783,500.00, fully paid up. It is divided into 2,897,835 shares with a nominal value of MAD 100 each.

RCI Finance Morocco's shareholder structure as of September 30, 2023 is presented below:

| Shareholders                  | September -23                           |                                |
|-------------------------------|---|--------------------------------|
|                               | Number of shares and voting rights held | % of capital and voting rights |
| RCI Bank                      | 2 897 832                               | 99.99%                         |
| Grégoire De-Saint-Lager       | 1                                       | 0.00%                          |
| Carlos Thomas De-La-Torre-Gil | 1                                       | 0.00%                          |
| Xavier Derot                  | 1                                       | 0.00%                          |
| <b>Total</b>                  | <b>2 897 835</b>                        | <b>100.00%</b>                 |

### III. ORGANIZATION CHART OF THE ISSUER

As of September 30, 2023, RCI FINANCE MOROCCO's functional organization chart is presented below:



### IV. ACTIVITY OF THE ISSUER

#### IV.1. Trend in net production

| Net production                           | H1.2022      |             | H1.2023      |             | Var. H1.23/H1.22 |
|--|--------------|-------------|--------------|-------------|------------------|
|  | In MMAD      | In %        | In MMAD      | In %        |                  |
| <b>Restricted loans</b>                  |              |             |              |             |                  |
| <b>Vehicles</b>                          | <b>1 154</b> |             | <b>1 123</b> |             | <b>-2.73%</b>    |
| <i>Car loan</i>                          | 777          | 67,3%       | 733          | 65,3%       | -5.62%           |
| <i>LOA</i>                               | 378          | 32,7%       | 390          | 34,7%       | 3.20%            |
| <i>MOURABAHA</i>                         |              |             |              |             |                  |
| <b>Household equipment</b>               |              |             |              |             |                  |
| <b>Other</b>                             |              |             |              |             |                  |
| <b>Unrestricted loans</b>                |              |             |              |             |                  |
| <b>Personal loans</b>                    |              |             |              |             |                  |
| <i>PPR and CMR withdrawals Agreement</i> |              |             |              |             |                  |
| <i>Direct debits</i>                     |              |             |              |             |                  |
| <b>Revolving</b>                         |              |             |              |             |                  |
| <b>TOTAL</b>                             | <b>1 154</b> | <b>100%</b> | <b>1 123</b> | <b>100%</b> | <b>-2.73%</b>    |

Source: RCI FINANCE MOROCCO

#### H1 2022 - H1 2023 analytical review:

For the first half of the 2023 financial year, RCI Finance Morocco's net production stood at MAD 1,123 million, representing a decline of 2.7% compared with the same period in 2022.

Over the H1 2022 - H1 2023 period, RCI Finance Morocco's average net production amounted to approximately MAD 1.1 billion, of which conventional car loans represented 66% on average.

Over the period under review, LOA accounted for an average 34% of total net production.



## IV.2. Trend in gross outstandings

| Gross outstandings             | 2022         |             | H1.2023      |             | Var. H1.23/22  |
|--------------------------------|--------------|-------------|--------------|-------------|----------------|
|                                | In MMAD      | In %        | In MMAD      | In %        |                |
| <b>Restricted loans</b>        |              |             |              |             |                |
| <b>Vehicles</b>                | <b>5 737</b> |             | <b>5 237</b> |             | <b>-10.18%</b> |
| <i>Car loan</i>                | 3 244        | 56,5%       | 3 404        | 65,00%      | 8.46%          |
| <i>LOA</i>                     | 2 493        | 43,4%       | 1 833        | 35,00%      | -31.92%        |
| <i>MOURABAHA</i>               |              |             |              |             |                |
| <b>Household equipment</b>     |              |             |              |             |                |
| <b>Other</b>                   |              |             |              |             |                |
| <b>Unrestricted loans</b>      |              |             |              |             |                |
| <b>Personal loans</b>          |              |             |              |             |                |
| <i>PPR and CMR withdrawals</i> |              |             |              |             |                |
| <i>Agreement</i>               |              |             |              |             |                |
| <i>Direct debits</i>           |              |             |              |             |                |
| <b>Revolving</b>               |              |             |              |             |                |
| <b>TOTAL</b>                   | <b>5 737</b> | <b>100%</b> | <b>5 237</b> | <b>100%</b> | <b>-10.18%</b> |

Source: RCI FINANCE MOROCCO

### H1 2022 - H1 2023 analytical review:

Over the 2022 - H1 2023 period, RCI Finance Morocco's gross outstandings consist exclusively of outstandings on conventional car loans and on leases with purchase options ("LOA").

On average over the 2022 - H1 2023 period, conventional car loans account for 59% of gross outstandings. The remainder (41%) is LOA.

## IV.3. Trend in net outstandings

| Net outstandings               | 2022         |             | H1.2023      |             | Var. H1.23/22  |
|--------------------------------|--------------|-------------|--------------|-------------|----------------|
|                                | In MMAD      | In %        | In MMAD      | In %        |                |
| <b>Restricted loans</b>        |              |             |              |             |                |
| <b>Vehicles</b>                | <b>5 087</b> |             | <b>4 563</b> |             | <b>-10.85%</b> |
| <i>Car loan</i>                | 2 703        | 53,1%       | 2 833        | 62,1%       | 10.16%         |
| <i>LOA</i>                     | 2 385        | 46,9%       | 1 730        | 37,9%       | -32.06%        |
| <i>MOURABAHA</i>               |              |             |              |             |                |
| <b>Household equipment</b>     |              |             |              |             |                |
| <b>Other</b>                   |              |             |              |             |                |
| <b>Unrestricted loans</b>      |              |             |              |             |                |
| <b>Personal loans</b>          |              |             |              |             |                |
| <i>PPR and CMR withdrawals</i> |              |             |              |             |                |
| <i>Agreement</i>               |              |             |              |             |                |
| <i>Direct debits</i>           |              |             |              |             |                |
| <b>Revolving</b>               |              |             |              |             |                |
| <b>TOTAL</b>                   | <b>5 087</b> | <b>100%</b> | <b>4 563</b> | <b>100%</b> | <b>-10.85%</b> |

Source: APSF statistics

### H1 2022 - H1 2023 analytical review:

Over the 2022 - H1 2023 period, conventional car loans and LOA represent, on average, 56% and 44% of net outstandings respectively.

## V. CONSOLIDATED FINANCIAL STATEMENTS

### V.1. Consolidated balance sheet

| Assets  | 2022             |                | H1.2023          |                | Var.<br>H1.23/22 |
|---|------------------|----------------|------------------|----------------|------------------|
|   | In KMAD          | In %           | In KMAD          | In %           |                  |
| Cash in hand, Central banks, Public treasury, Postal cheque service | 1 465            | 0.02%          | 3 762            | 0.05%          | 156.82%          |
| Loans and advances to credit institutions and similar entities      | 473 281          | 6.98%          | 737 271          | 10.12%         | 55.78%           |
| <i>Demand</i>   | 406 188          | 5.99%          | 228 124          | 3.13%          | -43.84%          |
| <i>Term</i>   | 67 094           | 0.99%          | 509 147          | 6.99%          | >100%            |
| Client receivables  | 4 312 815        | 63.64%         | 4 596 074        | 63.09%         | 6.57%            |
| Cash and consumer loans   | 4 240 671        | 62.58%         | 4 532 597        | 62.22%         | 6.88%            |
| Other loans   | 72 144           | 1.06%          | 63 477           | 0.87%          | -12.01%          |
| Leasing and rental operations                                       | 1 812 513        | 26.75%         | 1 783 094        | 24.48%         | -1.62%           |
| Receivables acquired through factoring                              | 6 035            | 0.09%          | 6 035            | 0.08%          | 0.00%            |
| Trading and investment securities                                   | -                | 0.00%          | -                | 0.00%          | -                |
| Other assets  | 170 046          | 2.51%          | 158 051          | 2.17%          | -7.05%           |
| Intangible fixed assets   | -                | 0.00%          | -                | 0.00%          | -                |
| Tangible fixed assets   | 647              | 0.01%          | 544              | 0.01%          | -15.91%          |
| <b>Total Assets</b>   | <b>6 776 802</b> | <b>100.00%</b> | <b>7 284 831</b> | <b>100.00%</b> | <b>7.50%</b>     |

Source: RCI FINANCE MOROCCO

| Liabilities  | 2022             |                | S1.2023          |                | Var.<br>H1.23/22 |
|--|------------------|----------------|------------------|----------------|------------------|
|  | In KMAD          | In %           | In KMAD          | In %           |                  |
| Payables to credit institutions and similar entities | 2 996 868        | 44.22%         | 3 283 299        | 45.07%         | 9.56%            |
| <i>Demand</i>  | 31 557           | 0.47%          | 47 006           | 0.65%          | 48.95%           |
| <i>Term</i>  | 2 965 311        | 43.76%         | 3 236 293        | 44.43%         | 9.14%            |
| Client deposits                                      | -                | 0.00%          | -                | 0.00%          | -                |
| Debt securities in issue                             | 1 859 269        | 27.44%         | 2 167 479        | 29.75%         | 16.58%           |
| Other liabilities                                    | 905 770          | 13.37%         | 772 768          | 10.61%         | -14.68%          |
| Provisions for liabilities and charges               | 92 290           | 1.36%          | 106 905          | 1.47%          | 15.84%           |
| Regulated provisions                                 | -                | 0.00%          | -                | 0.00%          | -                |
| Subordinated debt                                    | 68 000           | 1.00%          | 68 000           | 0.93%          | 0.00%            |
| Shareholders' equity                                 | 854 605          | 12.61%         | 886 380          | 12.17%         | 3.72%            |
| <i>Share capital</i>                                 | 289 784          | 4.28%          | 289 784          | 3.98%          | 0.00%            |
| <i>Retained earnings</i>                             | 488 889          | 7.21%          | 564 495          | 7.75%          | 15.47%           |
| <i>Net income</i>                                    | 75 933           | 1.12%          | 32 101           | 0.44%          | -57.72%          |
| <b>Total Liabilities</b>                             | <b>6 776 802</b> | <b>100.00%</b> | <b>7 284 831</b> | <b>100.00%</b> | <b>7.50%</b>     |

Source: RCI FINANCE MOROCCO

## V.2. Consolidated income statement

| In KMAD  | H1.2022        | H1.2023        | Var<br>H1.23/S1.22 |
|--|----------------|----------------|--------------------|
| <b>Income from banking operations</b>  | <b>262 543</b> | <b>304 137</b> | <b>15.84%</b>      |
| Interest and similar income on transactions with credit institutions               | 3 565          | 7 997          | >100%              |
| Interest and similar income on client transactions                                 | 121 790        | 150 108        | 23.25%             |
| Income from property titles  | -              | -              | -                  |
| Income from leased and rented fixed assets   | 53 159         | 65 608         | 23.42%             |
| Commissions on services  | 83 984         | 80 423         | -4.24%             |
| Other banking income   | 45             | -              | -100.00%           |
| <b>Banking operating expenses</b>  | <b>71 855</b>  | <b>89 011</b>  | <b>23.88%</b>      |
| Interest and similar expenses on transactions with credit institutions             | 39 190         | 52 710         | 34.50%             |
| Interest and similar expenses on debt securities in issue                          | 29 601         | 24 683         | -16.62%            |
| Other banking expenses   | 3 063          | 11 619         | >100%              |
| <b>Net banking income</b>  | <b>190 689</b> | <b>215 125</b> | <b>12.81%</b>      |
| Non-banking operating income   | -              | 624            | -                  |
| Non-banking operating expenses   | -              | -              | -                  |
| <b>General operating expenses</b>  | <b>93 719</b>  | <b>98 699</b>  | <b>5.31%</b>       |
| Personnel expenses   | 15 888         | 13 952         | -12.18%            |
| Taxes and duties   | 5 643          | 7 890          | 39.82%             |
| External expenses  | 70 966         | 75 175         | 5.93%              |
| Other general operating expenses   | 1 143          | 1 579          | 38.07%             |
| Depreciation, amortization and provisions for tangible and intangible fixed assets | 79             | 103            | 30.07%             |
| <b>Provisions and losses on bad debts</b>  | <b>77 154</b>  | <b>52 761</b>  | <b>-31.62%</b>     |
| Provisions for past-due receivables and commitments by signature                   | 74 180         | 37 650         | -49.24%            |
| Losses on bad debts  | 1 068          | 495            | -53.62%            |
| Other allowances   | 1 906          | 14 615         | >100%              |
| <b>Reversals of provisions and recovery of written-off receivables</b>             | <b>29 282</b>  | <b>11 553</b>  | <b>-60.55%</b>     |
| Reversals of provisions for past-due receivables and commitments by signature      | 28 947         | 11 551         | -60.10%            |
| Recovery of written-off receivables  | 60             | 2              | -96.84%            |
| Other reversals of provisions  | 276            | -              | -100.00%           |
| <b>Current income</b>  | <b>49 098</b>  | <b>75 842</b>  | <b>54.47%</b>      |
| Non-current income   | 1 316          | 2              | -99.82%            |
| Non-current expenses   | 1 200          | 2              | -99.81%            |
| <b>Income before tax</b>   | <b>49 214</b>  | <b>75 842</b>  | <b>54.11%</b>      |
| Income tax   | 29 824         | 43 741         | 46.66%             |
| <b>Net income for the fy</b>   | <b>19 390</b>  | <b>32 101</b>  | <b>65.56%</b>      |

Source: RCI FINANCE MOROCCO

## VI. RISK FACTORS

### VI.1. Client risk

This risk corresponds to the risk that a counterparty will be unable to honor its commitments to the bank.

RCI Finance Morocco has set up upstream client knowledge and rating systems to control this risk:

- Improved credit risk assessment by the Risk Department prior to the Risk Committee meeting;
- Client and transaction rating system;
- Collegial decision-making by the Risk Committee;
- Compliance with limits set by the Board of Directors for each business sector and type of equipment;



- Credit risk reporting with exposures by type of asset, client segment, etc.;
- Review of loss ratios;
- Review of risk division ratios.

RCI Finance Morocco's activity is increasingly focused on legal entities, whose risk is higher than that of natural persons. The shift in the sales mix of Renault and Dacia, and therefore in RCI's financing production, in favor of legal entities has led to an increase in risk. The risk remains under control, thanks in particular to strengthened collection processes.

#### **VI.2. Exit rate risk**

RCI Finance Morocco's profitability is linked to changes in TMIC, which caps the maximum exit rate to be applied by companies in the sector, and consequently their margins.

Following the publication of Bank Al-Maghrib circular no. 19/G/2006, TMIC is adjusted on April 1 of each year by the variation in the 6-month and 1-year bank deposit rate recorded during the previous calendar year.

The continual fall in TMIC since 1997 has had a negative impact on the profitability of the sector, particularly for smaller structures, which have been forced to squeeze margins in parallel with the increase in refinancing costs and the fall in TMIC.

#### **VI.3. Refinancing rate risk**

Interest-rate risk is an inherent part of every credit institution's activity. A rise in market interest rates would increase refinancing costs. Interest-rate risk is the risk of unfavorable interest-rate trends, particularly in the event of a sharp change in market parameters, which could significantly reduce the subsidiary's profitability.

To best assess this risk, and in addition to overall monitoring, interest-rate risk is also monitored on the basis of three maturity segments of the refinancing portfolio:

- 3-month segment: < 3 months
- 1-year segment: > 3 months and < 1 year
- More than one year segment: > 1 year

RCI is not exposed to variable-rate risk, since it refinances only at fixed rates<sup>1</sup>.

#### **VI.4. Liquidity risk**

In order to ensure financing for its clients at all times, RCI Finance Morocco determines its net liquidity requirements on a monthly basis. Liquidity is monitored at monthly Finance Committee meetings attended by RCI Finance Morocco's Chief Financial Officer, Renault Morocco's Treasurer and the heads of RCI Bank and Services' Financing & Treasury function. RCI Finance Morocco adopts a very strict policy of matching assets and liabilities to resources, in line with Renault Group international standards.

#### **VI.5. Risk of regulatory changes**

The consumer credit sector is governed by various pieces of legislation that regulate the entire business and determine its profitability.

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<sup>1</sup> With the sole exception of the subordinated bond issued in December 2020, for which this risk is present.

In 2008, the new finance law changes the situation for leasing companies and LOA operators. As of January 1, 2008, the VAT charged to clients on LOA transactions rose from 10% to 20%. This makes the product less attractive.

In addition, four major changes to the regulatory framework marked the consumer credit sector in 2010 - 2013:

- A consumer protection law was enacted in February 2011;
- From July 2011, finance companies will be authorized to market death and disability insurance products backed by credit and leasing operations;
- Changes to the conditions for granting CMR loans;
- The solvency ratio was raised to 12% by the end of June 2013 at the latest under circular no. 7/G/12 of April 19, 2012.

Finally, on January 1, 2013, the 2013 Finance Act implemented a VAT rate of 20% on Residual Values of vehicles financed by leasing (LOA/Leasing). This change put an end to the attractiveness of LOA financing with security deposits and high Residual Values. RCI Finance Morocco now markets leasing products with low Residual Values.

The 1/W/16 circular published on June 10, 2016 obliges credit institutions to comply with new minimum requirements:

- The amount of core capital must, at all times, be at least equal to 8% of weighted risks;
- The amount of Tier 1 capital must, at all times, be at least equal to 9% of weighted risks;
- The amount of Tier 1 and Tier 2 capital must at all times be at least equal to 12% of weighted risks;

Under the same circular, Bank Al-Maghrib may also require credit institutions to build up a "counter-cyclical capital cushion" on an individual and/or consolidated basis.

RCI Finance Morocco is constantly adapting to any changes in regulations, and has a legal and tax watch service outsourced to a firm and treated as an Outsourced Essential Service (EES).

#### **VI.6. Fiscal risk**

The fiscal risk would arise from a different interpretation of the fiscal rules applicable to credit institutions between RCI Finance Morocco and the tax authorities. To mitigate this risk, RCI Finance Morocco uses the services of a legal and tax consultancy. The latter regularly monitors developments and informs the Company of any changes or potential impacts on its business. The firm is also often called upon to carry out specific studies, for example, in connection with new product launches. Finally, RCI Finance Morocco benefits from the assistance, where necessary, of the Tax Department of its parent company, RCI Bank SA, which is also called upon and involved in the validation process for any new activity.

#### **VI.7. Early repayment risk**

The fall in the TMIC encourages early repayment of existing loans, enabling civil servant clients and approved organizations to benefit from a new loan at a more favorable interest rate. This practice remains minor due to RCI Finance Morocco's positioning on loans earmarked for automobile financing.

#### **VI.8. Operational risk**

Operational risk is the risk of loss resulting from deficiencies or failures inherent in internal procedures, personnel and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risk.



RCI Finance Morocco in its capacity as a financing organization is subject to Bank Al Maghrib regulations, specifically the obligations relating to internal control and risk management systems (in ref to Circular No. 4/W/2014).

#### Overall organization of Internal Control

RCI Finance Morocco's internal control system has been transposed from that of RCI Bank, and complies with local regulatory requirements. It is validated within the framework of Group Internal Control and by the Board of Directors on a half-yearly basis.

The internal control system is structured around three levels of control:

- The 1<sup>st</sup> and 2<sup>nd</sup> levels are permanent controls.
- The 3<sup>rd</sup> level is periodic control.

#### Global risk management system

RCI Finance Morocco has set up control systems for each of the various risks to which the Group is exposed. These different risks and the associated control systems are the subject of an operational risk map, which is assessed and updated annually. Action plans are put in place in the event of deviations from the required level of control for each risk event.

Since 2016, RCI Group has implemented a general risk governance policy based on the notion of risk appetite and which, in addition to the operational risks inherent in the various activities, lists all the major risks and decides on the necessary reinforcements to be followed to deal with them. These reinforcements may concern:

- ✓ Compliance with banking regulations
- ✓ Compliance with commercial practices
- ✓ Monitoring developments in financial services distribution rules
- ✓ Control of partnerships / JVs
- ✓ Protection of personal data and information systems security

#### **VI.9. Risk of dependence on Renault sales in Morocco**

The risk of dependence on Renault sales in Morocco is inherent in RCI Finance Morocco's "captive" business.

By definition, RCI Finance Morocco's "captive" business model implies dependence on the automaker's sales. However, while the automaker's annual financial results are linked to the year's sales, RCI's are the result of a client portfolio built up over several years, reducing its volatility. In addition, RCI has other levers of profitability, such as services, insurance and used-vehicle financing.

#### **VI.10. Risk related to the composition of RCI's client portfolio**

The risk associated with the composition of RCI's client portfolio is diluted by the diversity of typologies: individuals, retailers, companies, dealers, etc. Changes in the production mix may give rise to real-time adjustments in pricing or acceptance policy to mitigate the risk.

#### **VI.11. Risk related to the concentration of certain dealers in RCI's network outstandings**

The top 3 dealers account for 28% of RCI Finance Morocco's average "network" healthy outstandings as of end June 2023.

In addition, for all dealer exposures exceeding 20% of its equity, RCI Finance Morocco has the overexposure covered by a bank guarantee from RCI Bank SA.

Average network outstandings represented 19.7% of RCI's average outstandings as of end June 2023 (versus 17.7% as of end-2022). Network financing represents only part of RCI Finance Morocco's

business. RCI Finance Morocco has a diversified business that also includes financing and service offers for clients (individuals and professionals).

#### **VI.12. Currency risk**

Currency risk is close to zero, as RCI Finance Morocco's overall borrowing and lending position is in Moroccan dirhams. Only the subordinated loan with RCI Bank SA was contracted in euros, but immediately converted into Moroccan dirhams. The foreign exchange risk to which RCI is exposed relates solely to the subordinated loan's annual payments in euros.

The issuer has no other flows that expose it to currency risk.

#### **VI.13. Risks related to the environment and climate change**

No environmental or climate change risks identified for RCI Finance.

### **DISCLAIMER**

**The information provided above constitutes only part of the AMMC-approved prospectus dated December 11, 2023 under reference VI/EM/036/2022. The Moroccan Capital Market Authority (AMMC) recommends reading the entire prospectus, which is available to the public in the French language.**