AUTORITÉ MAROCAINE DU MARCHÉ DES CAPITAUX

Admissibility Decision of the Mandatory Takeover Bid project on Crédit du Maroc shares launched by Holmarcom Finance Company and AtlantaSanad

Pursuant to the provisions of Article 31 of Law No. 26-03 relating to public offers on the stock market as amended and supplemented, the AMMC examined the Mandatory Takeover Bid project on Crédit du Maroc (CDM) shares filed on December 9th 2022, by Holmarcom Finance Company and AtlantaSanad.

Following this filing, the AMMC has requested, according to the provisions of article 30 of the aforementioned Law, the Casablanca Stock Exchange to proceed with the suspension of trading on Crédit du Maroc shares.

1- The general framework of the operation

On December 6th 2022, Holmarcom Finance Company and AtlantaSanad acquired respectively 50.9% and 12.8% of the capital and voting rights of Crédit du Maroc. Due to shareholding relationship between these companies, they are presumed to be acting in concert according to article 10 of the aforementioned law.

Consequently, the aforementioned acquisition has resulted in the crossing by Holmarcom Finance Company and AtlantaSanad of the threshold of 40% voting rights of Crédit du Maroc, which triggers the obligation to file a Takeover Bid on the latter in accordance with article 18 of the law No 26-03.

CRÉDIT DU MAROC equity and voting rights distribution before the takeover offer filing is as follows:

Shareholder	Number of shares	Share of equity and voting rights in %
Holmarcom Finance Company	5 538 538	50,90%
AtlantaSanad	1 392 744	12,80%
Crédit Agricole SA Group	1 632 182	15,00%
Wafa Assurance	1 168 523	10,74%
Divers actionnaires	1 149 227	10,56%
Total	**10 881 214**	**100,0%**

2- Terms of the offer

The mandatory Takeover Bid targets the acquisition of CRÉDIT DU MAROC shares that are not held by Holmarcom Finance Company and AtlantaSanad, that is 1 149 227 shares representing 10.56% of the capital and voting rights of CRÉDIT DU MAROC, given that Wafa Assurance and Crédit Agricole have committed to not tender their shares to the takeover.

The initiators offer other shareholders of CRÉDIT DU MAROC to acquire their shares at a price of 502 MAD per share. The shareholders of Crédit Du Maroc will have the possibility to tender, in whole or in part, their shares to the Offer.

In agreement between the intiators, Holmarcom Finance Company is committed to acquire all shares tendered to the offer, being understood that all the initiators remain jointly responsible for their obligations under the law No 26-03.

Given the mandatory nature of the Offer, no waiver threshold is envisaged by the initiators in the context of the Offer. The initiators undertake to acquire firmly and irrevocably all the shares tendered to the offer.

3- Intentions of the initiators :

Except the acquisition of 1 632 182 shares of Crédit du Maroc by Holmarcom Finance Company from Crédit Agricole as part of a second acquisition to take place at the end of a period of eighteen (18) months, the Initiators do not intend to continue the purchase of Crédit du Maroc securities after the closing of the Public Offer.

4- Examination of admissibility :

With reference to the provisions of Articles 13 and 32 of the aforementioned law, the AMMC has assessed the proposed mandatory Takeover Bid in terms of the following:

- **The characteristics of the proposed offer**

The AMMC has examined the characteristics of the proposed offer with regards to the principles set out in the aforementioned article 13 and in particular the principles of transparency and equal treatment of shareholders. As such, the AMMC noted that the equal treatment requirement is met to the extent that the offer targets all shares of CDM that are not held by the initiators, or by Wafa Assurance and Crédit Agricole who have committed to not tender their shares to the takeover.

In addition, the multi-criteria analysis used for pricing has been reviewed by the AMMC and assessed as follows:

- **Reference transactions method:** this method consists of valuing a company on the basis of the prices of recent transactions on its equity. The acquisition on December 6th, 2022 by the companies Holmarcom Finance Company and AtlantaSanad of 6,931,282 Crédit du Maroc shares was carried out at a price of 545.20 MAD per share. This price including a premium reflecting the exclusive control and granting by Crédit Agricole of asset and liability guarantees to the initiators, it was discounted by 15%. The value of CDM share which results from this method is **463 MAD** ;
- **Stock prices approach**: this method consists of analyzing the volume weighted average stock prices of CDM shares over a 24 months period before April 26th 2022, date of conclusion of the agreement between Crédit Agricole S.A. and the Holmarcom group relating to the sale of its 78.7% stake in the capital of Crédit du Maroc. The value of CDM share which results from this method is **481 MAD ;**
- **Dividend Discounted Model (DDM) :** the valuation is carried out on the basis of the future flows of dividends distributable by the bank, taking into account regulatory requirements in terms of solvency, discounted at the weighted average cost of capital, increased by a discounted terminal value and taking into account a 20% discount. The application of this method results in a price per share of **443 MAD ;**
- **Stock market comparables method:** the valuation is carried out on the basis of the multiples observed on a national sample composed of banks listed on the Casablanca Stock Exchange. The P/B (Price to Book) multiple was used for this valuation. The value of the Crédit Du Maroc share resulting from the application of this method is **662 MAD.**

A summary of the valuation is included in the following table:

Method	Value per share (dhs)	weighting
Reference transactions method	463	20%
Stock prices approach	481	30%
Dividend Discounted Model (DDM)	443	30%
Stock market comparables	662	20%
Valuation methods average	**502**	**100%**

The price per share set in the framework of this Takeover bid is **502 MAD.**

Given the foregoing, the AMMC considers the methods used as relevant and commonly used and based on objective, significant and multiple criteria. Also, the AMMC deems the characteristics of the offer to be consistent with the principles set out in the aforementioned article 13.

- **National economic strategic interests**

Pursuant to article 29 of the aforementioned law 26-03, the AMMC has submitted, the offer project to the Ministy of Economy and Finance for its assessment in terms of national economic strategic interests. The Ministy has not expressed any objection on the takeover bid project.

5- <u>AMMC Decisions:</u>

- **Admissibility of the offer project**

In view of all the aforementioned elements, the AMMC declares admissible the proposed Takeover Bid launched by Holmarcom Finance Company and AtlantaSanad on Crédit du Maroc shares at a price of 502 dirhams per share.

- **Schedule**

The final schedule of the operation will be set later. It must be approved beforehand by the Casablanca Stock Exchange.

- **Resumption of trading on Crédit du Maroc shares**

The AMMC will request the Casablanca Stock Exchange to resume trading on Crédit du Maroc shares on January 19th 2023.

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