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SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

BMCE BANK



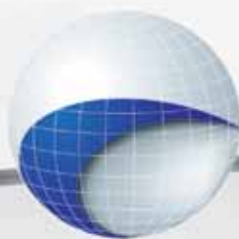
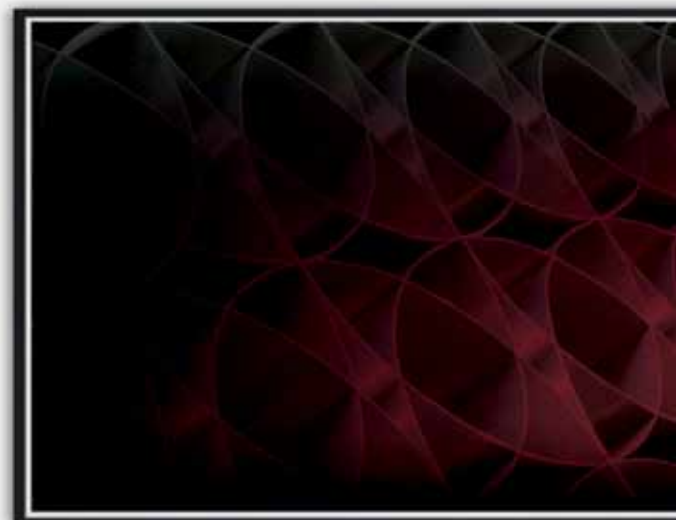
# Chairman's Message

BMCE Bank's reports, for the FY 2011 and again, show the banking group's solidness which is growing over the continent and continues undeniably to grow.

It is evidenced by the strong growth of 11% in total assets crossing the 200 billion MAD threshold for the first time, 8% growth in consolidated Net Banking Income, and an increase of aggregated Net Banking Income which did exceed 4 billion MAD, as well as the 4% growth in Net Income Group Share at 850 million MAD. It was driven by over one-third, 36%, due to the Group's African activities of which Bank Of Africa group represents an essential part.

Similarly, the fiscal year 2011 was marked by substantial provisioning effort using prudential approach vis-a-vis sectoral developments in Morocco and BMCE Bank accounted Provision for General risks with approximately 250 million MAD especially for this purpose. Without this provision, the net aggregated income, which increased by 4.4% to 545 million MAD, would have increased by 35%.

The year 2011 was internationally marked by BMCE Bank increasing its capital in BOA group up to almost 60%, tightened inspection on subsidiaries and expanding our presence





and business in sub-Saharan Africa. At the same time, the optimization of our presence in Europe continued to take the Group's growth at continental level and strengthen euro-african trade and investment.

Our banking group is also committed to Morocco under a proactive development programme so as to improve commercial and operational efficiency, simplify its operational mode, optimize expenses and strengthen risk management. Regionalization remains the most emblematic factor across an organization spread over eight regions aiming to bring the decision-making centres close to the customer and thus bring about a real cultural change through empowerment of human resources in the region.

Our group, and BMCE Bank within it, continues to mobilize human, financial, and strategic means despite an increasingly uncertain global economic context, in order to play a pre-eminent role in the banking sector in Morocco and Africa.



A handwritten signature in black ink, which appears to read 'O. Benjelloun'.

Othman Benjelloun  
Chairman & CEO

# Strategic Business Lines of BMCE Bank Group

BMCE BANK PLC -PARENT COMPANY-	INVESTMENT BANKING	SPECIALIZED FINANCIAL SERVICES	INTERNATIONAL ACTIVITIES	OTHER SUBSIDIARIES
Retail Bank	BMCE Capital Plc 100% (Full consolidation)	Maroc Factoring 100% (Full consolidation)	BMCE Bank International plc 100% (Full consolidation)	Locasom 97.30% (Full consolidation)
Corporate Bank	BMCE Capital Bourse 100% (Full consolidation)	Salafin 74,5% (Full consolidation)	BMCE International Madrid 100% (Full consolidation)	Conseil Ingénierie et Développement 38.9% (Equity Method)
Market activities	BMCE Capital Gestion 100% (Full consolidation)	Maghrébail 51% (Full consolidation)	Bank of Africa 59.48% (Full consolidation)	Eurafric Information 41% (Equity Method)
	Casablanca Finance Market 24.56% (Equity Method)	Euler Hermes Acmar 20% (Equity Method)	Banque de Développe- ment du Mali 27.38% (Equity Method)	
		RM experts 100% (Full consolidation)	La Congolaise de Banque 25% (Full consolidation)	

# BMCE Bank Group Throughout The World



## AFRIQUE

Morocco  
Benin  
Burkina Faso  
Burundi  
Cameroon  
Congo Brazzaville  
Côte d'Ivoire  
Djibouti  
Ghana  
Kenya

Mali  
Madagascar  
Niger  
Uganda  
Democratic Republic  
of Congo  
Senegal  
Tanzania  
Tunisia

## EUROPE

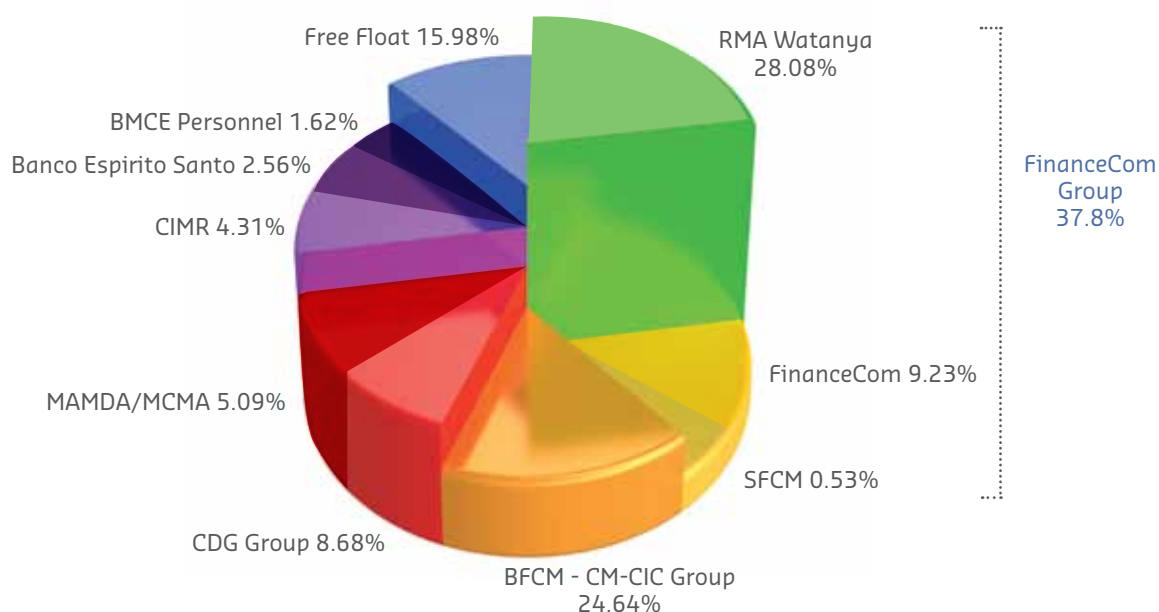
Germany  
Spain  
France  
Italy  
Portugal  
United Kingdom

## ASIA

United Arab Emirates  
China

# BMCE Bank Ownership Structure

BY THE END OF APRIL 2012



Renowned shareholders in the capital of BMCE Bank :

- **FinanceCom Group** : multi-business Moroccan Group
- **BFCM-Holding of CIC Group** : one of the leading banking groups in France
- **CDG Group** : first institutional investor of the kingdom, and a major player of the moroccan economy
- **Banco Espirito Santo Group** : 3<sup>rd</sup> Bank in Portugal
- **CIMR** : first private sector pension fund in Morocco
- **MAMDA / MCMA** : leading player in insurance sector



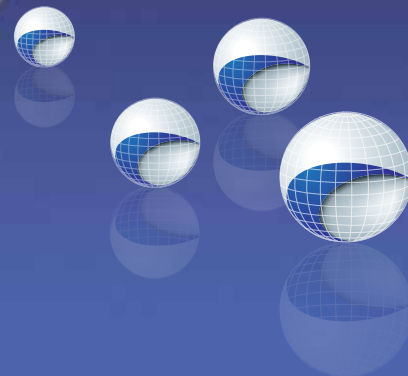
# BMCE Bank Group in Figures



# 2011 Highlights

- Increase in the Bank of Africa Group's capital to reach up to 59.48% since March 2012 (\*)
- Increase of the equity stake in Maghrebail to 51% and in Locasom to 89.5%
- BMCE Bank named «Best Bank in Morocco» in 2011 for the 2nd time by British magazine EMEA FINANCE
- First bank in Morocco and in the MENA region to get the ISO 14001 certification for environment
- BMCE Bank awarded «Top CSR Performers in Morocco» by Vigéo for its environmental strategy and societal commitment in January 2012 (\*)
- Mr. Mohammed AGOUMI's appointment as new Delegate General Manager in charge of International operations (\*)

(\*) Subsequent events to the end of the fiscal year





# A Bank in Transformation

During the year 2011 BMCE Bank has initiated a transformation program aiming at the improvement of commercial efficiency, the simplification of operational model and the monitoring of risks. This program consists several structuring projects in Morocco including :

## REGIONALIZATION

The Bank now has 8 territorial divisions covering all the regions of the Kingdom. The organization of BMCE Bank evolved to move closer to the centre of the customer's decision and improve the Bank's commercial efficiency. As such, new commercial practices will be implemented facilitating the intensification of synergies between the Bank's networks of Private individuals, Professionals and Corporate Bank.

Besides, the regionalization joins the Bank in its objective to renew the management culture through a model based on higher empowerment at every level. As such, regional Credit committees were created that are endowed with delegation widened by powers.

## AUTOMATION OF PROCESSES

BMCE Bank implemented the Cap process project aiming at the automation as well as the centralization of Back office functions, and optimization of the value chain that should eventually allows i) freeing up business time in branches, ii) reducing process cost, and iii) better security of transactions particularly related to reducing manual business processing.

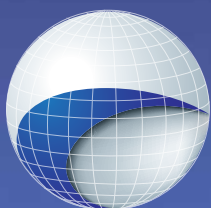
## RESTRUCTURING OF PERMANENT CONTROL

In 2011, an independent entity was set up that was associated with the Executive committee, in charge of 2nd level controls called «Permanent Control and Conformity». This restructuring of Permanent Control aims at greater efficiency of controls facilitating better control of risks, thanks to i) a virtuous organization clearly separating the control levels (1st and 2nd levels), ii) strengthening the positioning of Permanent Control turned to higher value-added activities, iii) implementing a control plan adapted to the Bank's risk profile and iv) bigger synergy with other players of Internal Control (Audit, Inspection and Risk Management).

## RETURN ON A VERY PROMISING EXPERIENCE

The transformation program already bore its first fruits in 2011 displayed by i) integrating the regional dimension in the Bank's business practice with successful start up of territorial divisions, ii) the staff's association to the transformation program and the mobilization of all stakeholders, as well as iii) the centralization of certain back-offices within Business Service Centers allowing to generate savings in Human resources (about fifty at this stage). So many resources will be redeployed towards the Bank's Network to strengthen its sales force.

Besides, the transformation program's earliest positive signals have also emerged by a nearly -1% decrease in operating expenses -excluding staff expenses- for the first time given an average annual growth rate of +9% over the last 5 years.



# Performances of BMCE Bank Group in 2011

## 2011 : Increasing Activity Indicators

### Consolidated Activity

### Growth in the main financial aggregates

#### NET INCOME



#### GROSS OPERATING INCOME



#### NET BANKING INCOME



#### TOTAL ASSETS



#### NET INCOME GROUP SHARE BY GEOGRAPHIC AREA



**+4% growth in Net Income Group Share to MAD 850 m thanks to :**

- +19% increase in the share of the Sub-saharan African subsidiaries in the Group's earnings to 36% ;
- +28% increase in the share of Specialized Financial Services in the Group's earnings to 18% ;
- The significant improvement in the deficit of the European activities;
- ... but constrained by the underperformance of the stock brokerage activities in a sluggish market with the nonrenewal of exceptional operations.

**+4% growth in Gross operating income to MAD 3 billion,** in a context of managing a transformation program as well in Morocco as on the international arena

**+8% growth in Net Banking Income to more than MAD 8 billion** - especially driven by the Sub-saharan African subsidiaries , accounting for 41% of the Group's revenues in 2011 versus 35% in 2010, in line with the African development strategy of BMCE Bank.

**Consolidated total assets exceeding for the first time the MAD 200 billion cap,** up +11% from MAD 187 billion to MAD 208 billion.

**Enhancement in Africa's contribution from 32% in 2010 to 36% in 2011**  
Improvement of business deficit in Europe thus taking their contribution to -1% against -32% in 2010

## Aggregated Activity\*

### Improvement of Result Indicators

NET INCOME



+4.4% growth in aggregated net earnings of BMCE Bank to about MAD 545 m - held back by a +30% increase in allowances for provisions net of write backs of MAD 462 m -for some business-sectors. Excluding an allowance for general risks of MAD 160 m - net earnings would grow by +35%

GROSS OPERATING INCOME



+13% increase in Gross Operating Income to MAD 1.3 bn in a context of:

- A nearly 3% growth in the aggregated net banking income, driven by a nearly 5% rise in net interest income, but hampered by the underperformance of market activities down -13% ;
- +8% increase in general operating expenses due to payroll up +12.5% arising from non recurring items. Cost control measures have already borne fruit as other operating expenses decreased by nearly -1%.
- Strong decrease in allowances on equity portfolio (divided by about 3)

NET BANKING INCOME



(\*) Aggregated Activity includes BMCE Bank's activity in Morocco and that of BMCE Bank Paris & BMCE Bank Offshore.

## Activity in Morocco

### Gains in Market Shares

#### CUSTOMER DEPOSITS AND LOANS

Good commercial performance as shown by a 0.3%p and 0.1%p gains in deposits and loans market shares, standing at 14.63% and 13.07% respectively.

CUSTOMER DEPOSIT MARKET SHARES	2011	2010	VAR 11/10
<b>TOTAL DEPOSITS</b>	<b>14.63%</b>	<b>14.33%</b>	<b>0.30p%</b>
Checking accounts	13.79%	13.79%	stable
Current accounts	11.56%	12.05%	-0.49p%
Savings accounts	19.25%	19.80%	-0.55p%
Time deposits	16.59%	15.13%	1.46p%
Other deposits	8.91%	7.76%	1.15p%

CUSTOMER LOAN MARKET SHARES	2011	2010	VAR 11/10
<b>TOTAL LOANS</b>	<b>13.07%</b>	<b>12.97%</b>	<b>0.10p%</b>
Equipment loans	11.22%	11.08%	0.14p%
Consumer Loans	18.45%	19.45%	-1.00p%
Real Estate Development Loans	13.62%	13.15%	0.47p%
Mortgage loans (Individuals)	13.51%	13.61%	-0.10p%

## Strengthening of Risk management

The year 2011 was marked by the Bank's risk profile management despite the risk inherent to certain sectors of the Moroccan economy with a domestic NPL ratio of 4.9%, i.e. at the same level as the banking sector – Moroccan Banks' Association statistics by the end of December 2011.

The consolidated cost of risk also registered a growth of 6.4% to 872 MDH, stood out by the proactive and voluntary provisioning effort.

The Liquidity ratio (assets to liabilities over one month) was at about 102% by the end of December 2011, i.e. above the minimum required ratio (100%).

In terms of interest rate risk exposure, the impact of a short-term rate change of +/-200 basis points on BMCE Bank is estimated at 4% of the Net Banking Income (Limit at 5%). Also, the impact of same interest rate change in the long term is at 2.7% of Regulatory capital (Limit at 20%).

The specialized debt collection subsidiary RM Experts, created in 2011, made collections up to MAD 314 million thanks to major business optimization headways in terms of IT modernization and efficiency gains.

The risk management plan is always improving overall illustrated by i) strengthening the power delegation system in the wake of Regionalization program through the creation of Regional Risk committee, ii) integrating stress test in the Bank's risk profile assessment, iii) pursuing the documentation works of risk management plan (particularly setting the limits), and iv) instituting a new authority from the Executive committee, to watch over the efficiency of BMCE Bank Group's risk management plan and its adequacy with the overall risk management policy.

# BMCE BANK IN AFRICA







# BMCE Bank in Morocco

## RETAIL BANK

### Strengthened Proximity Policy

« Accès gratuit à ma banque à distance »

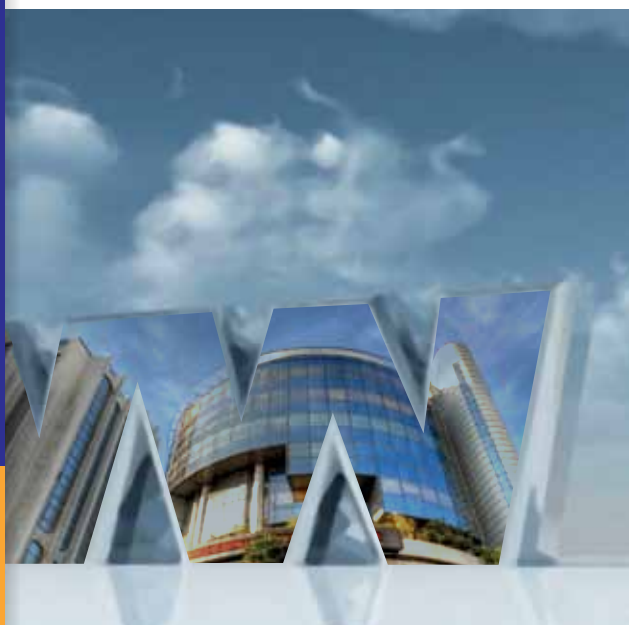
Notre monde c'est vous et vos besoins

BMCE Direct réinvente la Banque à Distance et met à votre disposition des solutions technologiques performantes pour accéder directement à votre banque sans vous déplacer. Disponible sur plusieurs canaux: Internet, Pda, Mobile et Applications Smartphone. BMCE Direct vous permet de consulter gratuitement vos comptes et d'effectuer vos opérations bancaires 7J/7 et 24h/24. Ainsi, vous êtes totalement libre et votre banque reste toujours proche de vous où que vous soyez. Renseignez-vous vite sur [www.bmcebanc.ma](http://www.bmcebanc.ma) ou appelez le 080 100 8100.

#### ENRICHMENT OF THE RANGE OF PRODUCTS AND SERVICES

##### **Mortgage Loans** Trending Up

Mortgage loans registered 9% growth up to MAD 18.7 billion by the end of December 2011. The structure of mortgage loans practically remains unchanged, with Immo Plus Standard product occupying the 1st part with approximately 70% of overall outstanding followed by economic housing products Salaf Imtilak and Salaf Al Baraka.



##### **Consumer loans** Continued Growth

Consumer loans were marked by +5% growth up to MAD 6.6 billion, allowing BMCE Bank to maintain its position as 3rd player with a market share of about 18,5% by the end of December 2011 - Moroccan Banks' Association Statistics by the end of December 2011.

Several actions were performed bearing essentially on the optimization of consumer loan processing procedure. Besides, BMCE Overdraft and Credit Pro products was improved to meet the customer requirements better.

## **Electronic banking And New Technologies** **Remarkable Headways**

In a optimistic context of electronic banking activity at national level, the number of the Bank's electronic banking cards was at 1.16 million cards by the end of December 2011 with BMCE Bank positioning at 3<sup>rd</sup> position.

As regards International activity, BMCE Bank is on 1st position in terms of transactions made by Moroccan holders abroad taking its market share to 26.1%.

In addition, more than 170 TPEs were marketed to allow reaching 7.2% market share i.e. an increase of 2p%.

Besides, the year 2011 was dedicated to innovation with the pre-launch of new generation of electronic payment cards in Morocco, BMCE E-pay card and BMCE Fabuleos reward program on foreign sites. Furthermore, the partnership with Visa International was strengthened to develop the electronic banking activity in Morocco. Besides, the offer of electronic banking card was rationalized to meet the customer requirements better.

## **Packages** **Strong Growth**

The Packages to retail banking customers show + 40% rise with about 1,32,000 packages by the end of December 2011. We also saw remarkable growths during the year with regard to the Professionals market. Besides, the range of Packages was enriched by integration of new cards corresponding to International standards and BMCE Direct offer thus allowing the customers to perform remote operations (account access, transfer, ordering checkbook) 24/7 safely.

## **Bank insurance** **Re-energizing the Business**

BMCE Bank remains the 2nd player relatively in the Insurance business to the persons with 31.75% market share.

The reinforcement of bank insurance business constituted a major project for the retail bank in 2011, in a context marked by breathlessness which illustrates a moderate growth of 4.5% at 6,41,706 contracts. So, several actions were taken mainly including the restructuring of BMCE Crescendo products which now foresees an annual fixed rate as well as flexible payment and output methods.

## **Marketing Practices** **Targeted at Promising Markets**

The Year 2011 experienced the strengthening of BMCE Bank's presence and its visibility as well on personal as professional banking market thanks to the management of key periods and targeted advertising campaigns.

## **Personal Banking Market** **Cap on Young People and Employees**

Considering the importance of the number of Moroccan students abroad particularly in France, an offer organized with CM-CIC was structured including a banking package, a housing security and several other advantages.

Immediate loan renewal campaign and package promotion campaign through mailing and calling actions was at the centre of market revival for employees and civil servants.



## **Professionals Market** More Dynamic Commercial Actions

The Professional market activity was marked by network support in marketing BMCE Forfait Pro as well as BMCE Pro Bail products, supported by the organization of advertising campaigns besides the revival of agreements and partnerships activity.

In the same vein, this year was the occasion to implement an action plan within the framework of promoting Moukawalati program to pursue the support to young promoters in various regions.

## **Migrants Market** A Dynamic Activity

The MLA –Moroccans Living Abroad- deposits Stood in 2011 at 13.2 MAD billion thanks to 2% increase in a difficult context in Europe. BMCE Bank also maintained its 3<sup>rd</sup> position with a market share of about 10%. As such, the money transfer activity experienced favorable increase in Spain, Italy and United Arab Emirates benefiting from the partnership sealed with Dirham Express. At the level of mortgage loans, they witnessed +13% increase at more than 3 MMDH. On country level, the best growth was made in United Kingdom and Germany.

These performances also result from the summer 2011 welcome campaign supported by an important communication plan, training initiatives for sales force, and implementation of mobile office across the Kingdom for the 1st time, besides developing the pallet of products and services in adequacy with customer requirements.

# CORPORATE BANK

## Pursuing Business Dynamics



### LARGE CORPORATIONS

#### Activity Indicators

Rising

On the large corporations market, the year 2011 was marked by a growth in deposits by 16% at 15.1 MMDH - essentially driven by Time deposits - and an increase in loans by about 10% to MAD 35.7 billion. The credit guarantees remained stable at about 3 MMDH.

#### Support

To Key Projects

BMCE Bank pursued the development of project financing activity, thus strengthening its commercial base through the support of various sector-wise plans started at national level, particularly Wind energy, Solar energy, Emergence, Halieutis, Azure Extension. As such, the commitments stemming from Project Finance activity were by the end of December 2011 up to 15.4 MMDH.



## **An outward-looking Spirit**

In a context of slowing world growth, BMCE Bank pursued the development of relations in 2011 with the correspondents and partner banks as well as improvement of BMCE Bank Offshore performances. Similarly, foreign trade strengthening actions were undertaken bearing on the launch of Trade Maroc portal including particularly besides the participation to 4th and 5th export caravan in Africa in synergy with Bank Of Africa.

### **SME MARKET**



## **Positioning reinforcement**

The year 2011 was in line with under the sign of steady SME support and assertion of new positioning on this segment with the development of product and service ranges meant for companies and implementation of a structure dedicated to SME prospecting and development activity.

Similarly, two new Business centers were created in villages with great potential namely: Témara and Tétouan.

The initial results of this strategy bore their fruits through the 26% growth in account openings and strengthening the customer loan equipment rate. As such, the loan outstanding was in line with 14% upward trend to be at 19 MMDH, the deposits outstanding also experienced 10% growth at about 6.4 MMDH.

Moreover, the foreign trade business experienced favorable increase in its performance, as well in terms of import flows as export. So the import domiciliation registered +9% growth and export flows increased by +3%.



## **Development of products and services**

BMCE Bank also watched over the development of product and service ranges meant for companies with the launch of BMCE Moussanada Package and the new remote banking solution BMCE Direct or even the launch of a new range of business cards dedicated to corporate.



## **Better standing**

BMCE Bank has participated in several events to improve the Bank's presence on the corporate segment including i) the first conference in favor of SME customers organized in partnership with the Ministry of Industry, Trade & New Technologies and ANPME, and ii) the launch of 3rd and 4th edition of IMTIAZ program in favor of SME customers with great growth potential in order to make them benefit from the multiple advantages of IMTIAZ program.

BMCE Bank also assisted INMAA program aiming at training SME leaders on Lean Management techniques and integration of «Best Practices» contributing to added value creation and increase in productivity.



# INVESTMENT BANKING

## Resilience in Unfavourable National and International Context



### BMCE CAPITAL MARKETS Strong Resilience

In a context of unfavorable year 2011, BMCE Capital Markets capitalized on its business expertise, product innovation capacity and dynamic marketing practice to face the decrease of volumes on certain activities and limit the losses on globally poorly oriented markets.

Thus, the market shares strengthened as well in money and bond market taking them to an average of 28% as in private debt whose market share amounted to 37% in 2011.



Other desks are not outdone as the Exchange, Derivatives and Own account desks which outperformed their 2011 forecasts.

### BMCE CAPITAL BOURSE Best Broker in Morocco

Because of the considerable decrease in strategic operations and regional geopolitical disturbances that led to high decrease in key indexes at Casablanca stock exchange and strong languor in terms of volumes, the activity level of BMCE Capital Bourse strongly contracted to settle at 24.1 MDH.

In front of this situation, BMCE Capital Bourse turned this transactional calm to good account to focus more on its internal processes, thus heightening the quality of its services and activating new competences to gather and develop loyalty of its customers, and expanding partnership with CM-CIC Securities including particularly.

At the same time, the brokerage firm registered several major operations on the market to its asset in 2011, including particularly capital transfers, participation to investment institutions, public offerings, participation to capital increase operation and recording reclassifying operations within several major groups.

BMCE Capital Bourse managed to thrive in a difficult context and was awarded the «Best Broker in Morocco» award by British magazine EMEA Finance.

### **BMCE CAPITAL GESTION** **Proven Resilience**

Total assets under management of BMCE Bank Group's Asset management subsidiary reached MAD 32 billion, i.e. 5.3% growth against only 2.7% for the sector, inferring an improvement of 40 basis points on behalf of market at about 14%.

This dynamics is the result of a positive asset collection of MAD 878 million against an average market collection of 230 MDH.

In term of performance, it should be noted that all Money Market Mutual Funds performed greater at Repo rate level and the majority of bond mutual funds widely exceeded the Moroccan Bond Index in a context of bullish translation of rates whereas

equity mutual funds and diversified funds outperformed their respective benchmarks altogether.

### **BMCE CAPITAL GESTION PRIVÉE** **Business Reorganization**

Capitalizing on the experience effect and the market image in terms of discretionary management, BMCE Capital Gestion Privée proved its resilience capacity in spite of less favorable market conditions.

During year 2011, BMCE Capital Gestion Privée concentrated more on pursuing the reorganization in terms of improving management processes, of operational risk management and total restructuring of internal procedures while maintaining the growth trend of its activities.

### **BMCE CAPITAL TITRES** **An Unfavorable Situation**

Because of the decrease of volumes dealt on stock market, BMCE Capital Titres witnessed its assets under custody decreasing by 10% to some MAD 172 billion.

In fact, the launch of Equity Savings Plan at the beginning of the year to facilitate individual savings in stock exchange did not have the expected effect and did not allow the restart as expected by the market players. Even the Public Offering made by the end of year 2011 did not improve the confidence of investors as shown by the low rate of participation.

Only the depository activity of mutual funds and bond issues pursued their bullish trend with deposit assets appreciating to the order of 9%

TOUJOURS +  
POUR LA GESTION DE VOS ACTIFS

Infrastructure  
Technologique  
UP TO DATE + Gestion  
des Risques  
Maîtrisée + Qualité de  
l'information  
client =

**FITCH RATINGS RELÈVE À 'M2+(MAR)'  
LA NOTE DE BMCE CAPITAL GESTION**

L'agence de notation Fitch Ratings relève la note d'Asset Manager nationale attribuée à BMCE Capital Gestion de M2(mar) à M2+(mar) pour ses activités de gestion. Il s'agit de la note la plus élevée accordée par Fitch Ratings sur le marché de la gestion d'actifs marocain. Le relèvement de la note de BMCE Capital Gestion reflète le renouvellement de son infrastructure technologique avec l'acquisition d'un nouveau système d'information aux standards internationaux « Sophis Value » et l'amélioration de sa gestion du risque de crédit. Cette distinction vient récompenser l'ensemble des efforts entrepris pour satisfaire les attentes de nos clients et délivrer un service de qualité à forte valeur ajoutée.



and volume of bond issues and Negotiable Debt Instrument - excluding BMCE Bank - increasing by 23%, carried by the entry of new issuers and the dynamics of private debt market.

## BMCE CAPITAL CONSEIL Convincing Realizations

In spite of the tightening of competitive conditions in a market which did not participate into strategic transactions, BMCE Capital Conseil assisted several large-scale operators as well within the framework of merger / acquisition operations as issues on the private debt market.

Consequently, in terms of support to mergers - acquisition operations, BMCE Capital Conseil was

appointed as Adviser within the framework of an acquisition of a company's holdings, part transfer of a company's capital and the opening up of capital.

Besides, the advisory services were provided to Moroccan government and public organizations as well as the Government of Cameroon.

The equity market witnessed BMCE Capital Conseil's participation as Adviser as regards initial public offering and transfer of shares.

Similarly, at the capital market level advisory services and investment were performed within the framework of bond issues, commercial paper issue programs and Finance company bonds.

## SPECIALIZED FINANCIAL SUBSIDIARIES



### SALAFIN

In a sector-wise context decreasing by -6% in 2011, Salafin registered a growth in its distributed loans by +3% at MAD 1,140 million born by the steady development of automobile financing business.

Salafin concentrated its efforts on developing new businesses to diversify its revenue sources, particularly including the services provided to third parties. Operating expenses were at MAD 85 million increasing by 10% pulled by the increase in staff expenses in support of the strategic plan. The cost to income ratio remains controlled at 31% level.

As regards risk management, the reinforcement of debt collection teams, process re-engineering and improvement of information systems conjugated to quality improvement of the new output allowed to decrease the cost of risk by -15% to 51 MDH. The Net income stood therefore at 93 MDH.



## MAGHREBAIL

The Maghrebail's leases chalked up a rise of +6% to MAD 2.8 billion thanks to the strong increase in "property acquisition» business segment, i.e. +48% standing at MAD 7.9 billion. The synergies with BMCE Bank Group were hence intensified.

The revenues registered a growth of 6% at 230 MDH. As for the Net income, it was at 80.4 MDH. For its part, the cost to income ratio improved by about 2.7 percentage points to 24%.



## MAROC FACTORING

In 2011, Morocco Factoring achieved a factored turnover of 4.4 billion DH up +7.3% compared to 2010 accompanied by +17.3% growth in outstanding receivables acquired by factoring at 1.3 billion dirhams. Morocco Factoring hence occupied a market share of 20% in 2011.

Their net product grew by +5.4% at 35.1 million dirhams with a predominance of business generated by interest products at 56%. Similarly, the net profit grew by +22.4% at 11.1 million dirhams, with an improvement in cost of risk by 7.2 percentage points to 22.8%

In addition, the general operating expenses of Morocco Factoring reached 15.6 million dirhams up +13% giving therefore an operating ratio of 44.6%



## RM EXPERTS

Several process and IT optimization actions were implemented within the framework of improving the collection actions. As such, the NPL assets recovered were at MAD 314 million taking their cumulative amount since 2004 to MAD 2.8 million. The reversals of provisions were also registered at about MAD 166 million.

The collections are attributable up to 73% to the commercial activity, 8% to the auctions by order of the court, 7% to the renormalization of files, 7% to the signed undertakings and 5% to the application for claims by guarantor organizations.

# BMCE Bank in Sub-Saharan Africa

## Strengthened Contribution by African Subsidiaries in Group Income

### BMCE BANK in Sub-Saharan Africa

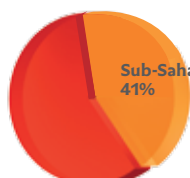
- 17 Commercial banks
- 16 countries
- More than 5 000 employees
- Nearly 390 branches
- More than 1.2 million accounts



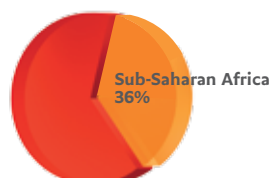
BMCE Bank Group has consolidated its continental dimension during the year 2011 through increase in Bank of Africa's capital by more than 59%. The contribution of the Group's subsidiaries in Sub-Sa-

haran Africa in the Group Share Net Income also strengthened to 36% increasing by more than +19% with regard to 2010.

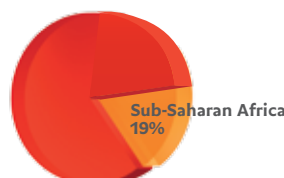
### CONTRIBUTION OF SUB-SAHARAN AFRICA IN THE RESULTS OF BMCE BANK GROUP



NET BANKING INCOME



NET INCOME GROUP SHARE



CUSTOMER LOANS



CUSTOMER DEPOSITS



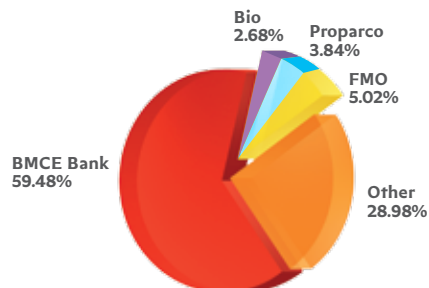
## **BANK OF AFRICA** A Two-digits Growth

The Bank of Africa Group has pursued its organic growth strategy in 2011 by opening about fifty branches to bring the size of its network up to about 340 units, covering some fifteen countries in Sub-Saharan Africa. The extension of banking network came along with staff increase by 419 employees to more than 4,200 persons.

Bank of Africa registered convincing commercial performances illustrated by the increase in deposits and loans by +10% and +13% to 2.9 MM€ (i.e. more than 32 MMDH) and 1.7 MM€ (i.e. near 19 MMDH) respectively, and the number of accounts by +19% to about 1.2 millions accounts.

The main indicators at the level consolidated by the Group also experienced two digit growth with i) a Net Banking Income increasing by +26% at about more than 252 M€ (i.e. about 2.8 MMDH), ii) Gross Operating Income increasing by +16% at 104 M€ (i.e. about 1.2 MMDH), and iii) Net income increasing by +23% at about 58 M€ (i.e. 644 MDH).

### SHAREHOLDERS OF BOA BY THE END OF MARCH 2012



## **LA CONGOLAISE DE BANQUE** Solid Fundamentals

The performance of la Congolaise de Banque was marked by the intensification of commercial activity in 2011, as shown by the increase in loans and deposits by +33% and +19% at 168 M€ (i.e. about 1.9 MMDH) and 356 M€ (i.e. about 4 MMDH) respectively.

In terms of financial operations, la Congolaise de Banque experienced the growth in indicators such as Net Banking Income and Net income by 21% at 25.7M€ (i.e. about 290 MDH), and 9.2 M€ (i.e. approximately 103 MDH) respectively, as well as the reinforcement of Stockholders' equity by +26% at about 30 M€ (i.e. 333 MDH).

La Congolaise de Banque has also consolidated its market position in electronic banking by enriching the offer by new products to allow improvement in equipment rate from 52% to 65% and growth in the number of bank cards issued by +41% to about 25,600 cards.



# BMCE BANK IN EUROPE ET EN ASIA





# BMCE Bank in Europe



## **BMCE Bank International UK** Promising Transformation

The operating expenses contracted by -16% generating a saving of 4 M€ (i.e. 53 MDH) pursuing the transformation program's implementation in Europe in a difficult international context.

Besides, BMCE Bank International was able to protect its balance sheet size at approximately 300 M€ (i.e. about 4 MMDH). In terms of revenues, the Net banking income stabilized at around 18 M€ (i.e. approximately 240 MDH) born by the new Corporate Banking strategy oriented towards short-term financing particularly including Trade Finance.

As regards funding, the year 2011 experienced consequent reversals of provisions at about 400 K€ (i.e. 5 MDH) further to the sale of investment portfolio. The deficits were hence reduced by almost 8 times less.



## **BMCE International Madrid** Solid Capital Base

In a difficult economic environment in Spain, BMCE International Madrid was characterized in 2011 by the revival of business connections with the customers, the consolidation of the foreign trade and Correspondent Banking businesses, and as a result the performance indicators registered a two digit growth.

in fact, the net banking income increased by +36% to 11 M€ under the influence of increase in all its components notably, i) the interest margin by 40% at 3.4 M€ (i.e. about 40 MDH), ii) the margin on commissions by 27% at 5.6 M€ (i.e. approximately 62 MDH), which is 50% more than the Bank's net banking income and, iii) the revenues generated foreign exchange business by 58% at 2 M€ (i.e. approximately 22 MDH).

At the level of operating expenses, the development was +8% up at 3 M€ (i.e. 33 MDH) inferring the improvement in operating ratio from 34.5% in 2010 to 27.4% in 2011. Similarly, the operating profit appreciated by +51% at about 8 M€ (i.e. about 90 MDH). The Net income increased by +10% to 3.6 M€ (i.e. about 40 MDH) in a context of unexpected 1.3 M€ loss (i.e. about 15 MDH) following the value deterioration of equity shares held with a savings bank in Spain.



# BMCE Bank in Asia



## **BMCE Bank Beijing**

The Representative office in Beijing contributed to strengthening BMCE Bank's role in developing Sino-African economic and commercial partnership. A credit line of \$50 M (i.e. approximately 430 MDH) and a Memorandum of Understanding for credit of \$150 M (or approximately 1.3 MMDH) was signed for that purpose between BMCE Bank and China Development Bank.

The Office also strengthened its mission of developing BMCE Bank's relations with the Chinese companies who wish to invest in Morocco and the countries where Bank of Africa's network is present.

# SOCIAL AND ENVIRONMENTAL RESPONSIBILITY





## **BMCE BANK FOUNDATION ACTIVITIES**

In line with the actions begun in 2010, BMCE Bank Foundation's activities for Education and Environment were marked by restructuring the Foundation's organization, strengthening Medersat.com network's equipments, promoting excellence, contributing to cultural and environmental activities as well as intensifying institutional communication.

### **Strengthening Medersat.Com Network's Infrastructures**

the year 2011 was marked by opening 3 schools located at Imouzzar Marmoucha in Boulmane Province, Taddart and Figuig besides completing the prerequisites to the construction of four other establishments for starting the 2012 school year, namely, Tafarcit de Driouch in partnership with the Oriental Development Agency, Tiznit under international partnership with the Principality of Monaco, Tamsaman de Driouch and finally Bni Chiguer de Nador.

Six schools were also rehabilitated following the construction status audit results over 35 schools performed by a specialized Office.

### **Modernization of Equipments**

The interactive computer hardware equipment of Medersat.com schools and internet connection were targeted. In this respect, about forty administrative coordinators benefited from support training initiatives for installing these equipments and operating the digital educational resources.

With the aim of improving data management and circulation, the Foundation relied on a recently developed IT system to maintain school databases and archives as well as ensure academic management.

### **Promoting Excellence and Student Support**

Promoting the quality of learning and excellence within Medersat.com network as well as empowering teachers and administrative coordinators has mobilized the foundation's efforts in providing better quality of education.

By the end of academic knowledge assessments for 6th grade students, an action plan was implemented to remedy the learning difficulties provided by collective or individual educational support for the students with low scores. Besides, the overall success rate by students in basic school qualification (CEP) was at 98.3% by the end of June 2011.

Several support actions were taken up by the Foundation and its partners for the students registered in Medersat.com schools or come from these schools and are pursuing their secondary education. The schoolbags and school stationery, hundred of bicycles as well as about forty laptops are among the most important grants that are given out to 5,000 students.



## Educational Innovation

Recognized as advanced innovation laboratory for the educational system by the country's high educational authorities, BMCE Bank foundation has undertaken all the actions to innovate and promote quality in its establishments. As such, the main actions undertaken in 2011 aimed at revising experimental preschool pack in Arabic and Amazigh transcribed in Tifinagh on one hand and improving academic time management on the other.

60 teachers also benefited from training in Amazigh language and didactics with the cooperation of researchers from IRCAM and Moroccan universities.

## Intensifying Institutional Communication

Several cultural and educational events were sponsored by BMCE Bank Foundation, particularly including 7<sup>th</sup> edition of Festival of Amazigh Culture, Educational Movie Festival organized in Fes by the Regional education and training authority of Fes Boulmane, 3<sup>rd</sup> Women Tribune's session organized in Essaouira, release of a work about Mediterranean woman, publishing a catalog of similar Moroccan and Spanish sites, exhibition of artworks on the similarities of ancient and contemporary architectural heritages of the Kingdoms of Morocco and Spain, World Amazigh assembly in Arabic Cultural center of Brussels and 17<sup>th</sup> edition of International Book Show at Casablanca International Fair.

## BMCE BANK ACTIVITIES

### ISO 14001 Certification

Among the achievements of year 2011 lies the symbolic achievement of ISO 14001 certification with a zero gap score. BMCE Bank hence became the first bank in Morocco, Middle East and North African region to achieve this distinction awarded by Veritas Certification Bureau. The ISO 14001 certification dedicates the mobilization and commitment of all employees within BMCE Bank Network and central entities for implementing an Environmental Management system aiming to improve the Bank's environmental performance.

Strong communication on the Bank's Environmental policy was pursued with the employees alongside the actions organized at Bank level, particularly including the eco-movements for better optimization of electricity, water and paper consumptions, with the explanation and distribution of environmental procedures to the entire staff. The water, electricity and paper consumptions reduced in 2011 as such, and the results have exceeded the set objectives.

### Commitment to Green Financing

Green business is part of the will to support BMCE Bank Group's environmental strategy translating the integration of green financing into the Bank's business. As such, a green product was designed in the year 2011 - to be launched immediately - that would cover all Energy Efficiency projects allowing the energy consumption to reduce.

Within the framework of deploying BMCE Bank Group's environmental policy, a "Green Financing" product was designed in the year 2011 aiming at

the projects linked to energy efficiency, consequently joining the national priority of proactive growth in energy savings.

This product offer targeting SME and Big Company customers, whose market launch is planned in 2012, is intended to finance equipment acquisition with the objective of energy efficiency within the framework of creating or modernizing an industrial unit.

### BMCE Bank Elected « *Top CSR Performer Morocco* »

In January 2012, BMCE Bank was awarded the trophy of «*Top CSR Performer Morocco*» by Vigeo among 40 bigger listed companies in Casablanca stock exchange.

This trophy hence rewards the resolute commitment of BMCE Bank and its Foundation in promoting education of children in rural world on one hand and environmental protection on the other. It also dedicates the efforts made by BMCE Bank for integrating CSR within its management processes and reaffirmed commitment in developing social and environmental performance as pillar of sustainable development.

## HUMAN RESOURCES

### **Developing Human Resources in Sync With Strategic Guidelines**

BMCE Bank followed a proactive staff stabilization policy during this financial year within the framework of transformation program's strategic guidelines which longs to maintain staff at a quasi-similar level to December 2010. BMCE Bank staff was hence at 4,941 employees by the end of December 2011.

The renown of BMCE Bank and its image of «a Bank for Youth» were consolidated by ensuring continuous presence in various recruitment shows and student forums.

Similarly, BMCE Bank Group pursued to encourage employability and skill development by internal mobility following previous years' example.

### **Career Management and Training**

In terms of training at the level of BMCE Bank, more than 70% of the employees benefited from at least one training initiative, and nearly hundred employees pursue their ITB - Technical Bank institute program, Banking Patent or language courses.

Also, nearly 15% of the employees attended about fifty seminars. Besides, 48 persons from 9th and 10th promotion finished their program in BMCE BANK Of AFRICA Academy.

### **Developing Collective Intelligence**

To facilitate value creation, intelligence workshops are organized by BMCE BANK Of AFRICA Academy subsequent to innovative ideas under the format of Business Challenge associating both the operation teams at Network level and Head office staff.

### **Certification of HR Activities**

Within the framework of ISO certification for Human capital management activities, BMCE BANK Of AFRICA Academy was certified with Zero gap under the renewal audit.

## PUBLIC RELATIONS

Following the previous years' example, BMCE Bank consolidated its commitment as Citizen and Socially responsible Bank through sponsoring cultural, economic and sports events or regular support to Foundations and Associations in public interest. These actions in line with the Bank's strategic guidelines consequently strengthen its brand image and fame.

### Cultural Fiber Promoted

In order to highlight BMCE Bank's commitment in the field of Moroccan culture and traditions, the Bank has renewed its partnerships contributing to 2011 edition of Sacred Music Festival of Fes, Festival of Essaouira, Gnaoua and World Music, Timitar Festival, Signs and Cultures of Agadir and International Movie Festival of Marrakesh besides Fes Forum on Alliance of Civilizations, Cultural Diversity and Euro-Mediterranean Partnership.

### Strengthened Economic Dimension

Consolidating its image of major economic actor through contributing to the revival of local commercial fabric, BMCE Bank has participated in various significant seminars, shows and fairs in partnership particularly with chambers of commerce. The main activities were related to agriculture & food-processing industry, health, real-estate and construction.

### Social Sensitivity Marked by Sponsorship Actions

True to its humanitarian and social values, BMCE Bank has continued to actively support several Associations and Foundations by granting dona-



tions and subsidies, as well as purchasing tickets for shows and charitable gala evenings.

### Support to Sports Events

During the financial year 2011, BMCE Bank continued to put a lot for the sports development in Morocco, associating its name and image to large-scale partners and events such as Hassan II de Golf Trophy, Equestrian Sports events, Rabat Jet-ski Club, Mohammed VI Football academy.

# Aggregated Activity

En millions

	EURO	2011 DOLLARS	MAD	Change 10-11	2010 MAD
<b>ASSETS</b>					
Cash and amounts due from Central Banks and post office banks	154	200	1 712	-56%	3 852
Loans and receivables due from credit institutions	1 520	1 971	16 881	7%	15 796
Loans and receivables due from customers	7 790	10 105	86 548	13%	76 839
Transaction and marketable securities	2 830	3 671	31 443	12%	28 153
Investment securities	136	176	1 509	7%	1 405
Equity investment	444	575	4 928	18%	4 165
Intangible assets	43	56	479	60%	299
Tangible assets	188	244	2 090	3%	2 031
Other assets	251	325	2 783	39%	1 996
<b>TOTAL ASSETS</b>	<b>13 374</b>	<b>17 347</b>	<b>148 573</b>	<b>10%</b>	<b>134 536</b>
<b>LIABILITIES</b>					
Due to credit institutions	1 676	2 174	18 618	124%	8 315
<b>Due to customers</b>	<b>9 072</b>	<b>11 767</b>	<b>100 781</b>	<b>3%</b>	<b>98 046</b>
Debt securities	663	860	7 367	3%	7 136
Provisions for contingencies and charges	19	25	216	-	25
Regulatory provision	397	516	4 416	0%	4 423
Subordinated debts	155	201	10 996	0,3%	10 961
Other liabilities	556	722	6 180	10%	5 630
<b>TOTAL LIABILITIES</b>	<b>13 374</b>	<b>17 347</b>	<b>148 573</b>	<b>10%</b>	<b>134 536</b>
<b>INCOME STATEMENT</b>					
Net interest income	222	288	2 463	5%	2 355
Net fee income	55	72	615	-1%	624
Income from market transactions	77	100	860	-13%	987
Net miscellaneous	11	15	125	-	-14
<b>Net banking income</b>	<b>366</b>	<b>474</b>	<b>4 064</b>	<b>3%</b>	<b>3 951</b>
Net income from equity investments	-12	-16	-135	-	-376
Net non-banking revenues	1	1	9	-	20
<b>General operating expenses</b>	<b>237</b>	<b>308</b>	<b>2 636</b>	<b>8%</b>	<b>2 442</b>
<b>Gross operating income</b>	<b>117</b>	<b>152</b>	<b>1 301</b>	<b>13%</b>	<b>1 153</b>
Net allowances to provisions	42	54	463	30%	356
Income tax	26	34	294	6%	276
<b>Net Earnings</b>	<b>49</b>	<b>64</b>	<b>545</b>	<b>4%</b>	<b>522</b>

Exchange rate as of december 31<sup>st</sup>, 2010 : Euro/MAD 11.1095 - USD/MAD 8.5650



# Consolidated Activity

En millions

	EURO	2011 DOLLARS	MAD	Change 10-11	2010 MAD
<b>ASSETS</b>					
Cash and amounts due from central banks and post office banks	575	746	6 392	-20%	8 033
Financial assets at fair value through profit or loss	2 856	3 705	31 732	14%	27 751
Available for sale financial assets	210	272	2 330	26%	1 847
Loans and receivables due from credit institutions	2 144	2 781	23 823	4%	22 971
<b>Loans and receivables due from customers</b>	<b>10 922</b>	<b>14 167</b>	<b>121 343</b>	<b>13%</b>	<b>107 368</b>
Held to maturity financial assets	863	1 120	9 591	15%	8 321
Investment property	49	64	547	5%	521
Tangible fixed assets	456	591	5 064	6%	4 795
Intangible fixed assets	58	75	645	-1%	651
Goodwill	75	97	832	57%	531
Other assets	512	665	5 689	29%	4 399
<b>TOTAL ACTIF</b>	<b>18 722</b>	<b>24 283</b>	<b>207 988</b>	<b>11%</b>	<b>187 188</b>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>					
Due to credit institutions	2 237	2 901	24 849	83%	13 603
<b>Due to customers</b>	<b>12 525</b>	<b>16 247</b>	<b>139 152</b>	<b>5%</b>	<b>132 019</b>
Debt securities	1 081	1 402	12 009	5%	11 444
Provisions for contingencies and charges	41	53	457	31%	350
Subordinated debts and special guarantee funds	441	573	4 904	6%	4 634
<b>Shareholders equity</b>	<b>1 475</b>	<b>1 913</b>	<b>16 385</b>	<b>4%</b>	<b>15 819</b>
Group share	1 119	1 451	12 429	0%	12 390
Minority Interest	356	462	3 956	15%	3 429
Other liabilities	922	1 194	10 232	10%	9 319
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>18 722</b>	<b>24 283</b>	<b>207 988</b>	<b>11%</b>	<b>187 188</b>
<b>INCOME STATEMENT</b>					
Net interest income	473	613	5 254	8%	4 857
Net fee income	128	166	1 423	5%	1 353
Income from market transactions	94	122	1 047	-6%	1 117
Net Miscellaneous	37	49	416	81%	225
<b>Net banking income</b>	<b>733</b>	<b>950</b>	<b>8 140</b>	<b>8%</b>	<b>7 552</b>
General operating expenses	413	536	4 589	10%	4 170
Provision for amortization and depreciation	49	62	535	11%	484
<b>Gross operating income</b>	<b>271</b>	<b>352</b>	<b>3 016</b>	<b>4%</b>	<b>2 898</b>
<b>Cost of risk</b>	<b>78</b>	<b>102</b>	<b>872</b>	<b>6%</b>	<b>819</b>
Operating income	193	250	2 144	3%	2 079
Pretax income	196	255	2 182	7%	2 037
Income tax	60	79	674	10%	612
Net earnings	136	176	1 508	6%	1 425
Minority interest	59	77	658	9%	606
<b>Net earnings - Group share</b>	<b>77</b>	<b>99</b>	<b>850</b>	<b>4%</b>	<b>819</b>

Exchange rate as of december 31<sup>st</sup>, 2010 : Euro/MAD 11.1095 - USD/MAD 8.5650

