



INTRODUCING THE GROUP	8
BANK OF AFRICA, more than 60 years of continuous development	
BANK OF AFRICA Today Shareholders	
BANK OF AFRICA Group's business lines	
Geographical presence	
A pan-African vocation	
Intra-Group synergies for Africa's development  BMCE Bank Foundation	
THE GROUP IN ITS ECOSYSTEM	26
Adapting to an ever-changing national, continental and international environment	27
GOVERNANCE	28
Board of Directors	30
Corporate governance	
Compliance Sustainable Development and CSR Governance	
Risk and opportunities	
STRATEGY AND RESOURCE ALLOCATION	38
The 2019-21 strategic development plan: Growth accelerator	39
Value creation levers	44
PERFORMANCE	48
Economic performance	
Widely recognized in Sustainable Development and CSR performance	54
GOVERNANCE REPORT	
RISK MANAGEMENT	
FINANCIAL REPORT	114







In 2019, Banque Marocaine du Commerce Extérieur celebrated the 60th anniversary of its founding in 1959 by Royal Decree.

This anniversary provides the perfect opportunity to rename our Group 'BANK OF AFRICA BMCE GROUP', in preparation for the next phase of our development.

While retaining our identity as a member of the 'BMCE Group', the name change underlines our commitment to being an integral part of the pan-African banking landscape thanks to the unparalleled brand power enjoyed by the 'BANK OF AFRICA' brand, one with which Africans, whatever their nationality or country of residence, readily identify.

**Othman BENJELLOUN** 







"The Bank was established in 1959 by Royal Decree as 'Banque Marocaine du Commerce Extérieur' prior to becoming 'BMCE Bank of Africa' in 2015. Over the past 60 years, the Bank has gradually developed into a multi-national multi-business group. This transformation has seen it evolve from an institution specialising in international trade into a universal bank and, more recently, a continental group, leveraging its know-how in the pursuit of innovation, progress and excellence

With an international outlook and one of the continent's leading banking networks, the Bank's longstanding ambition has been to ensure that the 21st century belongs to Africa.

In 2020, the Bank marked a fresh milestone in its history.

BMCE Bank of Africa becoming Bank of Africa was the next logical step in the Bank's development. The new name reflects the Bank's vocation, which is to serve Africa and further expand its global outreach.

The new corporate logo is in the shape of a cut diamond, which is a reference to the African continent. Alongside the logo is the name 'BANK OF AFRICA' in bold and its belonging to BMCE Group.

Excerpt from the presentation made to the Extraordinary General Meeting of Shareholders 5 March 2020, resulting in the Memorandum and Articles of Association being amended.



Othman BENJELLOUN

Chairman & Chief Executive Officer

BANK OF AFRICA - BMCE Group is publishing its first Integrated Report in respect of the 2019 financial year, in accordance with the International Integrated Reporting Council's globally accepted integrated reporting framework. As its name would suggest, this reporting format provides an integrated framework for reporting financial as well as nonfinancial performance. It also allows us to scrutinise more closely the various Environmental, Social and Governance (ESG) challenges that we face, consistent with our approach in recent years regarding corporate social and environmental responsibility.

In terms of performance, the highlights of the 2019 financial year include:

- The Group's financial position was significantly bolstered with shareholders' equity attributable to shareholders of the parent company rising by 22%. 2019 was marked by a large-scale transaction which resulted in a considerable increase in the Group's capital, with CDC Group Plc, a UK investor, acquiring a stake in the company.
- A positive financial performance with consolidated net banking income rising by 5% year-on-year to MAD 13.9 billion while net income attributable to shareholders of the parent company increased by 5% to MAD 1.9 billion.
- Geographic expansion, resulting in (i) an increased contribution from African operations to the Group's operational and financial performance, (ii) an expansion of European operations and (iii) the opening of the first branch office by an African Bank in Shanghai.

- Lastly, our Group continued to implement its digital transformation process aimed at offering our retail and corporate customers a more straightforward banking experience via remote banking platforms.

This 2019 annual report is published in what are unprecedented times around the world due to the COVID-19-related health crisis in 2020. Despite the fact that this crisis has brought about major economic and social upheaval, a world order is perhaps beginning to emerge.

We are committed to leveraging the opportunity presented by this exceptional global situation to accelerate change across our Group's various businesses. Our aim is to generate even more short-and long-term value for our shareholders, customers and other stakeholders in Morocco and in those countries in which we have operations.



BANK OF AFRICA-BMCE GROUP

# MORE THAN 60 YEARS OF CONTINUOUS DEVELOPMENT



1959-1994 FROM ASTATE-OWNED BANK

▶ 1959 : Bank established

▶ 1972 : Opens its 1<sup>st</sup> overseas operations, a branch office in Paris

▶ 1975 : Listed on the Casablanca stock exchange

1995-2006 ...TO A UNIVERSAL BANK ▶ 1995 : Bank privatised

➤ 2000 : Representative offices opened in London and Beijing

▶ 2004 : 1<sup>st</sup> non-European bank in morocco to be awarded a Corporate Social Responsibility rating

2007-2020 ...AND NOW A MULTINATIONAL GROUP

▶ 2007 : BBI London starts operations

▶ 2008 : Acquires 35% stake in BANK OF AFRICA

▶ 2013 : USD 300 Million Eurobond issued on international markets

▶ 2015 : - New corporate name adopted, BMCE BANK OF AFRICA Group, thereby bolstering the Group's African credentials

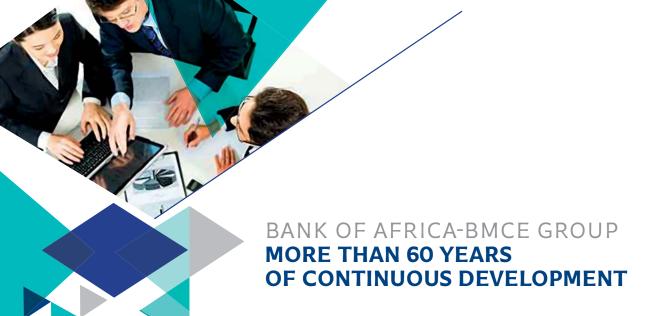
> - Stakes raised in boa to 75%, in Banque de Développement du Mali to 32.4% and in LCB bank to 34%

- Launch of the African Entrepreneurship Award

➤ 2016 : 1<sup>st</sup> bank to issue a 'Green Bond' at the Cop 22 Conference

≥2019 : BMCE Shanghai Branch opens

▶2020 : BMCE BANK OF AFRICA becomes BANK OF AFRICA



#### 1959-1994

# A BANK WITH GLOBAL ASPIRATIONS IS BORN

Banque Marocaine du Commerce Extérieur was founded in 1959 at the instigation of His Majesty the late King Mohammed V. Its purpose was to develop Morocco's overseas, trade.

#### 1995-2006

#### A UNIVERSAL BANK TO SUPPORT MOROCCO'S DEVELOPMENT

After being privatised in 1995, the Bank became a subsidiary of FinanceCom Group. This milestone proved to be a turning-point in its history as it began to expand its portfolio of business interests. Building on its initial expertise as a specialist international trade bank, BANK OF AFRICA adopted a universal banking business model and rapidly began to play a major role in the Kingdom's economic development.

BANK OF AFRICA accelerated the development of its international business.

## **2007-2020**

#### FRESH IMPETUS, PAN-AFRICAN AND INTERNATIONAL AMBITIONS

With the African continent showing significant growth potential, BANK OF AFRICA fulfilled its goal of becoming a pan-African bank with an international outlook. Other acquisitions followed, underlining its longstanding ambition of establishing itself as a major player on the continent.

Bolstered by its overseas successes, BANK OF AFRICA has continued to expand, establishing operations in China and continuing to serve Africa. The Bank recently changed its corporate name to 'BANK OF AFRICA', a natural choice. The Group has emerged as one of Africa's key economic and financial institutions with a powerful network and operations in 20 countries.

# BANK OF AFRICA

#### **TODAY**



#### A BANKING GROUP WITH AN EXTENSIVE PORTFOLIO OF **BUSINESS LINES AND BRANDS**

BANK OF AFRICA is one of Africa's main pan-African financial groups. With an extensive portfolio of brands and subsidiaries, its universal banking business model has seen it diversify into a variety of business lines including commercial banking, investment banking as well as specialised financial services such as leasing, factoring and consumer credit.



#### AN INTERNATIONAL BANK WITH AN AFRICAN **FOCUS**

BANK OF AFRICA is today Morocco's leading banking group in terms of international exposure with operations in 31 countries in Africa, Europe, Asia and North America.

The Group employs more than 15,200 staff around the world and has more than 1,800 points of sale, serving just fewer than 6.6 million customers.



#### BACKED BY A POWERFUL GROUP

BANK OF AFRICA is a subsidiar of FinanceCom, a Moroccan private group with a portfolio of businesses in a variety of high-growth and other sectors. Its regional and international ambitions are primarily structured around 5 divisions: finance, insurance, real estate, telecommunications and tourism



#### A MEMBER OF FINANCECOM GROUP

#### **CORE BUSINESS**

#### - BANK OF AFRICA

A universal bank, Morocco's 3rd private sector bank with a 12.4% share of the loan market and a 13.5% share of the deposit market.

#### - RMA

One of Morocco's leading insurance companies with a 15% market share.

#### **GROWTH DRIVERS**

#### - MEDI TELECOM / ORANGE

Morocco's second mobile telecoms operator providing internet, mobile and landline telephony services to 15.9 million subscribers (as of end of December 2019).

#### - GREEN OF AFRICA

Company specialising in investment in renewable energy.

An industry leader in Morocco's passenger transport and messaging sectors.

#### - RANCH ADAROUCH

Africa's largest bovine breeder.

#### - BIO BEEF

Morocco's leading private red meat slaughtering, cutting and processing industrial operation, meeting ONSSA health standards.

#### PRIVATE EQUITY

#### - FINATECH

A holding company specialising in new information technologies structured around four business lines: Energy & Infrastructure Systems & Technologies.

#### - AIR ARABIA MAROC

Morocco's leading low-cost airline.

#### - BRICO INVEST

DIY equipment and home improvement retail chain.

#### **REAL ESTATE & INVESTMENTS**

#### **ARGAN INVEST**

Division managing FinanceCom Group's investment funds.

#### - CAP ESTATE

The Group's real estate subsidiary with share capital of MAD 225 million.

#### - REVLY'S

A joint venture between FinanceCom Group and Aman Resort specialising in funding tourism projects.

#### - VILLAJENA

A company developing a 10-hectare land reserve in Marrakech in which it aims to build villas developed under the Aman brand.

Management Company managing Accor's hotel chain in Morocco.

#### - O TOWER

Joint venture between BANK OF AFRICA, RMA and FinanceCom. overseeing the Mohamed VI Tower project.

#### INTERNATIONAL

#### - FINANCECOM INTERNATIONAL

Subsidiary overseeing the Group's asset management and real estate companies around the world.

•

••••••

••••••

•••••••

••••

٠.,





One of BANK OF AFRICA's distinguishing characteristics is its strong commitment to the environment and to social and societal responsibility. The Group's activism started more than 25 years ago via its BMCE Bank Foundation. To this day, the latter continues to innovate, rolling out a growing number of initiatives promoting education and environmental causes as well as supporting African start-ups. In addition, the BOA Foundation's various initiatives – through its subsidiaries operating in seven countries – are aimed at improving access to care in every region of each country as well as improving the quality of care provided.

Leveraging the various undertakings and achievements of its Foundations, their approach and their processes which are underpinned by sustainability principles, BANK OF AFRICA has established a team of sustainable development and CSR professionals. As a result, environmental and social criteria are now fully integrated into the Bank's decision-making processes. The Bank also plays an active role in major international initiatives in this area e.g. the UNEP FP's Principles for Positive Impact Finance, the Equator Principles, the United Nations Global Compact, Mainstreaming Climate Action and the Green Investment Principles for the Belt and Road. In applying the highest international standards, BANK OF AFRICA has acquired a reputation for its leadership and performance with regard to ESG in Morocco and around the world.

BANK OF AFRICA COMMITTED TO SUSTAINABLE DEVELOPMENT AND CSR FOR MORE THAN 20 YEARS

## INTERNATIONAL UNDERTAKINGS



BANK OF AFRICA the first African signatory in 2000 to UNEP FI's

Statement of Commitment by Financial Institutions on the Environment and Sustainable Development.



Environmental and Social (E&S) Risk Management System adopted in conjunction with the IFC in 2008.



Equator Principles (EP) voluntarily adopted by BANK OF AFRICA in May 2010. These provide a framework for determining, assessing and managing environmental and social (E&S) risks in funded projects of USD 10 million or more.



United Nations Global Compact signed by BANK OF AFRICA, underlining its support for the ten principles relating to human rights, social and labour standards, environmental protection and combating corruption. First report, 'Communication on Progress' put online in October 2017 after obtaining 'Global Compact Active COPs' status in 2016.





BANK OF AFRICA's commitment to climate action is underlined by joining the 'Mainstreaming Climate Action within Financial Institutions' initiative in 2016.





Founding member of Principles for Responsible Banking in 2019 and Principles for Positive Impact Finance in 2017.

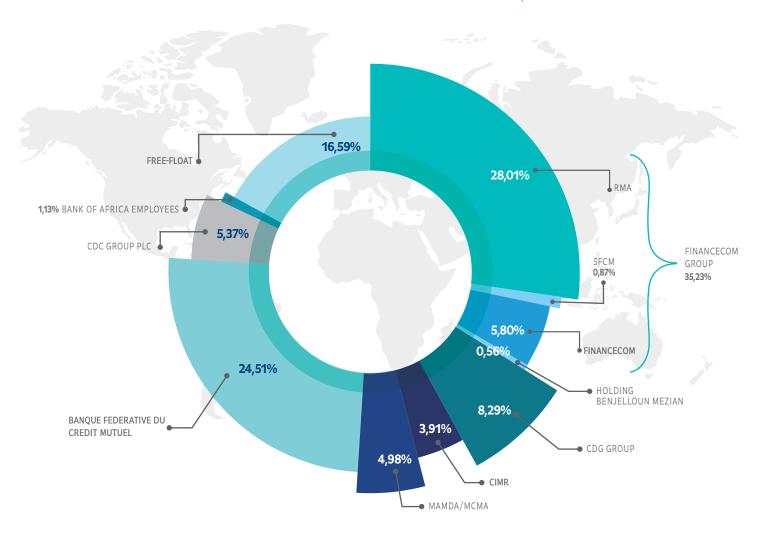




BANK OF AFRICA the first African bank to support China's 'Green Investment Principles for the Belt and Road (GIP)' initiative.

#### **SHAREHOLDERS**

#### THE SHAREHOLDER STRUCTURE AS OF DECEMBER 31<sup>ST</sup>, 2019



#### INTRODUCING THE MAIN SHAREHOLDERS

#### RMA

One of North Africa's leading insurance companies, RMA has forged a reputation as a solid yet ambitious player due to its extensive distribution network and strong emphasis on innovation.

#### **FINANCECOM**

A leading Moroccan industrial and financial group with operations in a variety of high growth sectors.

#### **CDG GROUP**

A Moroccan public institution whose purpose is to invest in and support large-scale projects aimed at bolstering Morocco's economic development and infrastructure.

#### BFCM - CM-CIC GROUP

BFCM is a leading French banking group with international operations. It is a holding company with retail banking, bankinsurance and bank card operations.

#### **CDC GROUP PLC**

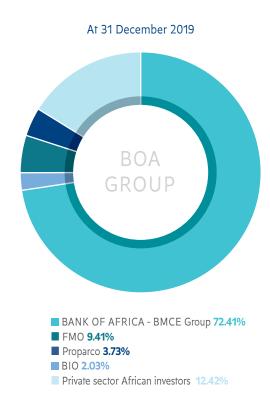
Established in 1948, CDC Group is the UK's leading development finance institution with an investment portfolio of more than USD 6 billion. Its main focus is to invest in businesses in Africa.

#### BANK OF AFRICA GROUP IN SUB-SAHARAN AFRICA

BANK OF AFRICA Group's African operations comprise the following brands:



#### **BOA GROUP'S SHAREHOLDER STRUCTURE**





First Moroccan bank to do business in sub-Saharan Africa

A network of almost 1,800 branches with operations in thirty or so overseas countries including twenty or so in Africa

# Proparco GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT



A financial institution jointly owned by Agence Française de Développement (AFD) and private shareholders from developed countries and developing nations



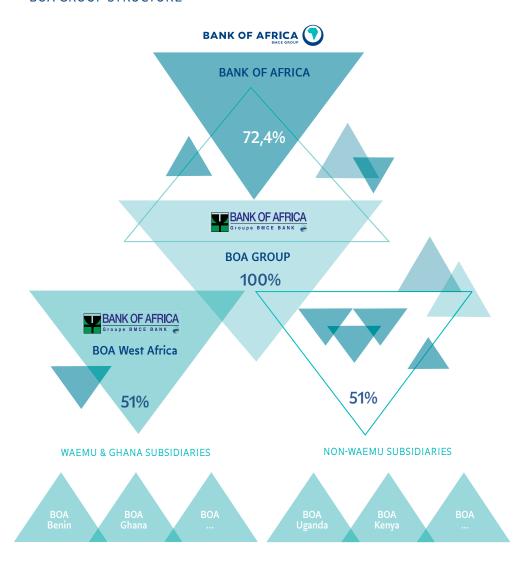
V.

Netherlands Development Finance Company, established in 1970 by the Dutch government and in which the latter has a 51% stake, specialising in financing private sector projects



Belgian development finance institution established in 2001 to promote the growth of the private sector in emerging and developing economies

#### **BOA GROUP STRUCTURE**



- BOA Group is a Luxembourg financial holding company controlling 17 banks in Africa.
- At 31 December 2019, total assets stood at EUR 9 billion with EUR 4.3 billion of customer loans.
- The WAEMU and Ghana banking subsidiaries come within the remit of BOA West Africa, a regulated entity that is based in Ivory Coast and is wholly owned by BOA Group.
- The Group has operations in 17 sub-Saharan African countries and in France, from where it controls the majority of its investment holdings and manages its subsidiaries.
- Our subsidiaries operate within the WAEMU zone, the East African Community, Ghana, DRC, Madagascar and Djibouti.

## BANK OF AFRICA GROUP'S

#### **BUSINESS LINES**

#### COMPLEMENTARY BUSINESS LINES AND MULTI-NATIONAL COVERAGE

BANK OF AFRICA has built a portfolio of complementary banking and financial business lines including commercial banking, investment banking, insurance and financial services.

In addition, consistent with its initial vocation, the Group has continued to develop its overseas operations, first in Europe, then in Africa and, most recently, in China. BANK OF AFRICA has become a reference banking group thanks to its solid footprint in Morocco and the rest of the African continent.



# Commercial Bank in Morocco by total assets

with a 12.4% share of the loan market and a 13.48% share of the deposit market

BANK OF AFRICA's Total Assets at the end of December 2019 stand at EUR 29.3 billion and its consolidated shareholders' equity amounts to EUR 2.6 billion.



with a product penetration ratio of 34.53%



#### **Asset Manager**

with a 12.8% market share

## MOROCCO

#### **Commercial Banking**

BANK OF AFRICA – BMCE Group

# Specialised Financial Services

Maroc Factoring 100%

Maghrebail 52.5%

Salafin 60.79%

RM Experts 100%

#### **Investment Banking**

BMCE Capital 100%

BMCE Capital Gestion 100%

BMCE Capital Bourse 100%

#### Others

Locasom 97,4%

Euler Hermes Acmar 20%

Eurafric Information

Conseil Ingénierie et Développement 38.90%

Africa Morocco Link 51%

#### INTERNATIONAL

#### AFRICA

BOA GROUP 72,41%

LCB Bank 37%

Banque de Développement du Mali 32,4%

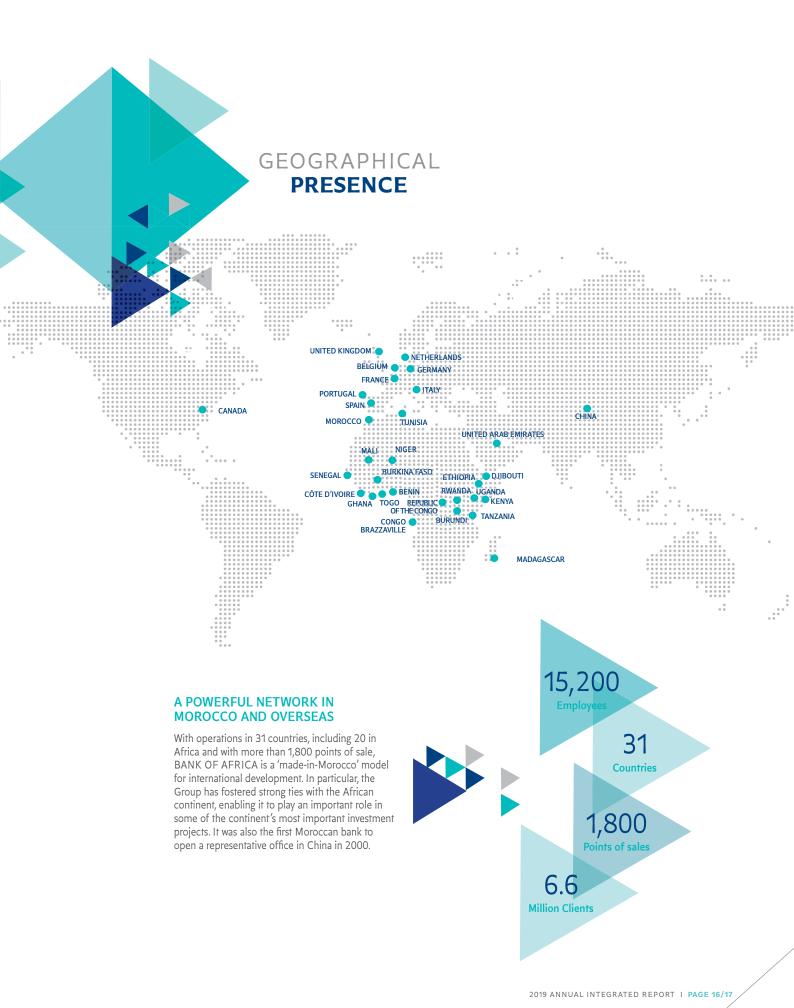
#### **EUROPE**

BMCE International Holdings 100%

BMCE Euroservices 100%

**ASIA** 

BMCE Shanghai Branch Office



## A PAN-AFRICAN **VOCATION**

#### 2<sup>ND</sup> PAN-AFRICAN GROUP IN TERMS OF GEOGRAPHICAL COVERAGE

Tunisia

#### **BOA-BENIN** Established: 1990 Number of agencies: 50

#### **BOA-BURKINA FASO** Established: 1997 Number of agencies: 52

Morocco 🛑

Senegal

Mali

Côte d'Ivoire

Ghana

Burkina Faso

Togo

Benin

#### **BOA-CÔTE D'IVOIRE** Established: 1996 Number of agencies: 40

#### **BOA-GHANA** Established: 2011 Number of agencies: 26

BOA-MALL Established: 1983 Number of agencies: 57

Djibouti

Ethiopia

Uganda

Kenya

Rwanda Burundi

Madagascar

BOA-KENYA

Established: 2004

Number of agencies: 31

#### **BOA-NIGER** Established: 1994 Number of agencies: 30

#### **BOA-TOGO**

Established: 2013 Number of agencies: 13

#### **BDM SA-MALI**

Established: 1983 Number of agencies: 59

#### **BANK OF AFRICA**

Established: 1959 Number of agencies: 732

#### TUNISIA

Established: 2006 **BMCE Capital Tunisie** 

#### **BOA-RWANDA**

Established: 2015 Number of agencies: 14

#### **BOA-MER ROUGE**

Established: 2010 Number of agencies: 10

#### BURUNDI

Banque de Crédit du Bujumbura: 2008 Number of agencies: 23

#### **BOA-OUGANDA**

Established: 2006 Number of agencies: 35

DR-Congo

Congo

#### **BOA-TANZANIA**

Established: 2007 Number of agencies: 26

**BOA-SENEGAL** Established: 2001 Number of agencies: 58

#### **LCB BANK**

Established: 2010 Number of agencies: 17

#### **BOA-DRC**

Established: 2010 Number of agencies: 16

#### BOA MADAGASCAR

Established: 1999 Number of agencies: 92

#### **BOA-ETHIOPIA**

Established: 2014 Representative Office

#### East Africa Central Africa

Southern Africa West Africa North Africa

geographical coverage - 20 countries and 4 economic

#### **1**st

Moroccan bank to establish operations in sub-Saharan Africa

– BOA Group, Banque de Développement du Mali and LCB Bank

# INTRA-GROUP SYNERGIES FOR AFRICA'S DEVELOPMENT

#### **BOA GROUP - BANK OF AFRICA**

Synergies generated in a number of areas including finance, risk management, consolidation, general control, training and IT.

#### **BOA GROUP - BMCE CAPITAL**

#### **BOA GROUP - SALAFIN**

Acquisition of a management system for loan recovery by amicable settlement for retail and corporate customers.

Comprehensive car finance system introduced.

Joint venture with BMCE Capital encompassing advisory, securities brokerage and asset management services.

#### BOA GROUP -BMCE EUROSERVICES

BOA GROUP - RM EXPERTS

BMCE INTERNATIONAL HOLDINGS (LONDRES, PARIS, MADRID)

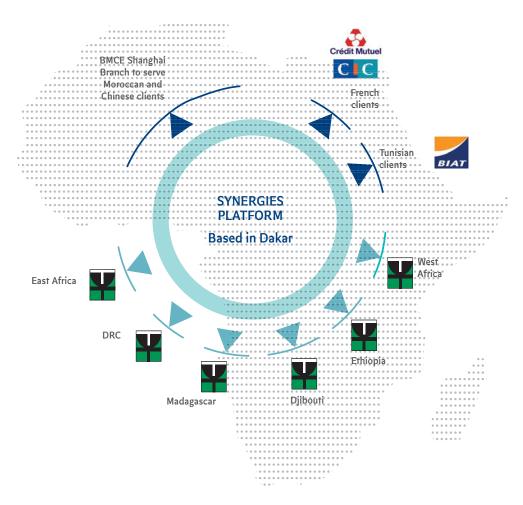
BMCE SHANGHAI BRANCH

Synergies developed between BMCE EuroServices and BOA-France in money transfers. Organisational structure introduced for managing non-performing loan recovery.

Corporate & Investment banking business developed in Africa.

Promoting Chinese investment in Africa through trade finance and project finance.

#### **GROUP SYNERGIES PLATFORM**



#### **EUROPEAN ACTIVITIES**

# Contribution to Net Income Attributable to Shareholders of the Parent Company

(At end of December 2019) 79%

#### BMCE International Holding



Nearly 40 representative offices across 8 countries: France, Spain, the United Kingdom, Italy, Germany, the Netherlands, Belgium and the United Arab Emirates.



#### BMCE BANK FOUNDATION

# A 25-YEAR COMMITMENT TO PROMOTING EDUCATION AND THE ENVIRONMENT

« For more than twenty years, BMCE Bank Foundation for Education and the Environment has been committed to initiatives in support of Morocco's most disadvantaged communities. Our educational blueprint is founded on the principle that education should be a catalyst for social and cultural development as well as economic development.

We are convinced that a society in which every individual has been given an opportunity to find his or her rightful place is a healthy one.

That is why we have chosen to support the public authorities in the fight against illiteracy, pupils dropping out of school and the non-enrolment of girls in education. We are more than aware that we are fighting against the inevitable consequences of educational inequalities such as isolation and the impoverishment of rural communities, exacerbated in the digital era ».

Dr Leila Mezian Benjelloun, BMCE Bank Foundation Chair



# A BRIEF HISTORY OF BMCE BANK FOUNDATION

#### 1998

• Medersat.com programme launched

#### 2013

- Awarded the 'WISE Award' by the Qatar Foundation at the World Innovation Summit for Education (WISE) in Doha
- L'Ecole de la Palmeraie, a documentary produced for the Foundation, awarded a 'Gold Dolphin' in the Education category at the Cannes Corporate Media & TV Awards

#### 2016

- Partnership agreement formed with the French Institute of Morocco to deliver French lessons to Medersat.com network teachers
- Awarded the Rockefeller Foundation's 'Bridging Leadership Award' in New-York
- Dr Leila Mezian Benjelloun, the Foundation's Chair, awarded the Al Arsh Wissam by His Majesty King Mohammed VI

#### 2018

 Partnership agreement signed with the Ministry of National Education to build pre-school units in public institutions

#### 1995

• BMCE Bank Foundation for Education and the Environment established

#### 2000

• First schools in rural communities set up

#### 2014

 Mandarin Chinese teaching introduced after a partnership was formed with Hassan II University's Confucius Institute and the Chinese Embassy

#### 2017

 Partnership agreement signed with the Mohammed VI Foundation for Environmental Protection as part of the Eco-Schools programme

#### 2019

- Mr Othman Benjelloun, founder of BMCE Bank Foundation and Dr Leila Mezian Benjelloun, Foundation chair, awarded the Visionary Award from the Middle East Institute (MEI), a US-based centre of learning
- Medersat.com school opened in Rwanda as well as the Daara-Rama Franco-Arab College in Diamniadio, Dakar
- Cooperation bolstered with the Confucius Institute to extend face-to-face Mandarin Chinese teaching to Boujdour school pupils



#### THE FOUNDATION AND ITS STRATEGIC GOALS



# BMCE BANK FOUNDATION SUPPORTING EDUCATION AND THE ENVIRONMENT IN AFRICA





#### ADAPTING TO AN EVER-CHANGING

# NATIONAL, CONTINENTAL AND INTERNATIONAL ENVIRONMENT

In an increasingly complex global environment, BANK OF AFRICA is committed to meeting the great challenges of our century.

The global approach advocated by the Bank's Chairman, Mr Othman Benjelloun, is inspired by a public-spirited commitment to modernisation. The Bank therefore makes a positive and solid contribution to the development of the banking system in Morocco and in Africa. An emphasis on inclusiveness underpins this multi-faceted approach, which embraces economic, social as well as cultural aspects.

More than half of the financing 'gap' needed to achieve Sustainable Development Goals (SDGs), USD 2.5 trillion according to UN estimates, is concentrated in Africa. Furthermore, the continent's population is set to double by 2050. The basic needs of communities are far from being met, while the continent is suffering more than others from climate change.

Bridging this gap is not just a financial challenge. Economic crises resulting from health crises will further emphasise the need to drastically improve the economic efficiency of social and environmental investments.

BANK OF AFRICA is convinced that economic activity should systematically prioritise and look to bring about positive social impact, particularly when it comes to generating jobs and to developing a harmonious socio-economic fabric. In response to the longstanding challenges facing it, the African continent has developed its own specific business models,

characterised by increased local production of goods and services and shorter production, storage, transportation and consumption circuits.

The 4th industrial revolution should hopefully provide us with the insight required to meet the challenges of social inclusion, health, education, food security, housing, financial inclusion, access to water, energy, connectivity, mobility, and more.

This is the kind of world that BANK OF AFRICA wants to help create alongside public authorities, companies and communities that are themselves existing or prospective customers.



## A HEALTHY,

#### **EFFICIENT AND SOLID GOVERNANCE SYSTEM**

BANK OF AFRICA has established a highly robust and exemplary governance system to protect the long-term interests of all its stakeholders. The Group continues to meet the most stringent of standards when it comes to governance practices, as well as ensuring that it is fully compliant with domestic and international statutory requirements. Furthermore, given its strategic role within the economy, the Group is under an obligation to ensure that its operations are entirely secure and to adopt adequate control mechanisms.

As part of a process of ongoing improvement, BANK OF AFRICA's governance system is underpinned by a number of decision-making and supervisory bodies as well as committees which are responsible for drawing up the Group's main strategic and operational policies.

#### **GOVERNANCE CHARTER**

Consistent with its role as a responsible organisation with a strong emphasis on ethical standards, BANK OF AFRICA has adopted a Governance Charter, drawn up in accordance with Bank Al-Maghrib's Directive 1/W/2014.

This Charter defines the powers of each body, where those powers stop and how they interact. The Charter enables BANK OF AFRICA to organise more effectively the functioning and the decision-making processes of its most important decision-making bodies – the Annual General Meeting of Shareholders, the Board of Directors and Corporate Governance.



#### GOVERNANCE



Left to right
Othman BENJELLOUN
Zouheir BENSAID
Lucien MIARA Abdellatif ZAGHNOUN Hicham EL AMRANI Azeddine GUESSOUS Marc BEAUJEAN François HENROT Brian C. McK. HENDERSON Philippe DE FONTAINE VIVE Christian de BOISSIEU Abdou BENSOUDA Brahim BENJELLOUN-TOUIMI The Board of Directors' primary responsibility is to maintain a balance between shareholders' interests and growth prospects, between long-term value creation and depositor protection.

This body is responsible for strategic planning, for determining and managing risk, internal control, governance and the Corporate Social Responsibility Charter. BANK OF AFRICA's Board of Directors is renowned for taking a collegial approach to decision making and for its mix of domestic and international banking and finance experts. The Board comprises thirteen Directors, four of whom are Independent Directors.

The Board comprises thirteen Directors, four of whom are Independent Directors.

#### **OTHMAN BENJELLOUN**

BANK OF AFRICA's Chairman and Chief Executive

Officer

Date initially appointed: 1995<sup>1</sup> Current term of office: 2019-2025

#### BANQUE FEDERATIVE DU CREDIT MUTUEL-CREDIT MUTUEL ALLIANCE FEDERALE GROUP

Represented by Lucien MIARA Date initially appointed: 2005 Current term of office: 2014-2020

#### CAISSE DE DÉPÔT ET DE GESTION

Represented by Abdellatif ZAGHNOUN Date initially appointed<sup>2</sup>: 2010 Current term of office: 2016-2022

#### **RMA**

Represented by Zouheir BENSAID Date initially appointed: 1994 Current term of office: 2019-2025

#### **FINANCECOM**

Represented by Hicham EL AMRANI Date initially appointed: 2001 Current term of office: 2015-2021

#### **CDC LIMITED\***

Represented by Marc BEAUJEAN
Date initially appointed: 2019
Current term of office: 2019-2024
(\*) Co-opted onto the Board of Directors 22 November
2019 and appointment to be put before the 2020 AGM
for approval

#### **AZEDDINE GUESSOUS**

Intuitu Personae Date initially appointed: 2017<sup>3</sup> Current term of office: 2017-2023

#### **FRANÇOIS HENROT**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

#### **BRIAN C. MCK. HENDERSON**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

#### PHILIPPE DE FONTAINE VIVE

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

#### **CHRISTIAN DE BOISSIEU**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

#### **ABDOU BENSOUDA**

Intuitu Personae Date initially appointed: 2018 Current term of office: 2018-2024

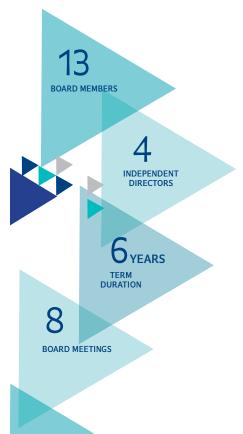
#### **BRAHIM BENJELLOUN - TOUIMI**

Group Executive Managing Director and Chairman of the Board of BOA Group (Luxembourg) Date initially appointed: 2004 Current term of office: 2016-2022

1 Each term of office shall take effect from the date on which the Annual General Meeting is held to rule on the previous year's financial

2 CDG had a seat on BANK OF AFRICA's Board of Directors from 1966 to 1997 and was then reappointed at the Annual General Meeting of 26 May 2010.

3 Mr Azeddine GUESSOUS sat on the Board as an Intuitu Personae Director from 2005 to 2008, then as RMA's permanent representative before being appointed again as an Intuitu Personae Director in 2017.

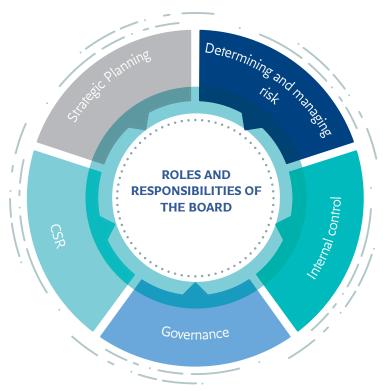


#### **RULES OF PROCEDURE**

Like other international listed companies, BANK OF AFRICA has adopted Internal Rules which define the Board of Directors' modus operandi, thereby enhancing the Bank's credibility and stature vis-a-vis each of its stakeholders. These Internal Rules specify:

- 1. The composition and responsibilities of the Board of Directors
- 2. The Board of Directors' modus operandi
- 3. The special mandates and specialised committees which report directly to the Board
- 4. The rules of ethics and professional conduct that apply to Directors (Ethics Charter for Directors)

#### ROLES AND RESPONSIBILITIES OF THE BOARD



93% ATTENDANCE RATE

MAD 5.6 MILLION DIRECTORS' FEES



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER MR OTHMAN BENJELLOUN

#### **SENIOR MANAGEMENT**

#### Mr Brahim BENJELLOUN-TOUIMI

Group Executive Managing Director and Chairman of the Board of BOA Group (Luxembourg)

#### **Mr Driss BENJELLOUN**

Delegated General Manager responsible for Group Finance

#### Mr M'Fadel EL HALAISSI

Delegated General Manager responsible for Financial Engineering, Debt Collection and Specific Assignments

#### Mr Mounir CHRAIBI

Delegated General Manager responsible for Group Operations

#### Mr Omar TAZI

Delegated General Manager responsible for Banking in Morocco

#### Mr Mohammed AGOUMI

Delegated General Manager responsible for International Coordination

#### Mr Khalid LAABI

Delegated General Manager responsible for Group Risks

#### Mr Khalid NASR

Head of the Corporate & Investment Banking Division

# THE GROUP'S WOMEN IN FIGURES

BANK OF AFRICA 4 female Deputy CEOs BOA GROUP 2 Female Deputy CEOS 12 women ON THE BOARD OF DIRECTORS OF BOA SUBSIDIARIES

In 2019, an important milestone was reached in terms of gender parity and equality with three women appointed to the post of Deputy Chief Executive Officer within BANK OF AFRICA. This represents a major step in terms of women appointed to senior management posts, taking the total number of female Deputy CEOs to four.

The Group is convinced of the benefits of diversity, particularly female representation on management bodies. These women, each with a unique background, have occupied a variety of positions over a number of decades, climbing the ranks and holding various functions and responsibilities in Morocco, sub-Saharan Africa, Europe and Asia. The Group pays tribute to the commitment and dedication of these women, who have made their mark on the Group and recognises their contribution to its development and performance.

#### COMPLIANCE

# HIGHLY COMMITTED IN EVERY ASPECT

BANK OF AFRICA is inherently committed to complying with laws and regulations and has extremely high standards when it comes to compliance. Its entire operations are governed by a robust compliance policy which ensures that financial and banking industry regulations are strictly complied with.

The compliance policy extends to each of the Group's subsidiaries by way of a genuine compliance culture that governs the behaviour of the Group entire staff at all times. Group Compliance, which is closely linked to risk management, plays a key role in ensuring that all stakeholders, particularly BANK OF AFRICA's customers, are fully protected.

# COMPLIANCE - A STRATEGIC ROLE

In 2019, BANK OF AFRICA finalised a range of policies enabling international and domestic subsidiaries to adopt the Compliance system. As part of the Group's convergence programme, a number of solutions were introduced during implementation that are likely to enhance the systems that are already in place. The Group also pursued efforts at extending a Compliance culture to all subsidiaries.

In addition, the Group continued to play its part in combating money laundering and terrorist financing, as well as complying with FATCA legislation and maintaining high standards of ethics and professional conduct. Against such a backdrop, the Bank fostered ties with both internal and external partners – Bank Al-Maghrib, the UTRF, the AMMC, the CNDP, the IRS (United States), foreign banking correspondents as well as its network of branches and business centres.

Lastly, BANK OF AFRICA initiated a number of cornerstone projects in response to regulatory requirements relating to AML/CFT (anti-money laundering). These projects and tools are designed to enhance Know Your Customer procedures, introduce a control strategy and undertake risk assessment.

# COMPLIANCE INCORPORATED AT GROUP LEVEL

In 2019, in accordance with the Convergence project, BANK OF AFRICA continued to roll out Compliance across the Group through a number of initiatives and projects.

# Roll out completed at subsidiary level

A significant number of subsidiaries implemented the Group Compliance system in 2019. As a result, every European subsidiary, 100% of BOA entities including BCB-Bujumbura as well Salafin in Morocco have now adopted the Group's Compliance system. BANK OF AFRICA also shared Group standards with BANK OF AFRICA Shanghai and provided assistance to European subsidiaries undergoing audits by local regulatory authorities.

The Compliance Community seminar was held for the third consecutive year in March 2019. This event aims to foster a culture of dialogue and encourage information-sharing among the Group's subsidiaries.

Lastly, in accordance with the new regulations introduced in 2019 and in compliance with the auditors' recommendations, BANK OF AFRICA will initiate a far-reaching project to update existing standards and processes. This project will span 2020 and 2021.

#### Post-roll out assistance

BANK OF AFRICA's Group Compliance project will now transition to the post-roll out phase by identifying the actions needed to enable each subsidiary to comply. In particular, this involves upgrading the body of standards at subsidiaries within the WAEMU region, enhancing the screening system for customers and transactions and adopting a new risk-based approach within screening systems at European subsidiaries. Lastly, subsidiaries are also being called upon to satisfy FATCA requirements and set up an antibribery management corruption system.

Other corrective actions have been implemented by subsidiaries to resolve the technical malfunctions of the screening and profiling systems caused by the introduction of a number of new IT projects at BOA Group (Banking, new Banking Accounting Plan).

Lastly, Group Compliance has made its subsidiaries aware of the need to resize their Compliance teams to ensure that the newly implemented systems are efficient and to improve the processing rates for profiling alerts.

#### Assistance for audited subsidiaries

Subsidiaries frequently undergo audit inspections by their regulatory authorities. 19 entities or 63% of the Group's subsidiaries have been audited over the past three years. It should be noted that these audit inspections did not result in any sanction by the regulatory authorities.

In response to these audits, Group Compliance has set up a support system for its subsidiaries. This system is intended to assist subsidiaries by providing training to staff working in the Compliance function, producing deliverables, reviewing of systems and solutions and monitoring corrective action.

In addition, Group Compliance continued to provide assistance to subsidiaries by helping them with their post-audit remediation plan.

#### SUSTAINABLE

#### **DEVELOPMENT AND CSR GOVERNANCE**

# ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSIBILITY

#### Environmental, Social and Sustainability (ESS) Committee established

As far as governance was concerned, an Environmental, Social and Sustainability Committee was established in 2019, chaired by the Group Executive Managing Director.

# A Group-wide charter to ensure consistency of action

After concerting with each of its stakeholders, BANK OF AFRICA formalised its commitments in the form of a Social Responsibility Charter. Introduced in March 2018, this Charter, which aims to meet ethical, environmental and social challenges, is part of a reflective process at Group level.

The Charter provides a framework enabling each subsidiary to make an effective contribution to six major undertakings in the following areas:

- **1.** Business ethics and responsible customer relations
- 2. Sustainable finance and social entrepreneurship
- 3. Responsible employer
- 4. Governance and risk management
- **5.** Environment
- **6.** Community interest and dialogue with stakeholders

# Complying with business ethics and safeguarding customers' interests

- Anti-bribery, anti-fraud and anti-competitive practices
- Anti-money laundering and countering terrorist financing

Business ethics

and responsible

relations

- Information security and personal data protection
- Responsible customer relations
- Preventing over-indebtedness

nterests and

Purchasing responsibly

# Complying with the highest international standards

BANK OF AFRICA adheres to the main international benchmarks used to achieve sustainable development goals – the United Nations' Principles for Positive Impact Finance, the Global Compact, the Equator Principles based on the IFC's sustainability policy and Environmental and Social Management System, the Climate Action in Financial Institutions Initiative and the Green Investment Principles for the Belt and Road, among others. By adopting these international undertakings, BANK OF AFRICA has established a framework enabling it to incorporate environmental aspects into its operations.

# Acting in the interests of communities and maintaining a dialogue with stakeholders

- Education
- Supporting microfinance and financial education
- Financial inclusion
- Respect for human rights
- Dialogue with stakeholders

# Promoting sustainable finance and social entrepreneurship

- Managing social and environmental risks
- Financing resource efficiency (water, energy, waste)
- Low-carbon economy and cleaner production
- Supporting the growth of SMEs and small businesses
- Social entrepreneurship
- Financial inclusion
- Positive impact investing

## 5 Protecting the environment

- Reducing the carbon footprint in day-to-day operations (energy, water, waste, greenhouse gas emissions)
- Promoting sustainable construction
- Developing a sustainable culture and behaviour

# dialogue with stakeholders Environment Governance and risk management Responsible employer

Sustainable

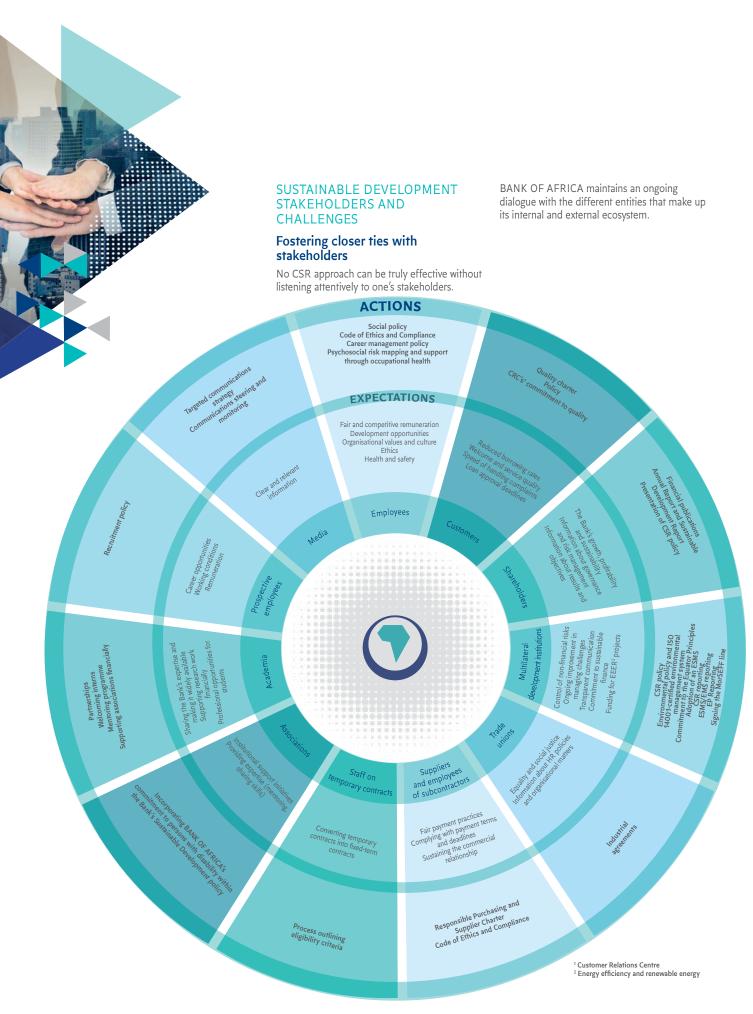
finance

# Exercising governance and risk management with diligence

- Ensuring that the information provided to the Board and Specialised Committees is reliable
- Risk management and inclusion of ESG factors
- Directors' independence
- Certified, comprehensive and true and fair financial information
- Respect for shareholders rights

## Being a responsible employer

- Diversity and equal opportunity between women and men
- Career management and training
- Supporting career change and internal mobility
- Occupational health, safety and wellbeing
- Collective bargaining and social dialogue





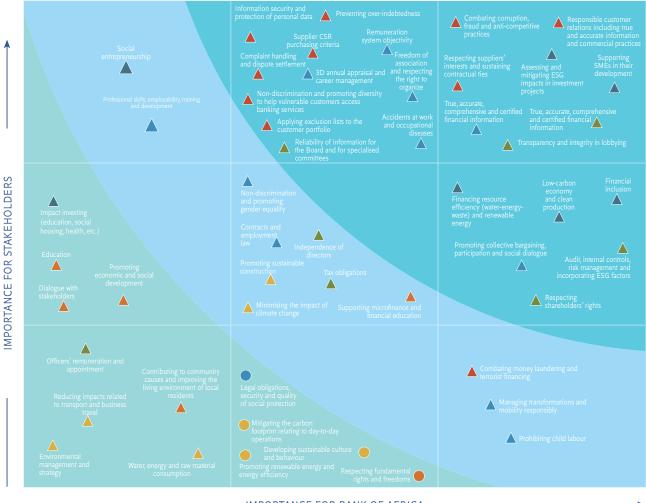
**DEVELOPMENT - MATERIALITY** Materiality analysis is a key component in

drawing up CSR strategy. It enables the Group to identify the environmental, social and governmental challenges that it faces while taking into account stakeholders' expectations and the Bank's business challenges.

Represented by a matrix, the correlation between these two main lines enables the Group to identify the major CSR challenges and draw up a deliverable strategy.

BANK OF AFRICA'S CSR policy has therefore been established on the basis of a concerted exercise in materiality, involving internal departments, non-financial performance experts and independent third parties. The aim is to respond as best as possible to the expectations expressed as part of an ongoing process of listening to every stakeholder.

#### THE CSR CHARTER'S 6 UNDERTAKINGS







### THE 2019-2021 STRATEGIC DEVELOPMENT PLAN

### A GROWTH ACCELERATOR

The Strategic Development Plan (PSD) adopted by BANK OF AFRICA Group for the 2019-2021 period provides a long-term vision underpinned by a number of sustainable growth drivers.

The Bank's senior management has called for this plan to be reviewed given the unprecedented circumstances resulting from the COVID-19-related health crisis

Whatever amendments are made, the Plan is likely to underline BANK OF AFRICA's commitment to meeting the major challenges of sustainable development and provide a clear roadmap for accelerating the Bank's digital transformation as well as fostering new growth drivers in Morocco and overseas.

# BACKDROP TO LAUNCHING THE STRATEGIC DEVELOPMENT PLAN Positive long-term economic backdrop although the short-term health crisis needs to be overcome

The Strategic Development Plan is being launched at a time when the economic context is complex. Given the current health crisis, companies and individual households will require support if sub-Saharan African countries are to maintain their economic growth trajectory. Alongside the banking sector, intervention is required from governments, the IMF and multilateral and development agencies. BANK OF AFRICA Group, which has forged close ties with them, will act as an intermediary. As a result, we envisage that the goals outlined in the Plan will continue to be met.

The Group is also more than capable of innovating and, together with its customers, will help identify solutions in Africa which are more economically efficient and underpinned by the 4th industrial revolution.

# A major investor arrives in Africa – a shared vision and a firm commitment to the continent's economic development

In 2019, CDC Group Plc, a development finance institution wholly owned by the UK government, acquired a stake in BANK OF AFRICA.

CDC Group's stake in BANK OF AFRICA is about 5%, amounting to the dirham-equivalent of two hundred million US dollars.

This venture represents CDC Group's first direct equity investment in Morocco and is one of the largest deals ever done by a UK institution in the Moroccan financial industry.

CDC Group is a leading player in Africa. With over 70 years' investment experience in Africa and Asia and with more than 700 companies in its African portfolio, CDC Group has extensive knowledge of the continent and intends to inject up to USD 4.5 billion in Africa by 2022. CDC Group's role is to invest in institutions that promote financial inclusion and provide individuals and SMEs with better access to affordable financing.



## STRATEGY AND AMBITIONS FOR ONGOING DEVELOPMENT

BANK OF AFRICA Group's ambition is underpinned by a desire for sustainable growth in support of its long-term development across the African continent.

The Group's development vision is structured around 6 strategic priorities, in addition to other growth drivers such as improved operational efficiency and more robust risk management and recovery systems. The aim is to deliver sustainable profit growth in each of the Group's businesses in Morocco, Africa, Europe and Asia.

## 1. Providing fresh impetus to retail banking and corporate banking

BANK OF AFRICA intends to provide fresh impetus to its retail banking and corporate banking businesses, particularly in the SME segment. A revival of the Bank's traditional core businesses in Morocco and internationally is expected.

In line with the strategic guidelines laid down by His Majesty, BANK OF AFRICA launched the CAP TPE 2020 programme aimed at introducing financial and non-financial measures in support of micro-entrepreneurs, self-employed workers and small businesses.

Focusing on SMEs and small businesses will help create jobs and develop Africa's economic and social fabric.

### 2. Developing new growth drivers

Another of BANK OF AFRICA's strategic priorities is to develop new niches such as the Green business.

Thanks to its various strategic partnerships with multilateral finance institutions as part of the MorSeFF program, BANK OF AFRICA is investing in innovation and promoting new green finance lines such as Cap Energie, Cap Valoris and Cap Bleu for managing energy, water and waste products intelligently.

### 3. Accelerating digital banking

BANK OF AFRICA aims to bolster its reputation as a forerunner in digital banking in both Morocco and Africa. One of the Group's priorities is to accelerate the development of digital banking. Its determination to develop multichannel banking is reflected not only in its redesigned organisational processes but also in the range of innovative products and services that have been adapted to customers' latest expectations. BANK OF AFRICA's multichannel strategy has seen it introduce new remote banking services. These new solutions are constantly evolving and undergoing improvement, offering new functionality. Multichannel digital banking is an important means of achieving social inclusion.

Through its digital transformation programme, BANK OF AFRICA is pursuing three strategic goals: (i) improve customer experience across all distribution channels while developing new income streams (ii) ensure that BANK OF AFRICA is the leading player in digital banking and innovation (iii) digitise front-to-back business processes to improve operational efficiency.



# 4. Africa, the beneficiary of the Group's international development strategy

BANK OF AFRICA Group's international development strategy has seen it bolster its presence in China with the opening of a new branch office in Shanghai as well as opening BBI UK representative offices in Zurich and Dubai.

The Shanghai branch office aims to assist Chinese export companies operating in the telecommunications, transportation and trade sectors as part of its corporate banking and trade finance activity.

BANK OF AFRICA also endeavours to generate potential synergies across its businesses in Europe, Africa and Asia via its multi-business platform and in support of its Africa business.

## 5. Bolstering coverage of SMEs in Africa

In Africa, BOA Group's aim has been to engineer a strategic commercial shift by focusing its financing activity on the small and medium-sized business segment. To support this strategy, risk management systems have been bolstered. Similarly, BOA Group intends to generate additional synergies on the commercial front with each of its entities in Morocco, Europe and Asia.



BOA Group's multi-channel strategy is one of its core strategic priorities, largely achieved through digitisation and by providing customers with innovative digital solutions.

BOA Group has invested heavily in IT infrastructure as part of its IT master plan to meet this goal.

## 6. Emphasising sustainable development

Ever true to its undertakings and its corporate culture, sustainable development and corporate social responsibility are one of BANK OF AFRICA's key strategic priorities. The Group is keen to enhance its reputation as a key player in positive impact finance by bolstering its social, societal and environmental commitments and through its CSR policy. The latter is embraced by every Group subsidiary and this emphasis on CSR can also be seen in the various initiatives undertaken by BMCE Bank Foundation.



## DIGITAL TRANSFORMATION PROGRAMME IN PURSUIT OF THREE STRATEGIC GOALS

Using digital technology to create value and develop business opportunities

### IMPROVE CUSTOMER EXPERIENCE ACROSS ALL DISTRIBUTION CHANNELS WHILE DEVELOPING NEW INCOME STREAMS

- Continue to acquire new customers, particularly via Agence Directe;
- Ensure that the branch network acts as a support channel for the digital banking initiative;
- Develop distance selling opportunities via remote channels e.g. electronic signatures etc. in response to new customer behaviour;
- Develop new income streams through digital channels;
- Standardise user experience across all channels;
- Promote financial inclusion.

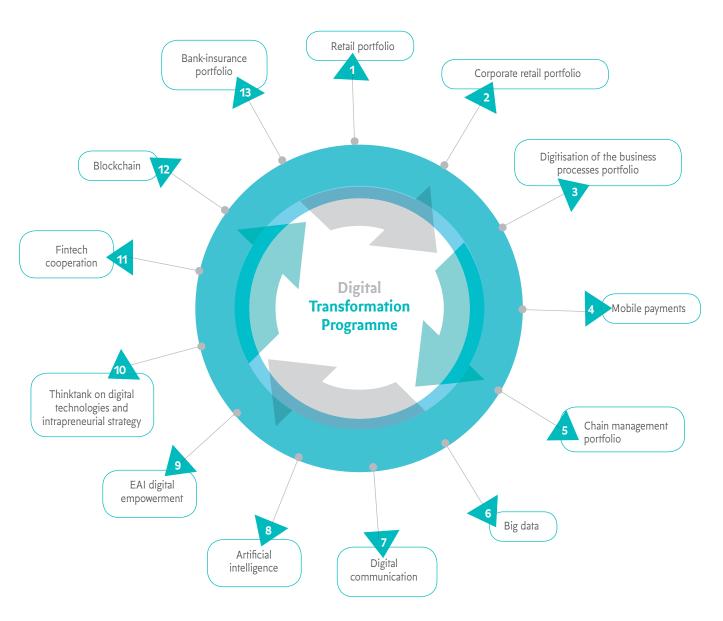
### 2 ENSURE THAT BANK OF AFRICA IS THE LEADING PLAYER IN DIGITAL BANKING AND INNOVATION

- Invest heavily in social media to retain existing customers and attract new ones;
- Use new communication channels to foster close ties with increasingly well-connected customers;
- Bolster BANK OF AFRICA's technological and digital reputation through a differentiated approach to external communication;
- Be the leader in implementing technological innovations.

# DIGITISE FRONT-TO-BACK BUSINESS PROCESSES TO IMPROVE OPERATIONAL EFFICIENCY

- Re-engineer front-to-back business processes with the help of digital solutions and technological innovations (robotization, artificial intelligence) for improved operational efficiency;
- Develop a paperless approach by developing end-to-end workflows, especially for all decision-making entities;
- The digital transformation program is impacting our businesses and our organisation. Such a programme requires employee commitment;
- Over 350 employees and more than 80% of the Bank's divisions have been actively involved in this digital transformation process;
- Successful completion of the digitisation programme also requires that employees enhance their skills. As a result, BANK OF AFRICA introduced the Level 2 multi-channel passport, a digital and multimedia training programme for its employees. A digitisation indicator has also been adopted to develop a new customer typology. This digitisation index aims to improve customer interaction as a function of their digital behaviour.

### DIGITAL PROGRAMME - BANK OF AFRICA'S DIGITAL TRANSFORMATION IMPLEMENTED



GOAL 1

### COMPLY WITH BUSINESS ETHICS AND RESPECT CUSTOMER INTERESTS

**CREATION DRIVERS** 

BANK OF AFRICA's commitment to social responsibility is inextricably linked to its performance and value creation goals. The Group's CSR policy ensures close cooperation with stakeholders as well as being a source of innovation. It ensures that strategy is consistent with a new value chain and helps identify new business opportunities.

### Respecting customer interests

Above all, BANK OF AFRICA is committed to providing customers with accurate information and ensuring an optimal framework for dialogue and negotiation.

Every action is framed by total respect for customer interests, in particular, customer confidentiality and protection of personal data.

The Bank has also drawn up transparent procedures ensuring that customers' complaints, rights and obligations are taken into account.

### Preventing over-indebtedness

BANK OF AFRICA provides personalised support to financially vulnerable customers. As a result, the Bank has introduced various control mechanisms as part of the credit application process.

Checks as part of the decision-making process protect not only customer interests but the Bank's interests too. These control measures, which are carried out early in the process, help prevent over-indebtedness. They enable the Bank to detect vulnerable customers at an early stage and offer them appropriate solutions.

In addition, as part of the amicable loan recovery procedure, BANK OF AFRICA has introduced a process to be able to provide genuine support for its financially vulnerable customers. Specific training is provided to loan recovery managers specialising in handling sensitive customer dossiers. These managers are required to work with customers to identify solutions that will enable them to settle their arrears on a gradual basis. In addition, so as to continuously improve existing procedures, BANK OF AFRICA is reviewing its processes for preventing over-indebtedness and measure their effectiveness. This consists of ensuring that customers are satisfied about the way in which their situation has been handled.





**30AL 2** 

PROMOTING SUSTAINABLE FINANCE AND SOCIAL ENTREPRENEURSHIP

BANK OF AFRICA's initial commitment to sustainable finance saw it sign up to a number of international frameworks. In May 2010, the Group adopted the Equator Principles (EP), which provided it with a suitable framework for incorporating environmental and social risk in funded projects. Signing the Positive Impact Manifesto in October 2015 and becoming a member of the Positive Impact Finance Initiative in 2017 accelerated the Group's commitment to sustainable finance.

BANK OF AFRICA is heavily involved in UNEP-FI's Positive Impact movement. This initiative has now reached a stage where BANK OF AFRICA will be able to conduct impact analysis of its entire portfolio and adopt an impact-based approach to economic development.

Bridging the Sustainable Development Goals ('SDGs') financing gap is not just a financial challenge. Business models themselves are under scrutiny. Economic crises resulting from health crises will further emphasise the need to drastically improve the economic efficiency of social and environmental investments.

An 'impact-based' economy is one in which income is created by social and environmental impacts and related income. The environmental and social impacts generated are therefore intrinsic to the 'business model' and measurement of the impact ceases to be non-financial (questionable therefore, or not proven).



### BEING A RESPONSIBLE EMPLOYER, ATTENTIVE TO ITS EMPLOYEES AND SUPPORTING THEIR DEVELOPMENT

### Women's empowerment

The Group is determined to encourage more women into the workforce and has adopted specific recruitment measures to meet this goal. The Group is also doing everything it can to increase the proportion of women in managerial posts.

### Career management

The Group is particularly attentive to the mobility and career management of its employees. It encourages retraining and promotion as well as international mobility. The Group also supports skills development through major training programmes, primarily delivered by a specialised entity, BANK OF AFRICA Academy. The training focuses on the banking professions but is also aimed at developing managerial and commercial skills. BANK OF AFRICA ensures that a large majority of its employees benefit from at least one training course per year.

### Health, safety and well-being

As part of its occupational health and safety policy, BANK OF AFRICA carries out a number of awareness and prevention initiatives on health and hygiene issues. The Group is fully aware that occupational well-being is a performance driver, which is why it implemented a cornerstone initiative to manage workplace stress and reduce psychosocial risks.

## Collective bargaining and social dialogue

Social dialogue enables the Group to build trust-based relationships and foster an atmosphere that is conducive to improving each employee's quality of life at work. A number of committees exist within BANK OF AFRICA's Human Resources department which engage in ongoing discussions about a variety of issues including training, appraisals, remuneration, managing staff loans, occupational health and employee benefits. The Group acts with transparency and actively encourages collective bargaining and decision-making.



### **EXERCISING GOVERNANCE** AND RISK MANAGEMENT WITH **DILIGENCE**

BANK OF AFRICA adheres to the main international benchmarks for achieving sustainable development goals - the United Nations' Principles for Positive Impact Finance, the Global Compact, the Equator Principles, the Climate Action in Financial Institutions initiative and the IFC's Environmental and Social Management System. These international undertakings have led BANK OF AFRICA to establish a framework enabling it to incorporate environmental aspects into its operations.

In 2019, the Bank thus continued to focus its efforts in E&S risk management.

The Bank also enhanced its E&S risk management system by identifying and clarifying its scope of application (investment loans) and by better defining roles and responsibilities when analysing customer dossiers. BANK OF AFRICA also made progress in developing operational tools that are adapted to the new ESMS.

### PROTECTING THE ENVIRONMENT REDUCING THE CARBON FOOTPRINT ACROSS THE GROUP

In order to contribute to the collective effort to combat global warming, BANK OF AFRICA bolstered its CSR strategy by adopting an ISO 14001-certified environmental management system in 2011 and a genuine environmental and energy policy within the Group. The Bank has also adopted a number of programmes to reduce the carbon footprint from its operations.

BANK OF AFRICA was the first bank to obtain ISO 50001 certification for its Energy Management System.

BANK OF AFRICA also implemented a sustainable construction policy which applies to renovation and construction projects for buildings and new sites. The HQE-certified BANK OF AFRICA Academy building was designed in such a way so as to reduce the impact from construction on the environment while providing occupants with a healthy and comfortable indoor environment. This multicriteria approach combines eco-construction and eco-management with comfort and health. Alongside its environmental policy, the Bank is keen to develop a culture and awareness of the challenges of sustainable development at Group level. Various training initiatives and internal campaigns are regularly implemented to encourage employees to adopt good habits and behaviour.



ACTING IN THE INTERESTS OF COMMUNITIES AND ENGAGING IN DIALOGUE WITH OUR STAKEHOLDERS

### **Foundations**

The intention of BANK OF AFRICA is to capitalize on BMCE Bank Foundation's experience and to create solutions based on latest technologies that are also financially sustainable.

### Education

School is the primary learning place and the basis for any society's economic and cultural development. This is why BANK OF AFRICA places education at the heart of its endeavours and plays an active role in Morocco and in several African countries. The Group engages in education development through BMCE Bank Foundation and its Medersat.com program, building new schools, and rehabilitating infrastructures and finance equipment dedicated to education, especially in rural areas.

With the strengthening of BMCE Bank Foundation's presence in sub-Saharan Africa, schools and socio-educational centres were built in Senegal, Republic of the Congo, Mali, Rwanda and Djibouti.

### Health

The Group is fully aware of the major health challenges, including the current global health crisis, which weigh on Africa. To reduce their human, economic and social impact, the Group is committed to building Health Care Centres in several countries in Africa, also reducing infant and maternal mortality.

In addition, mobile medical units are also made available to rural communities.





# ECONOMIC PERFORMANCE

With the 2019-2021 Strategic Development Plan together with the Group transformation plan, BANK OF AFRICA has embarked on the next stage of its development, which aims to deliver sustainable value creation.

Throughout the year, BANK OF AFRICA again demonstrated its commitment to financing the domestic economy as well as its continuing to expand its international operations.

The Group pursued its digital transformation process by innovating at the organisational level and on behalf of its customers.

BANK OF AFRICA also reaffirmed its interest in supporting entrepreneurs, small businesses and SMEs by continuing to roll out various initiatives on their behalf. His Majesty's speech on 11 October 2019 encouraging banks to finance entrepreneurship was consistent with BANK OF AFRICA Group's determination to bolster its role as partner to small businesses and to pursue this goal in 2020.

As a result, BANK OF AFRICA launched Intelaka, an integrated programme providing support and funding for small businesses. The package consists of financial as well as non-financial services, including access to the Entrepreneurship Observatory, training, regional centres of expertise and the Entrepreneurship

## 1 - A MAJOR PLAYER IN FINANCING THE MOROCCAN ECONOMY

With an unwavering commitment to the corporate sector, BANK OF AFRICA has acquired extensive expertise in advising and supporting Moroccan businesses.

BANK OF AFRICA's mission is to guide and support large businesses and encourage investment. The Group has become one of the key partners in financing the flagship sectors of the Moroccan economy, prioritising sectors that are key to the country's economy development.

As a result, BANK OF AFRICA has prioritised large-scale projects, while meeting its undertakings to promote sustainable development. In the energy sector in particular,

the Group has helped finance a seawater desalination project south of Agadir, a drinking water supply unit in Laâyoune and a desalination plant in Al Hoceima.

The Group has also focused its efforts on strategic sectors such as healthcare and tourism. In doing so, the Bank helped finance the construction of a hospital in Bouskoura and a number of hotels in tourist cities across Morocco.

Lastly, BANK OF AFRICA is supporting all the other major sectors that are important to Morocco's economic development – textiles, transport, real estate, telecoms, ports, retail, automotive and the petroleum industry.

To improve the quality and range of services provided to large companies, BANK OF AFRICA has embarked on a transformation programme and has adopted a new organisational structure. This restructuring also aims to generate synergies with BMCE Capital and Corporate & Investment Banking. Closer cooperation between investment banking and corporate banking is likely to enhance interaction and improve decision-making with corporate customers being the main beneficiaries.

Similarly, to meet the needs of businesses, BANK OF AFRICA has enhanced its range of banking products and services in developing and marketing new solutions such as IS Factor and TVA Factor, which help private companies settle their corporate tax and VAT liabilities. Mezzanine PME, a new solution developed by the Central Guarantee Fund, is being marketed to viable businesses which can no longer access additional bank loans due to them being undercapitalised.

## 2 - DIGITISATION OF THE BANK'S ACTIVITIES

In 2019, BANK OF AFRICA continued to implement its digitisation programme, which is an integral part of the Group's strategy. A large number of initiatives were carried out as a result.

A sense of buoyancy returned to the majority of the personal and professional banking market segments as well as the corporate market in 2019. This was fuelled by various factors including targeted marketing and communications initiatives, campaigns focusing on specific customer segments, the gradual digitisation of customer processes and customer experience pathways, aimed at improving customer experience.

As a result, in 2019, BMCE Direct Web, the Bank's online banking platform was entirely revamped with the Dabapay subscription service introduced. BMCE Business Online was also launched, enabling companies to monitor their banking transactions and access cash management and trade finance services.

### 3 - PRIVATE CUSTOMERS

## Exclusivity in both services and approach

BANK OF AFRICA's private banking division pursued its development strategy aimed at enhancing its range of services and generating synergies with the personal and professional banking network and business centres with a view to bolstering its private client portfolio and increasing product and service penetration. In particular, private banking sets itself apart from its peers with competitive pricing, services that make customers' day-to-day lives much easier and expert investment advice, thanks to its partnership with BMCE Capital Markets.

A number of exclusive products were launched in 2019 such as the World Elite card, which comes with a next-generation contactless bracelet. This card uses state-of-the-art technology, ensuring that contactless payments are entirely secure. Similarly, the BMCE Exclusive range of products and services enables clients to benefit from a comprehensive range of banking and non-banking services which can be accessed via BMCE Exclusive's Members Card.

## 4 - INVESTMENT BANKING CAPABILITIES BOLSTERED

BANK OF AFRICA's investment banking division delivered a buoyant performance in 2019 with all the main indicators in positive territory. During the year, new business development gathered pace with the launch of the real estate business and the revival of the private equity business. In addition, the division's digital strategy was bolstered with progress made on the CAP'TECH project. The latter is an innovation-based programme bringing together Africa's best start-ups.

## A solid performance by the capital markets business

The capital markets business delivered solid results across the board. The various desks were able to capitalise on market opportunities by correctly positioning the trading book in anticipation of a move on the rate front during the year.

Indeed, the success of the BMCE Capital trading floor largely resulted from traders managing their positions proactively while sales teams made a sustained effort vis-à-vis their institutional clients in primary and secondary markets.

The BMCE Capital Bourse business enjoyed something of a revival in 2019 with noteworthy achievements, particularly in Morocco and in the WAEMU zone. At 31 December 2019, BMCE Capital Bourse's market share was 14% share with volume up 2.5%. In 2019, the investment banking division was also involved in a couple of successful large-scale deals – BANK OF AFRICA's capital increase, amounting to MAD 1.73 billion in addition to the CDC Group Plc deal, worth MAD 1.93 billion.

Despite challenging stock market conditions, BMCE Capital Securities saw its market share rise to 5.2% versus 4.4% in 2018.

Lastly, the Custody subsidiary benefited from a more benign operating environment, posting a 5% increase in assets under custody in 2019. Mutual funds, which accounted for just under 48% of total assets, saw their market share broadly unchanged at 23%.

As far as the middle- and back-office activity was concerned, the BMCE Capital Solutions business was able to process high volumes on a daily basis, largely due to good operational risk management.







Asset management business activities restructured to generate additional synergies

To generate additional synergies and pool resources, the asset management business in Morocco and overseas, the private portfolio management business and the discretionary portfolio management business have been grouped together within the 'Asset & Wealth Management' division.

BMCE Capital Gestion, the Group's Moroccan subsidiary, once again underlined its status as a major player in the domestic market with MAD 60.4 billion of assets under management at 31 December 2019 and a 12.8% share of the market.

BMCE Capital Gestion Privée made every effort to grow its business against a backdrop of low interest rates and recovering equity prices. This business saw its ISO 9001:2015 certification renewed in 2019. All other businesses within the Asset & Wealth Management division are similarly certified.

In West Africa, BOA Capital Asset Management showed a high level of resilience despite stiffer competition and a stock market which closed the year in negative territory. The subsidiary maintained its status as a major player within the industry with a 13.7% share of the market.

In 2019, a fund specialising in subsidiaries of SAHAM, an insurance company, was launched, new customers came on board and a number of institutional investors including pensions and life assurance companies registered growth in assets under management. In addition, BOA Capital Asset Management launched a unit-linked product in partnership with Atlantic insurance, a subsidiary of BANQUE POPULAIRE Group.

In Tunisia, the asset management activity registered a decline in assets under management for a third consecutive year (-6.8%), due to stiff competition from money market instruments. This did not prevent BMCE Capital Asset Management, however, from registering 13% growth in assets under management.

## Advisory business resilient and revival of Private Equity business

Despite tougher competition, BMCE Capital Conseil saw its turnover reach an all-time high thanks to a number of large-scale deals. In Tunisia, the advisory market is still relatively immature although market conditions remain in the doldrums. By adopting a proactive marketing approach and offering a diversified range of services, BOA Capital was able to sign two new advisory mandates.

In addition, the Advisory & Private Equity division was bolstered during this year due to two projects – an SME fund for the WAEMU zone and a Fintech fund in Morocco.

As far as financial research was concerned, BMCE Capital Research continued to meet the growing demands of the different business lines, providing them with high-quality publications. The Research unit continued to enhance the quality of its publications and expand its coverage across the African Securities Network (ASN).

### 5 - DEVELOPMENT OF SPECIALISED FINANCIAL SERVICES

### Maghrebail consolidates its position

In 2019, Maghrebail pursued its development strategy by endeavouring to identify new growth opportunities and generating synergies and efficiencies with other Group subsidiaries. The Group's leasing subsidiary took steps to bolster its risk and recovery policy, while continuing to improve diversification of its profit drivers – reducing refinancing costs and overheads and focusing on high value-added customer segments.

During the year, Maghrebail invested in its organisational structure and its human capital as well as embarking on a number of restructuring initiatives such as digital transformation and process security. Synergies between Maghrebail and BANK OF AFRICA were bolstered in 2019.

Maghrebail consolidated its position as the second-ranked company within the leasing sector with a 25.25% share of outstandings at 31 December 2019.





Following Salafin's acquisition of Taslif, approved

in December 2018, an integration plan has been implemented over the past year bringing together the various aspects of each entity's

This plan has enabled both companies to merge their organisational and commercial aspects, human resources and information systems, while capitalising on the various synergies generated by the merger. Salafin is also pursuing its digital transformation process focused on improving customers' digital experience and employee experience.

In such a context, Salafin managed to maintain profitability, generating MAD 130 million in net income at 31 December 2019, an increase of 2.6% compared to 31 December 2018. ROE was a satisfying 18.7%.

### Maroc Factoring returns to growth

Following several years of transition aimed at changing the way in which the Group manages its factoring business, BANK OF AFRICA's factoring subsidiary returned to growth in 2019, with net banking income of MAD 28.6 million, up 1% year on year.

In terms of risk management, 2019 saw the subsidiary's cost of risk fall to 0.33% at 31 December 2019 versus 0.51% at 31 December 2018. At the same time, sensitive customer dossiers were closely monitored in close cooperation with the Group.

### BTI Bank pursues its expansion

By focusing on a financial inclusion strategy and drawing on an innovative product range, BTI Bank is able to meet the financing needs of retail, professional and corporate customers. BTI is committed to developing practical and innovative solutions for every type of customer while adopting an ethical approach which promotes fair and equitable values.

Through its range of specialised participatory banking services, BTI Bank is pursuing a strategy of supporting businesses while establishing itself as the partner of choice for small businesses and SMEs in Morocco. In 2019, BTI Bank developed a number of new participatory products which are specially designed to

support small businesses. In November 2019, BTI Bank signed a partnership agreement with the Moroccan Confederation of Small Businesses and SMEs.

BTI Bank also received two awards. For the second consecutive year, it received the Customer Service of the Year award in the participatory banking category as well as an international award, 'Best Participating Bank for Customer Service Quality in Morocco', from World Finance.

### **6.-INTERNATIONAL OPERATIONS HIGHLY DYNAMIC**

Since it was founded, BANK OF AFRICA Group has acquired a reputation for being a dynamic bank with a global outlook. By making the right strategic decisions, the Group has been able to expand its international operations year after year, in Europe, Africa and more recently, Asia. The Group has emerged as a leading banking group with a strong international presence.

### **BOA Group, positive growth** trajectory and a solid performance in West Africa

Despite a somewhat complicated political and economic context, BOA Group continued to improve its performance in sub-Saharan Africa. In 2019, more than 293,300 accounts were opened, taking the total number of accounts to just under 4.2 million at 31 December 2019. BOA Group's total assets registered growth of 10.9% at 31 December 2019. Similarly, average outstanding loans rose by 5.7% to EUR 4 billion at 31 December 2019.

As far as the Group's financial performance was concerned, aggregate net banking income was EUR 548.8 million at 31 December 2019 versus EUR 500.7 million a year earlier, an increase of 9.6% due to the improvement in both net interest income (+7%) and fee income (+15.7%).

Lastly, BOA Group's consolidated net income stood at EUR 112 million at 31 December 2019 versus EUR 131 million a year earlier, down 15%, impacted by an exceptionally high level of loanloss provisions.

### BMCE Shanghai Branch, pro-Asia strategy already delivering results

One of the highlights of 2019 was the official inauguration of the BMCE Shanghai Branch. BANK OF AFRICA Group is the first Moroccan banking group to establish operations in China. The new branch aims to become the benchmark in financing foreign trade transactions between China and Africa while actively helping to promote Chinese investment in Africa. As far as its development is concerned, the subsidiary is able to draw on the experience of a team of around twenty Chinese executives.

The initial results from the first year of trading are promising. At 31 December 2019, BMCE Shanghai Branch carried out USD 154 million worth of financing, benefiting Chinese and African customers.

Solid performance from European operations

In 2019, BMCE Bank International Madrid registered a solid financial performance in terms of profitability and commercial activity. The bank posted net income of EUR 9.2 million, an increase of 17% compared to 2018. These strong results were largely due to robust growth in financing foreign trade transactions and the positive impact from its commercial strategy, which aims to position the subsidiary as the partner of choice in trade finance transactions.

BMCE Bank International Plc London

During the year, BBI Plc London saw its business expand with net banking income increase by 23%. This was largely due to the outperformance of the Capital Markets business due to some excellent investment decisionmaking, resulting in an improved portfolio yield while maintaining internal criteria in terms of rating and maturity. In addition, partnerships with various Group entities (BOA Ghana, BOA Ivory Coast, Tangier Offshore Branch, BBI Madrid) enabled synergy-based solutions to be implemented (Loan Solutions and Synergies and Corporate Banking).

Lastly, BBI Plc London is actively pursuing an ambitious development plan for the 2019-2022 period which is focused on diversification as well as generating business flows from its representative offices in Dubai and Zurich.



### BANK'S PERFORMANCE

# IN SUSTAINABLE DEVELOPMENT AND CSR WIDELY RECOGNISED

### **OVERALL PERFORMANCE**

BANK OF AFRICA's longstanding commitment to adopting a responsible approach to its ecosystem and to its partners is widely recognised with the Bank regularly winning a number of awards.



### COMPANY AND SECTOR PERFORMANCE

### **OVERALL ESG SCORE**



Sector ranking	1/101
Regional ranking	1/897
Global ranking	65/4897
Company reporting rate	91%
Average sector reporting rate	60%
Level of cooperation	Proactive
Very serious controversies	None

### HISTORICAL PERFORMANCE



## Top Performer award from Vigeo Eiris

In June 2019, BANK OF AFRICA was once again named TOP PERFORMER CSR 2019 by the Vigeo Eiris Institute on completion of the 2019 non-financial ratings process. The Bank saw its overall performance improve with a score of 63/100 versus 61/100 in 2018.

As a result of this score, the Group is now the top-ranked institution within the 'Retail & Specialized Banks – Emerging Markets' category. The Group is also ranked first within the region and 65th worldwide. This score reflects the efforts made in support of the Group's environmental, social and societal commitment and respect for business ethics.

## United Nations Global Compact - UNEP-FI

BANK OF AFRICA, working closely with the CGEM, is leader of the UN Global Compact's Morocco Network, which brings together companies that are committed to promoting social, environmental and human rights impacts as part of their day-to-day activities.

In 2019, BANK OF AFRICA was awarded the highest 'Global Compact Advanced Level' status after adopting advanced criteria and best practices.

BANK OF AFRICA is very active within UNEP-FI as a signatory to the Principles for Responsible Banking. It has played a participative role in the Positive Impact movement by helping develop 'corporate' and 'banking' solutions for analysing social and environmental impacts and economic convergence.

BANK OF AFRICA will therefore be one of the first banks in the world to experiment with this solution which enables banks to analyse the impacts generated across their business portfolio by comparison with existing needs within their remits and to develop strategies accordingly.

### **Green Investment Principles**

BANK OF AFRICA, which enjoys close relations with China, was the first bank in Africa to support the Green Investment Principles of China's Belt and Road initiative. In addition, in November 2019, BANK OF AFRICA was the only African bank to participate in the second China-France Green Finance conference in

### Award-winning customer service

Customer satisfaction has always been BANK OF AFRICA's top priority. Customers must perceive added value in terms of service quality.

It is for this reason that, for three consecutive years, BANK OF AFRICA has been awarded the title of 'Best Customer Service of the Year Morocco' in the Banks category.

This award highlights the Bank's excellent customer service and reflects its strong commitment to its existing and prospective customers.

BANK OF AFRICA is ever attentive to its customers. In order to meet customer expectations as much as possible, it is continuing to develop its range of remote banking services. Banking services have been redesigned to optimise customer relations in a quest to continuously improve customer experience.

### PRIORITY 1: BUSINESS ETHICS AND RESPONSIBLE CUSTOMER RELATIONS

## FOR PERSONAL & PROFESSIONAL BANKING CUSTOMERS

### **MULTI-CHANNEL BANKING**

A large number of innovative features were developed during the year on the BMCE Direct portal, the mobile banking channel and the ATM network:

- The process for opening online accounts was redesigned
- A chatbot was introduced, featuring a 'virtual' customer service agent
- A callbot was introduced, enabling targeted voice messages to be sent
- Savings and bank-insurance products may now be consulted on BMCE Direct
- A programme of multi-function ATMs was rolled out

### **PAYMENTS AND BANK CARDS**

Increasingly innovative payment systems are available to BANK OF AFRICA, thereby reducing the need to use cash. These systems include the DabaPay solution, a biometric card and contactless cards.

BANK OF AFRICA is the market leader in contactless payments with an 83% share of the market in terms of overall volume.

In 2019, BANK OF AFRICA launched Platinum Mastercard, a biometric card, on a pilot basis. This card, which is a first-of-its-kind innovation in Morocco, enables cardholders to be identified and authenticated based on their biometric signature using fingerprint recognition. New functionality was added to the

New functionality was added to the DabaPay mobile solution in order to simplify subscription and usage.

### **BUSINESS ONLINE**

In 2019, Business Online's trade and cash portals were launched for corporate customers. These enable customers to initiate and monitor a variety of banking transactions with optimal security. New features have also been introduced making if easy to pay taxes.

### CAP'Tech

In September 2019, BMCE Capital, the Group's investment banking arm, launched CAP'Tech, the first open innovation programme in investment banking. With assistance provided by various start-ups, this initiative will enable the Bank to develop solutions that are expected to improve customer experience.

# Improved communication with the UTRF

**FOR CORPORATE** 

**CUSTOMERS** 

To further streamline communication with the Financial Information Processing Unit (UTRF), the Go-AML application, which is already operational, was enhanced with a view to automating extraction from operating systems more effectively. After several months of stabilisation, the new version of the app became operational in September 2019.

### KYC activities chain revamped

To meet the expectations of the regulatory authorities, BANK OF AFRICA has bolstered its KYC system to better identify customers, beneficial owners and business relationships. As such, the Bank revamped its KYC value chain by delegating control operations to a new subsidiary, OGS (Operation Global Services). This system revamp now enables the Bank to automate the account opening process and make it more secure. The following operations have not been centralised with OGS:

### **COMPLIANCE**

## Compliance benefiting from innovation

In 2019, BANK OF AFRICA initiated a number of cornerstone projects in response to various regulatory requirements applicable to the financial sector. The latter include the fight against money laundering and terrorist financing, tax obligations for foreign accounts, data protection etc. These projects involve implementing more reliable and effective IT solutions and systems that are adapted to the new legal requirements.

- Comprehensive control to ensure data accuracy
- Completion of post-EER dossiers, with anomalies updated and/or corrected in the event of any documentary irregularities.

A dedicated control solution has also been developed internally and made available to OGS to assist it in this new assignment. This solution was piloted at a number of branches in Casablanca and will be rolled out from 2020.

## Control strategy revamped on SIRON AML

The control strategy on SIRON AML (profiling solution), which is the cornerstone of the Group's AML/CFT anti-money laundering system, has been redesigned in several stages - file input data that are fed into the SIRON AML solution have been reviewed, corrected and enhanced, the new AML strategy configured within the solution and acceptance testing carried out. Thanks to this new strategy, this solution will enable the Group to obtain more accurate results. For example, alerts have been made more relevant by refining the search and target criteria and extending the scope of control to include operations that have either not been covered or insufficiently covered, while the highest international standards have been adopted by adopting a risk-based approach.

### AML/CFT risk assessment

In accordance with the current regulations, BANK OF AFRICA conducts an annual analysis and assessment of AML/CFT risks relating to different customer categories, countries or geographic zones as well as products, services, operations and distribution channels. In conducting this analysis, all relevant risk factors are assessed prior to determining the overall risk level. This enables the Bank to identify the appropriate measures that need to be taken so as to mitigate these risks. These include setting limit systems by product and service, by period, transaction, distribution channel and zone.

## Compliance with US FATCA legislation

Phase II of this project was launched in 2019, enabling the Bank to file reports for each of the Group's subsidiaries. As a result, during this second phase, 7 new subsidiaries registered with the Internal Revenue Service (IRS) (US tax authorities) – BOA CI, BOA BF, BOA Togo, BOA RDC, BOA Tanzania, BOA Capital Asset Management and BOA Capital Securities.

Remediation work on customers with indicia of US-person status but as yet undocumented continues to be closely monitored and regularly reported on.

## Relations with foreign correspondent banks

In 2019, BANK OF AFRICA processed questionnaires relating to its anti-money laundering system from foreign correspondents. Requests for information about joint transactions and requests for additional information on KYC and OFAC risks were also processed.

## Relations with the distribution network

As part of its ongoing relationship with the distribution network, the Compliance department is ready to respond to any request for advice and assistance from the branch and business centre network. In 2019, it dealt with unusual transaction reports relating to transactions involving embargoed countries as well as instructing on trade finance applications. In addition, Compliance continued to raise awareness by publishing a number of notes and providing training to more than 1,635 employees.

### **Know Your Customer (KYC)**

KYC, considered to be the core component of the Compliance system, begins as soon initial contact is made with a prospective customer (EER). Much of the KYC work therefore focuses on the following:

- Obtaining reliable information about customers under investigation
- Carrying out controls of 'high risk' customers upon initial contact
- Monitoring OSCAF reliability campaigns relating to controls, ensuring consistency between KYC and GRC data
- Processing PPE and Adverse Media alerts.



Compliance also implemented a number of initiatives to improve the EER control system. These included organising various workshops, introducing a data dictionary (creating new fields, requalifying occasional customers, etc.), a project to integrate the KYC factsheet within the GRC (automating the process of entering every field from the KYC factsheet).

### **Transaction monitoring**

In 2019, BANK OF AFRICA bolstered its AML/CFT solutions for monitoring and filtering transactions. As a result, Compliance was able to process, in real time, every alert generated by screening incoming and outgoing SWIFT messages. It also carried out batch filtering of alerts relating to account openings. In total, 94% of alerts generated by the SIRON AML profiling solution were investigated with 95% of risky alerts processed. It is worth noting that those profiling indicators generating the most alerts are sizeable one-off cash payments, transfers and cheque deposits and remittances.

### **Ethics and professional conduct**

In accordance with the relevant requirements, BANK OF AFRICA duly filed its ethics activity reports with the Moroccan Capital Markets Authority. In addition to these reports, the Authority was provided with an updated list of persons with insider knowledge in accordance with the agreed procedures. Furthermore, the periodic reporting statements relating to transactions by insiders did not reveal any atypical or suspicious transactions.

2019 also saw the Bank's anti-bribery management system obtain ISO 37001 certification. The system consists of a series of procedures and means of control relating to corruption risks to which the Bank is exposed. In addition, a system was adopted to communicate, raise awareness and train stakeholders about corruption risk. In obtaining this certification, BANK OF AFRICA is playing a pioneering role in the fight against corruption, becoming the first banking group in Africa to obtain this award. This certification, which is renewed annually, will impact other subsidiaries in 2020 and 2021 – 4 Group subsidiaries, including 3 in Africa and 1 in Europe.

### Personal data protection

In accordance with the provisions of Act 09-08 relating to the protection of personal data, BANK OF AFRICA continued to implement its action plan ensuring compliance:

- New data protection procedures introduced and approved – response plan, CNDP declaration and authorisation process
- Two solutions proposed to meet the requirements of the regulatory authority on the matter of a biometric information policy
- New notifications and applications for processing authorisation filed with the CNDP (FATCA, offshore network, data transfers to correspondents).

A project to ensure compliance with the new General Data Protection Regulation (RGPD) was also initiated in 2019. The aim is to produce an 'RGPD kit' which can then be rolled out to other subsidiaries within the Group.

### Responsible purchasing

As part of an ongoing commitment to promoting and supporting the fundamental principles of social and environmental responsibility in its day-to-day operations, the Group has adopted a 'responsible purchasing' approach.

Consistent with its CSR policy, BANK OF AFRICA's Responsible Purchasing Charter is a code of conduct governing the relationship with suppliers as part of the purchasing processes. This Charter, which has now been signed by 100% of the Bank's suppliers, aims to promote principles relating to human rights, labour law, environmental protection and the fight against corruption.

A supplier appraisal system, adopted by BANK OF AFRICA in 2014 and ISO 9001:2015-certified since 2018, now plays a vitally important role in the purchasing process.

# GOAL 2. PROMOTING SUSTAINABLE FINANCE AND SOCIAL ENTREPRENEURSHIP

## Arabia CSR Awards – sustainable finance

For the 6th consecutive year, BANK OF AFRICA was a double award-winner at the CSR Arabia Awards. The Group was awarded the highest rating in the Financial Services category in recognition of its commitment of more than 20 years to sustainable finance. The Bank was ranked second runner-up in the Partnerships and Collaborations category for adopting a highly structured governance process based on ethics, responsibility and transparency. The Arabia CSR Awards, which were launched in 2008, aim to recognise and honour outstanding Sustainable Development and CSR initiatives in the Arab region.

### **African Banker Awards**

The Bank was named 'Socially Responsible Bank of the Year 2018' for the 2nd time at the African Banker Awards ceremony 2018".

## MORSEFF, special recognition for BANK OF AFRICA from the EBRD

At MorSEFF's awards ceremony in April 2019, BANK OF AFRICA was presented with a special award for its excellent contribution to the programme and its leadership in sustainable finance.

# SUSTAINABLE AND INCLUSIVE POSITIVE IMPACT FINANCE PROGRAMMES

Consistent with its commercial goals and working alongside the Group's commercial staff, the Sustainable Development & CSR team has developed a number of sustainable finance positive impact programmes in conjunction with development agencies.

In just a few years, BANK OF AFRICA has emerged as a genuine market leader in responsible and inclusive finance. Its green and sustainable investments promoting energy transition amount to just under MAD 4 billion, in particular, in renewable energy, energy efficiency, waste management and recovery, sanitation and wastewater treatment as well as in female entrepreneurship and African SMEs.

### PERFORMANCE



### CAP ENERGIE Energy efficiency/ Renewable energy

- Morocco's 1st financing line specifically for energy efficient or renewable-energy projects as part of the Moroccan Sustainable Energy Financing Facility (MorSEFF) programme. An overall budget of EUR 55 million, includes free technical assistance with customers qualifying for a 10% subsidy.
- A EUR 65 million funding mechanism for businesses wanting to invest in energy-efficient or renewable-energy projects.
- EUR 10 million extension to the MorSEFF and the Green Economy Financing Facility ('GEFF') programme.

## CAP BLEU Wastewater treatment and sanitation

An exclusive solution on the market, a EUR 20 million financing line in partnership with the AFD and the EIB for public or private sector companies, enabling them to finance water treatment and sanitation projects in Morocco, technical assistance provided to help finance water resource projects – access, optimisation and treatment of water.

In partnership with the French Development Agency and the European Investment Bank, CAP BLEU also provides free technical assistance.

## CAP VALORIS Circular economy/ Waste management

EUR 20 million financing line in partnership with the FMO and the EIB, enabling Moroccan businesses to fund solid waste management projects – waste collection, recycling and recovery – with free technical assistance for customers including advice relating to environmental impact studies.

### Funding a desalination plant

BANK OF AFRICA has arranged funding for one of the world's largest drinking water desalination and irrigation plants. This infrastructure, located in the Agadir region, meets the region's irrigation and drinking water needs. The possibility also exists of using wind energy as a source of power, thereby further strengthening the project's goals, which are to preserve underground resources and promote green energy.

### WOMEN IN BUSINESS Financial inclusion

Financing programme for Moroccan women entrepreneurs, in partnership with the EBRD in Morocco, EUR 20 million with free technical assistance and mentoring.

## Supporting investment in SMEs

As part of a national framework to create a vibrant small business sector, BANK OF AFRICA has forged a reputation as one of the first banks to proactively commit to supporting entrepreneurs.

In response to His Majesty's speech in October 2019, the banking industry has accelerated introduction of financing offers for SMEs, particularly those wanting to expand their business on the continent.

Following the success of the Istitmar Croissance programme, BANK OF AFRICA is now heavily involved in the CAP TPE 2020 project. These programmes are available to every type of entrepreneur – sole trader, microentrepreneur or legal entity – who may be starting-up or developing their business. CAP TPE 2020 was rolled out in February 2020.

### d promote green energy. Moroccan

FCP Capital ISR Socially responsible investing

Morocco's 1st socially responsible investment (SRI) fund investing in companies selected on the basis of their social responsibility practices. Vigeo, a non-financial ratings agency, selects companies based on CSR/sustainable development criteria.

### Green Bond

BANK OF AFRICA was the first Moroccan bank to issue a green bond (classified as a 'positive impact bond') via a public offering on the domestic market. This MAD 500 million green bond, issued in November 2016, was approved by the agency, Vigeo Eiris, thereby underlining the Bank's socially responsible sustainable development credential and its willingness to finance domestic eco-responsible projects and initiatives that protect natural resources.

At 31 December 2019, FCP Capital ISR, the first SRI fund to be launched by BMCE Capital Gestion, had gained +18.37% since launch in March 2015 versus a return of +8.70% for the Moroccan equity market as a whole over the same

It is worth recalling that the FCP Capital SRI fund invests in shares of companies that are selected on the basis of non-financial analysis as well as an appraisal, carried out by Vigeo Eiris, a leading international non-financial ratings agency, of each company's environmental, social and governance (ESG) aspects.

The fund aims to reconcile financial performance with consideration for each company's (i) quality of governance, (ii) carbon footprint and (iii) social footprint, when selecting and managing the underlying investments.

FCP Capital ISR thereby enables investors to grow their capital by investing in a vehicle that is consistent with their own social and ethical beliefs, while promoting socially responsible corporate behaviour and sustainable development.

ANNUAL ROADSHOWS FOR TRADESPEOPLE AND 3 FOR MICRO-ENTREPRENEURS

### Trend in micro-entrepreneur registrations

CAP ENERGIE MORSEFE

**TOTALLING EUR 44 MILLION** 

MICRO-ENTREPRENEUR INFORMATION SEMINARS **ORGANISED** 

**PROJECTS FINANCED** 

**CAP VALORIS** 

PROJECTS FINANCED AND 2 UNDER CONSIDERATION TOTALLING EUR 14 MILLION

3.448 applications received

468 applications received

287 registrations approved

2,786 registrations approved

6,682 applications received

5,517 registrations approved

9,852 applications 8,248 registrations approved

BANK OF AFRICA's commitment to supporting small businesses comprises financial as well as nonfinancial assistance, thereby satisfying a number of

- · Bolstering the advice and support aspect
- Helping small businesses master rudimentary banking and finance techniques
- · Creating networking and experience-sharing platforms between small businesses
- Organising training and mentoring programmes run by banking industry professionals and university professors
- Helping small businesses to be energy efficient and to optimise resources
- Supporting and helping entrepreneurs to develop their business
- · Organising financial education training



### VARIOUS MEANS PUT IN PLACE Entrepreneurship Observatory (ODE)

The ODE was established in 2009 with the aim of providing young entrepreneurs with all the information needed to set up their business. Through an ecosystem of more than 40 partners, the Observatory provides access to an information portal, sector research as well as expert advice. It also provides guidance to entrepreneurs to help them obtain grants.

### **SME Club**

This innovative concept was established by BANK OF AFRICA to support to SMEs. Its aim is to provide tailor-made support to help companies improve their knowledge and optimise their growth. In becoming a member of this club, SMEs have access to a full programme of training courses and professional seminars.

### Micro-entrepreneurs

BANK OF AFRICA is continuing to promote micro-entrepreneurs by supporting them throughout their life cycle. The Bank has introduced measures to reach out to this customer segment and foster close ties. A number of seminars, awareness campaigns, caravans and financial education training events took place throughout the year.

### **Entrepreneurship Club**

The Entrepreneurship Club was established for the purpose of offering small businesses local support in a number of different aspects including marketing, management and human resources. This programme enables hundreds of small businesses in several cities and regions across the country to receive training and helps Moroccan entrepreneurs enhance their skills.

### Support measures bolstered in line with His Majesty's strategic guidelines

Financial and non-financial support measures were further bolstered to provide increased support for very small businesses. The Blue Space incubator network was launched in early 2020, in partnership with higher education establishments, to impact the Group's immediate environment.

## Financing start-ups and encouraging innovation

The African Entrepreneurship Award, established by BANK OF AFRICA in 2015, has a dual goal – a determination to support entrepreneurship and an aspiration to promote development in Africa. With an annual budget of USD 1 million, this award aims to promote projects that can make a social and sustainable impact, and which are also technological and innovative. Since its launch in 2015, the African Entrepreneurship Award has attracted more than 17,000 entrepreneurs from around the world with 46 award winners from 18 African countries.

### Supporting the export sector

BANK OF AFRICA supports SMEs with their export business, particularly in Africa. Through the African Business Connect programme, the Bank promotes export development opportunities through various support initiatives as well as providing economic and sector information.



# GOAL 3. BEING A RESPONSIBLE EMPLOYER, ATTENTIVE TO ITS EMPLOYEES AND SUPPORTING THEIR DEVELOPMENT

### HR excellence

For the 3rd consecutive year, BANK OF AFRICA was awarded 'Top Employer 2019' certification by Top Employers Institute, an international certification body. This international award recognises the Bank's excellent HR practices.

## Drawing up a Group-wide human resources policy

In 2019, as part of the Group Transformation Programme, BANK OF AFRICA made considerable progress in establishing a Group-wide HR policy and handbook, which brings together managementapproved guidelines on minimum standards for HR policies and procedures.

## Ensuring job satisfaction and professional development

In 2019, nearly 1,600 internal transfers were recorded at BANK OF AFRICA, which resulted in either a change in business line or post, in what was a sideways move or a promotion.

In 2019, 32% of the workforce benefited from at least one training initiative. Nearly 500 training courses were provided i.e. around 8,000 training days.

### Promoting equal opportunity

BANK OF AFRICA BMCE Group is proactively pursuing a policy of promoting diversity and gender equality between women and men, in line with its undertakings. This has proved to be a major performance driver of Group strategy, which regards diversity as a catalyst for collective prosperity, social cohesion and economic efficiency.

In keeping with an approach to Sustainable Development and CSR that originated almost two decades ago, in 2019, BANK OF AFRICA adopted a policy of proactively promoting gender equality and female autonomy. This initiative is also consistent with the Bank's resolute commitment, under the leadership of its Chairman, Mr Othman Benjelloun, to realise the United Nations' Sustainable Development Goals.

Through its Gender Equality & Inclusion Policy, the Group is committed to ensuring equality between women and men and empowering women by incorporating a gender perspective in all processes and procedures, equality between women and men

and achieving gender parity within the Group's overall workforce, its managerial functions and on its governance bodies, promoting women's financial inclusion through specific programmes and products and protecting women's fundamental rights.

The Bank is fully aware of the relationship that exists between economic and financial performance on the one hand and the proportion of women employed across the entire Group, including its subsidiaries, in the other. That is why women occupy a prominent place, accounting for almost half of employees worldwide. Women in fact account for 41.8% of the Group's total workforce – some 6,336 women out of BANK OF AFRICA Group's 15,160 employees, according to the 2019 Social Audit. The number of women employed is not just a social statistic of which BANK OF AFRICA is proud. Women play a vital role and are central to strategy, striving day-by-day to grow the business, enhance its performance and protect its reputation.

### Mitigating health and safety risks

BANK OF AFRICA places a high degree of emphasis on preventive healthcare. That is why the Bank has participated for a number of years in 'Pink October', a global communications campaign to raise awareness about screening for breast cancer. BANK OF AFRICA also celebrated World Diabetes Day in 2019 by organising a campaign offering free screening for employees. A special one-day health and wellbeing conference was also held for retired staff, providing an opportunity to highlight a number of welfare benefits relating to seniors' health and wellbeing.

## Fostering a healthy and friendly workplace environment

A number of sporting and cultural events were organised in 2019. The Group's staff had the opportunity of meeting informally at tennis and five-a-side football tournaments. The BANK OF AFRICA Club also continues to organise a large number of artistic activities for employees' children.

### **Encouraging an innovative mind-set**

To encourage staff to get involved in its digital programme, BANK OF AFRICA has launched IN'PULSE, an in-company intrapreneurship programme encouraging innovation. This programme enables employees to submit innovative ideas that might be used within the company as a growth driver or enable the Group to stand out from its peers.

### **Human capital indicators**

No. of employees	2017	2018	2019
BANK OF AFRICA Group	14 841	15 248	15 283
BANK OF AF	RICA Morocco indicators		
No. of employees	5 411	5 328	5 047
Of whom women	2 082	2 099	2 027
By contract type			
Permanent	5 097	5 061	4 929
Fixed term	314	267	118
By category			
Managers	3 332	3 336	3 203
Employees	216	181	94
Graded	1 587	1 522	1 434
Unclassified	276	289	316
By length of service			
Fewer than 5 years	24%	31%	25%
5-10 years	21%	14%	12%
10-20 years	40%	45%	47%
More than 20 years	15%	11%	17%
Recruits & departures			
Recruits	384	287	98
Resignations	146	182	217
Redundancies	46	54	46
Employee-related disputes			
Social dialogue			
Number of days lost due to strikes	0	1	0
No. of employee representatives			
Full members	88	88	84
Replacement members	71	69	62
Occupational health and safety			
Number of occupational accidents	46	69	59
Training			
Budget in MAD billions	46	69	59

## GOAL 4. PROTECTING THE ENVIRONMENT

Reducing the carbon footprint across the Group

## 1° BANK TO OBTAIN ISO 50001-CERTIFICATION

FOR ITS ENERGY MANAGEMENT SYSTEM



-4.2%

REDUCTION IN WATER CONSUMPTION IN 2019

-7,2%

REDUCTION IN TONS CO<sup>2</sup> PER EMPLOYEE IN 2019 170

GROUP EMPLOYEES BENEFITED FROM TRAINING ABOUT E&S RISKS IN 2019

	2017	2018	2019
Energy consumption in kWh	19 563 024	24.610 710	23 847 440
CO2 emissions per employee in T CO2 eq.	5,06	5,16	5,16
Waste assessment			
Paper and archives (t)	-	53	34
IT equipment (units)	-	579	667
Cooking oils (kg)	-	867	990
Cartridges (kg)	-	3860	3548
Maintenance (kg)	-	1 643	2120



### BOARD

### OF DIRECTORS

The Board of Directors' primary responsibility is to maintain a balance between shareholders' interests and growth prospects, between long-term value creation and depositor protection.

This body is responsible for strategic planning, for determining and managing risk, internal control, governance and the Corporate Social Responsibility Charter.

BANK OF AFRICA'S Board of Directors is renowned for taking a collegial approach to decision making and for its mix of domestic and international banking and finance experts. The Board comprises thirteen Directors, four of whom are Independent Directors.

1 Each term of office shall take effect from the date on which the Annual General Meeting is held to rule on the previous year's financial statements.

2 CDG had a seat on BMCE Bank's Board of Directors from 1966 to 1997 and was then reappointed at the Annual General Meeting of 26 May 2010.

3 Mr Azeddine GUESSOUS sat on the Board as an Intuitu Personae Director from 2005 to 2008, then as RMA's permanent representative before being appointed again as an Intuitu Personae Director in 2017.

### **OTHMAN BENJELLOUN**

BANK OF AFRICA's Chairman and Chief Executive

Officer

Date initially appointed: 1995<sup>1</sup> Current term of office: 2019-2025

### BANQUE FEDERATIVE DU CREDIT MUTUEL-CREDIT MUTUEL ALLIANCE FEDERALE GROUP

Represented by Lucien MIARA Date initially appointed: 2005 Current term of office: 2014-2020

### CAISSE DE DÉPÔT ET DE GESTION

Represented by Abdellatif ZAGHNOUN Date initially appointed<sup>2</sup>: 2010 Current term of office: 2016-2022

#### **RMA**

Represented by Zouheir BENSAID Date initially appointed: 1994 Current term of office: 2019-2025

### **FINANCECOM**

Represented by Hicham EL AMRANI Date initially appointed: 2001 Current term of office: 2015-2021

### **CDC LIMITED\***

Represented by Marc BEAUJEAN Date initially appointed: 2019 Current term of office: 2019-2024

(\*) Co-opted onto the Board of Directors 22 November 2019 and appointment to be put before the 2020 AGM for approval

### **AZEDDINE GUESSOUS**

Intuitu Personae

Date initially appointed: 2017<sup>3</sup> Current term of office: 2017-2023

### **FRANÇOIS HENROT**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

### **BRIAN C. MCK. HENDERSON**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

### PHILIPPE DE FONTAINE VIVE

Independent Director
Date initially appointed: 2016
Current term of office: 2016-2022

### **CHRISTIAN DE BOISSIEU**

Independent Director Date initially appointed: 2016 Current term of office: 2016-2022

### **ABDOU BENSOUDA**

Intuitu Personae Date initially appointed: 2018 Current term of office: 2018-2024

### **BRAHIM BENJELLOUN - TOUIMI**

Group Executive Managing Director and Chairman of the Board of BOA Group (Luxembourg) Date initially appointed: 2004 Current term of office: 2016-2022

### **BOARD OF DIRECTORS - MAIN INDICATORS 2019**

No. of Board members	13*
No. of Board meetings	8
Overall attendance rate	93%

<sup>(\*)</sup> As of the Board meeting of 22 November 2019 at which CDC Limited, represented by Mr Marc Beaujean, was co-opted onto the Board

### ATTENDANCE RATE

Generally speaking, should a Director be unable to attend a Board meeting, then they may delegate their powers to another Director.

100%
100%
63%
63%
100%
100%
100%**
100%
100%
88%
100%
100%
100%

<sup>(\*\*)</sup> Co-opted onto the Board of Directors 22 November 2019.

### INDEPENDENCE CRITERIA

BANK OF AFRICA complies with the regulatory provisions relating to independence criteria as stipulated in Bank Al-Maghrib Circular 5/W/2016.

### **REMUNERATION**

### **DIRECTORS' FEES**

In consideration of their contribution to the Board of Directors and the Specialised Committees, each Director receives directors' fees.

The overall amount allocated for Directors' fees is set annually by the Annual General Meeting, upon the proposal of the Board of Directors.

	31/12/2019*			31/12/2018*		
	GROSS amount	Tax withheld	Net amount paid	GROSS amount	Tax amount withheld	Net amount paid
Morocco-domiciled individuals and legal entities	3 842	992	2 850	3 485	885	2 600
Foreign-domiciled individuals and legal entities	3 235	485	2 750	3 823	573	3 250
TOTAL	7 077	1 477	5 600	7 308	1 458	5 850

### **BOARD OF DIRECTORS' SELF-APPRAISAL PROCESS**

An annual self-appraisal regarding the structure, powers, remit and functioning of the Board of Directors is carried out by each Director.

This process is overseen by the Governance, Appointments and Remuneration Committee, a body reporting directly to the Board of Directors and comprising independent and non-executive Directors. The work of the Board is appraised on the basis of an individual questionnaire comprising thirty or so questions relating to the composition of the Board and the Specialised Committees, meeting frequency, the quality of the minutes, the Board discussions, the documentation made available to the Directors and timeframes, the choice of topics on the agenda including CSR-related matters etc.

On completing the self-appraisal process, a summary report of the results of the appraisal is submitted to the Board of Directors and an action plan drawn up.

The self-appraisal questionnaire, which is drawn up by the Governance, Appointments and Remuneration Committee, is frequently updated to take into account any regulatory changes, Board meeting discussions and recommendations made in previous questionnaires.

## SPECIALISED COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

Group Risks Committee	No. of meetings	4
	No. of members	8*
	Independence	50%
	Attendance rate	86%
Group Audit and Internal Control Committee	No. of meetings	4
	No. of members	6(**)
	Independence	67%
	Attendance rate	90%
Governance, Appointments and Remuneration Committee	Number of meetings	4(*)
	Independence	50%

<sup>(\*)</sup> As of 2020, due to CDC Limited being co-opted as a Director by the Board at its meeting 22 November 2019 and its appointment as a member of the Group Risks Committee and the Governance, Appointments and Remuneration Committee.

<sup>(\*\*)</sup> As of 2020, due to Independent Director Mr. Brian Henderson being designated as a member of the Group Audit and Internal Control Committee, as Chairman.



### GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE

### **COMPOSITION**

#### **CHAIRMAN**

Mr François HENROT, Independent Director

### STANDING MEMBERS

- Mr Azeddine GUESSOUS, Intuitu Personae Director
- CDC Ltd, represented by Mr Marc BEAUJEAN\*
- Mr Brian HENDERSON, Independent Director (\*) from 2020

### **INVITED MEMBERS**

The Corporate Governance, Appointments and Remuneration Committee may invite, at its discretion, any member or non-member of BANK OF AFRICA or of its Group, depending on the items proposed for discussion on the agenda, including those matters to be dealt with by committees in relation to agreements, appointments or remuneration.

## WORK OF THE GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE

The Governance, Appointments and Remuneration Committee was scheduled to meet during first half 2020 in order to discuss matters relating to the 2019 financial year. It was decided to postpone meetings until the Committee's composition had stabilised, following the death, in December 2018, of the late Mr Michel Lucas, until then Chairman of the said Committee, and the acquisition of a stake by a new shareholder.

### **GROUP RISKS COMMITTEE**

### COMPOSITION

### CHAIRMAN

Mr Philippe DE FONTAINE VIVE, Independent Director

### STANDING MEMBERS

- RMA, represented by Mr Zouheir BENSAID
- FinanceCom, represented by Mr Hicham EL AMRANI
- CDC Ltd, represented by Mr Marc BEAUJEAN\*
- Mr Azeddine GUESSOUS, Intuitu Personae Director
- Mr François HENROT, Independent Director
- Mr Brian HENDERSON, Independent Director
- Mr Christian DE BOISSIEU, Independent Director

(\*) from 2020

### ASSOCIATE MEMBERS

- Group Executive Managing Director
- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Group Risks
- Adviser to General Management
- Group General Controller
- Deputy Managing Director, responsible for Finance & Investments

### **INVITED MEMBERS**

 The Committee may invite any person who is a member of the Group's managing staff or any manager whose functions come within its remit, depending on the items for discussion on the Committee's agenda.

### **COMMITTEE SECRETARY**

Delegated General Manager, responsible for Group Risks

### **WORK OF THE GROUP RISKS COMMITTEE**

In 2019, the Group Risks Committee met on four occasions.

At these meetings, the Committee reviewed changes to credit risk indicators on a parent and consolidated basis, the overall risk limits for 2019, prudential ratios, the Watch List, the Internal Crisis Recovery Plan and the mortgage securitisation project.

Similarly, the Committee approved the 2019 General Risk Management Policy and the amendments to the Group Risks Committee's Operating Charter in response to regulatory changes in this regard.

The Committee also took note of (i) the new arrangements for post-approval loan commitments and (ii) the systems adopted for managing IT security and cyber security.

The Committee continued (i) work on the regulatory project to implement ICAAP and (ii) continued to implement the Convergence project in 2019 with regard to credit, operational and market risk.

In addition, the Committee regularly monitors how recommendations made at previous Committee meetings are handled.

### GROUP AUDIT AND INTERNAL CONTROL COMMITTEE

### **COMPOSITION**

### **CHAIRMAN**

Mr Brian HENDERSON\*, Intuitu Personae Director

### STANDING MEMBERS

- RMA, represented by Mr Zouheir BENSAID
- Mr Azeddine GUESSOUS\*\*, Intuitu Personae Director
- Mr François HENROT, Independent Director
- Mr Philippe DE FONTAINE VIVE, Independent Director
- Mr Christian de BOISSIEU, Independent Director

### **ASSOCIATE MEMBERS**

- Group Executive Managing Director
- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Group Risks
- Adviser to General Management
- Group General Controller
- Deputy Managing Director, responsible for Finance & Investments

### **INVITED MEMBERS**

- External auditors
- Heads of Permanent Control and Compliance
- The Committee may invite any person who is a member of the managing staff or any manager whose functions come within its remit, depending on the items for discussion on the Committee's agenda.

### **COMMITTEE SECRETARY**

BANK OF AFRICA - BMCE Group's General Inspector

### WORK OF THE GROUP AUDIT AND INTERNAL CONTROL COMMITTEE

The Group Internal Audit and Control Committee (Group CACI) met on 4 occasions in 2019.

At these meetings, the main issues dealt with included reviewing BANK OF AFRICA Group's consolidated and parent performance, reviewing the Statutory Auditors' Report, monitoring implementation of the strategy for managing non-operating real estate assets and the project to reorganise BANK OF AFRICA Group's European operations in the context of Brexit.

As far as internal control was concerned, the Group CACI reviewed Group General Control's 2019 Annual Audit Plan as well as the main activity indicators for BANK OF AFRICA's Permanent Control function. Similarly, the Committee approved the Internal Control Annual Report for 2018.

In addition, the Group CACI oversaw implementation of the various recommendations made by the regulatory authority, Bank Al-Maghrib, the Statutory Auditors, the said CACI body and Group General Control. As such, it acknowledged the main items of correspondence with the regulatory authorities at Group level and the main conclusions and recommendations made by the Supervisory College.

As far as compliance was concerned, the Group CACI reviewed the 2018 Group Compliance Report and the progress made in implementing the Foreign Account Tax Compliance Act (FATCA) system.

(\*) From 2020 (\*\*) until 2020, Committee Chairman



### CORPORATEGOVERNANCE

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER OTHMAN BENJELLOUN

### SENIOR MANAGEMENT

### **BRAHIM BENJELLOUN-TOUIMI**

Group Executive Managing Director

### **DRISS BENJELLOUN**

Delegated General Manager, responsible for Group Finance

### M'FADEL EL HALAISSI

Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments

### **MOUNIR CHRAIBI**

Delegated General Manager, responsible for Group Operations

### **OMAR TAZI**

Delegated General Manager, responsible for Banking in Morocco

### MOHAMMED AGOUMI

Delegated General Manager, responsible for International Coordination

### **KHALID LAABI**

Delegated General Manager, responsible for Group Risks

### **KHALID NASR**

Head of the Corporate & Investment Banking Division

### **GROUP EXECUTIVE COMMITTEE**

### **COMPOSITION**

### **CHAIRMAN**

Chairman and Chief Executive Officer

### VICE-CHAIRMAN

Group Executive Managing Director

### STANDING MEMBERS

- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments
- Delegated General Manager, responsible for Group Operations
- Delegated General Manager, responsible for Banking in Morocco
- Delegated General Manager, responsible for International Coordination
- Delegated General Manager, responsible for Group Risks
- Chief Executive Officer of BOA Group
- Head of the Corporate & Investment Banking Division

### WORK OF THE GROUP EXECUTIVE COMMITTEE

The Executive Committee continued the work carried out in 2018, overseeing execution of the financing plan in support of the 2019-21 Strategic Development Plan. The Bank raised MAD 1.7 billion of fresh capital in two tranches by converting dividends into shares and through a cash injection. Just under MAD 2 billion was raised via a second capital increase reserved exclusively for CDC Group.

Other work carried out by the Committee included launching the Transformation Programme, an ambitious and multi-faceted project to ensure that the Group's Strategic Development Plan was a success and restructuring the Group's European operations in the context of Brexit.

### GROUP GENERAL MANAGEMENT COMMITTEE

### **COMPOSITION**

#### **CHAIRMAN**

Group Executive Managing Director

### STANDING MEMBERS

- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments
- Delegated General Manager, responsible for Group Operations
- Delegated General Manager, responsible for Banking in Morocco
- Delegated General Manager, responsible for International Coordination
- Delegated General Manager, responsible for Group Risks
- Chief Executive Officer of BOA Group
- Head of the Corporate & Investment Banking Division
- Adviser to General Management
- Delegated General Manager, Group General Control
- Delegated General Manager, Finance & Investments
- Delegated General Manager, Governance

## ADDITIONAL MEMBERS CO-OPTED ONTO AN EXPANDED GENERAL MANAGEMENT COMMITTEE

- Delegated General Manager, International Coordination General Management
- Delegated General Manager, Head of Group Communications
- Delegated General Manager, Personal and Professional Banking
- Delegated General Manager, Specialised Business Synergies
- Delegated General Manager, Group Compliance
- Delegated General Manager, Group Human Capital
- Head of Group Transformation

### **COMMITTEE SECRETARY**

Delegated General Manager, Group Governance and Development

## WORK OF THE GROUP GENERAL MANAGEMENT COMMITTEE

In 2019, the Committee met on 39 occasions. It also met twice for a strategy seminar to brainstorm and draw up the Group Transformation Plan.

The General Management Committee continued its work in 2019 in line with the undertakings given vis-à-vis the Bank's decision-making bodies and the regulatory authorities. Priority was given to matters relating to determining the best way of allocating financial, operational and human resources to kick-start the Group's transformation and further develop the Group's commercial activities.

The General Management Committee oversaw the drawing up of the 2019-2021 Strategic Development Plan and its financing plan, approved by the Board of Directors. As a result, in 2019, MAD 1.7 billion of fresh capital was raised. In addition, as far as cost control is concerned, the parent company was ahead of the projections outlined in the 2019-21 Strategic Development Plan.

The Committee continued to address another of the Bank's major concerns, that of complying with the ongoing raft of regulatory and prudential changes and with international standards. Two certifications were obtained, namely, certification of the FATCA system and of the new anti-bribery management system (ISO 37001).

Similarly, in 2019, BMCE SA's Internal Crisis Recovery Plan was updated and an impact study carried out on the effect that Bank al-Maghrib's new regulations would have on capital consumption. Regulatory changes include the draft amendment to Circular 26G relating to dations-in-payment and repos.

In addition, to provide a fillip to the Bank's range of financing products, the Committee approved a new commercial approach aimed at promoting the small business sector, consistent with His Majesty's directives. The Bank also launched a range of new products for businesses including CAP Mezzanine & IS Factor which will also help the Bank optimise its capital usage.

Another factor impacting the development of the Group's commercial activities has been the implementation of a multichannel strategy. A series of online banking solutions and services have been launched such as DabaPay, a mobile payment solution, the trade portal and the BMCE Business Online Cash portal.

Some of the Bank's other priorities include enhancing its human capital and managing the challenges associated with transformation. The Committee also ensured (i) that remuneration is consistent with the Bank's strategic priorities and (ii) continued to develop employee employability by carefully managing internal mobility in a context of organisational transformation.



### **OPERATING COMMITTEE**

### **COMPOSITION**

#### **CHAIRMAN**

Delegated General Manager, responsible for Group Operations

### STANDING MEMBERS

- Group General Control
- Personal and Professional Banking
- SME Banking
- Group Human Capital
- Technology Processes and Group Organisation
- Group Permanent Control
- Casa North Regional Division
- Casa South Regional Division
- · Governance and Management
- Global Services Operations
- Group Risk Management

### **COMMITTEE SECRETARY**

Group Quality

### ASSOCIATE MEMBERS

In addition to the above standing members, associate members include all divisional and departmental heads. They attend meetings to discuss issues that they have submitted to the Operating Committee for deliberation.

### WORK OF THE OPERATING COMMITTEE

In 2019, the Operating Committee met on 25 occasions.

Of the thirty or so topics discussed, 21 were completed, representing 70% of the dossiers presented with 286 recommendations made.

As far as operational efficiency was concerned, the Committee's work was largely focused on the procedures for managing and monitoring deductions at source for civil servants, improving the handling of remittances from overseas and centralising level 1 warranty notification on the basis of digitised documents.

As far as cost control and risk management were concerned, the Committee dealt with various issues including the increase in visa fees, cleaning up unsettled Bank Al-Maghrib transactions and the stock of damaged banknotes, bolstering the fraud prevention system for online payments, the accounting aspect of unsettled transactions across the Network and the renewal of maturing warranties, as well as reviewing the process for dealing with savings certificates.

Turning to regulatory matters, the main issues reviewed included implementing the FATCA system, measures relating to issuing 'A/C payee only' cheque forms to solicitors' accounts, presenting the complaints management solution, requalifying and screening occasional customers and screening prospective customers on initial contact in real-time, customer-initiated account closures, managing unclaimed accounts, the process for managing payment institutions' cantonment accounts, re-establishing the Customer Relations Committee and the business travel budget.

The Committee also dealt with a number of issues regarding the support provided for business development, including negotiating with MasterCard regarding its Smart Data tool, the performance of Free Banking Services, the performance of ATMs, overhauling the Education Plus loan and monitoring implementation of a solution for digitising cheques and bills of exchange by large remitters.

### GROUP INTERNAL CONTROL COORDINATION COMMITTEE

#### **COMPOSITION**

#### **CHAIRMAN**

Chairman of the Group General Management Committee and, in his absence, the Group General Controller

### STANDING MEMBERS

- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Group Operations
- Delegated General Manager, responsible for Group Risks
- Group General Controller
- Delegated General Manager, responsible for Finance & Investments
- Delegated General Manager, responsible for Group Compliance
- Head of Group Permanent Control

### **COMMITTEE SECRETARY**

Delegated General Manager, responsible for Group Compliance

### **ASSOCIATE MEMBERS**

- Head of Subsidiaries' Risk, Internal Control and Compliance functions, depending on the items on the Committee's agenda for discussion
- Group Governance and Development division
- The Committee may invite, at its discretion, any member or nonmember of BANK OF AFRICA or of the Group, depending on the items on the Committee's agenda for discussion

## WORK OF THE GROUP INTERNAL CONTROL COODINATION COMMITTEE

The Group Internal Control Coordination Committee met twice in 2019.

As part of its work, the Committee acknowledged the significant progress made on the project to automate communication with the UTRF in relation to suspicious transaction reports and requests for information. It also reviewed the progress made in complying with Bank Al-Maghrib's Circular 5/W/2017, prioritising projects relating to real-time scanning of prospective customers on initial contact, finalising the Compliance data warehouse, bolstering KYC controls, in particular, through Permanent Control, continuing to run awareness campaigns across the Network about Compliance-related matters and managing occasional customers.

The Internal Control Coordination Committee also dealt with issues relating to permanent control, including reviewing the Control Plan for the Network, a subject which will remain on the agenda when the Committee meets in 2020.

In addition, the Committee closely monitored the roll out the FATCA system, acknowledging the draft body of FATCA procedures, certification of eligible entities as well as the proposed timeframe for other Group entities to be certified up until 2021.

Lastly, the Committee decided to place greater emphasis on subsidiaries at forthcoming meetings, by discussing, at each meeting, the progress made on the control and compliance work carried out by certain subsidiaries.



### GROUP RISK STEERING AND MANAGEMENT COMMITTEE

### **COMPOSITION**

### **CHAIRMAN**

Group Executive Managing Director

#### STANDING MEMBERS

- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments
- Delegated General Manager, responsible for Banking in Morocco
- Delegated General Manager, responsible for Group Operations
- Delegated General Manager, responsible for International Coordination
- Delegated General Manager, responsible for Group Risks
- Chief Executive Officer of BOA Group
- Head of Corporate & Investment Banking Division
- Adviser to General Management
- Group General Controller
- Delegated General Manager, responsible for Finance & Investments.

### **COMMITTEE SECRETARY**

• Head of Group Risk Management.

### ASSOCIATE MEMBERS

- The Chairmen and Chief Executive Officers of the subsidiary in question
- Any other person in connection with the item for discussion by the Committee

## WORK OF THE GROUP RISK STEERING AND MANAGEMENT COMMITTEE

The Group Risk Steering and Management Committee, meeting as an offshoot of the General Management Committee, met on 7 occasions in 2019.

The Committee's work was largely focused on analysing the latest trends in credit, market, operational and country risk indicators, on reviewing and approving overall risk limits, prudential ratios, carrying out the annual update of the internal crisis recovery plan, allocating capital between capital market operations and other operations, managing capital and the ICAAP project.

Work also involved reviewing dossiers placed on the Watch List, the programme for revamping the post-approval loan commitments chain and the mortgage securitisation project, in addition to reviewing Bank Al-Maghrib's amendments and draft circulars (26G, 19G, AIHE etc.) and information for Members relating to Bank Al Maghrib's on-site missions and following-up on its recommendations.

### **GROUP ALM COMMITTEE**

### **COMPOSITION**

#### **CHAIRMAN**

• Group Executive Managing Director

#### STANDING MEMBERS

- Delegated General Manager, responsible for Group Finance
- Delegated General Manager, responsible for Banking in Morocco
- Delegated General Manager, responsible for International Coordination
- Delegated General Manager, responsible for Group Risks
- Head of Corporate & Investment Banking Division
- Adviser to General Management
- Delegated General Manager, Finance & Investments

### **COMMITTEE SECRETARY**

• Delegated General Manager, Finance & Investments

### **ASSOCIATE MEMBERS**

- Head of Group ALM
- Heads of Group subsidiaries or their appointed proxies, depending on the items on the agenda for discussion
- Any person, at the Committee's discretion, depending on the items on the agenda for discussion

### WORK OF THE GROUP ALM COMMITTEE

The ALM Group Committee, meeting as an offshoot of the General Management Committee, met twice in 2019.

The ALM Group Committee dealt with specific points relating to the Group's foreign currency funding requirements as well as the process of updating its system of ALM limits and run-off assumptions, following adoption of the so-called IRRBB or 'Interest rate risk in the banking book' standard (IRRBB), the monitoring of ALM risk indicators, in particular, the results of stress tests and the impact on the overall portfolio in terms of interest rate risk, the Bank's liquidity risk profile and its foreign currency liquidity risk profile.

In response to a letter from Bank Al-Maghrib, particular attention was also paid to drawing up the action plan in respect of the ALM risk management system in foreign currencies, ahead of transitioning to a more flexible exchange rate regime.

Lastly, issues relating to management of the Group's financial balances/ ALM are regularly monitored by the General Management Committee, particularly as part of the process of drawing up the three-year Strategic Development Plan.



## ENVIRONMENTAL, SOCIAL AND SUSTAINABILITY COMMITTEE

### **COMPOSITION**

### **CHAIRMAN**

• Group Executive Managing Director

### STANDING MEMBERS

### BANK OF AFRICA BMCE GROUP

- Delegated General Manager, responsible for Group Risks
- Delegated General Manager, responsible for Group Governance and Development
- Delegated General Manager, responsible for Group Human Capital
- Head of Sustainable Development & CSR
- Head of Group Coordination

### **BOA Group**

- Secretary General (Group)
- Head of Social and Environmental Risks (Group)

#### CDC

- Head of ESG Impact, CDC Group
- Executive, Gender Equality & Women's Economic Empowerment
- Executive, Development Impact (Investments)

### **COMMITTEE SECRETARY**

Head of Sustainable Development & CSR

## WORK OF THE ENVIRONMENTAL, SOCIAL AND SUSTAINABILITY COMMITTEE

At its first meeting in November 2019, the ESS Committee reviewed the progress made on the environmental and social risk management system, the progress made in rolling out the CSR Charter at BANK OF AFRICA and at its subsidiaries and the development of new positive impact financial products and services.

### **GOVERNANCE REPORT**

## REMUNERATION OF THE MAIN OFFICERS

	Dec 19	Dec 18
Short-term benefits	24 878	21 061
Post-retirement benefits	1 956	1568
Other long-term benefits	6 383	6 179

It is worth noting that short-term employee benefits relate to the fixed remuneration, inclusive of employer social security contributions, received by Officers in 2019.

Post-retirement benefits relate to outstanding leave reimbursed in the event that that employee were to leave the company, while termination benefits include end-of-career bonuses and long-service awards payable to those in question on leaving the company.

## **OFFICERS' BORROWINGS**

	Dec 19	Dec 18
A. Short-term outstanding loans	56 019	37 492
B. Outstanding property loans	17 764	12 965
TOTAL OUTSTANDING LOANS	73 783	50 457





## MR OTHMAN BENJELLOUN | Chairman & Chief Executive Officer

Mr Othman BENJELLOUN is Chairman and Chief Executive Officer of BANK OF AFRICA Group. formerly Banque Marocaine du Commerce Extérieur, which was privatised in 1995. He is also Chairman of FinanceCom, the Bank's holding company.

He has been the Chairman of the Moroccan Banking Association (GPBM) since 1995 and was Chairman of the Union of North African Banks from 2007 to 2009.

Mr BENJELLOUN founded BMCE Bank Foundation with a dual aim:

- Education, primarily combating illiteracy by building and managing community schools in rural areas in Morocco and Africa and
- Environmental protection.

Mr BENJELLOUN was appointed as Chancellor of Al Akhawayn University of Ifrane between 1998 and January 2004 by His Majesty the late King Hassan II.

In 2007, he was awarded an Honorary Fellowship by King's College, London.

Since 1981, he has been an Adviser to the Washingtonbased Center for Strategic International Studies (CSIS) that was formerly overseen by Dr Henry Kissinger. In 2013, the CSIS conferred upon him the prestigious title of Honorary Trustee.

Mr BENJELLOUN has received a number of decorations including Officer of the Order of the Throne by His Majesty the late King Hassan II and Commander of the Order of the Polar Star by His Majesty the King of Sweden.

Other distinctions include Commander of the National Order of the Republic of Senegal, Commander by Number of the Order of Isabella the Catholic by His Majesty King Juan Carlos of Spain, Commander of France's Order of Arts and Letters and, more recently, Commander of the Order of the Grand Star by the Republic of Djibouti.

On 7th April 2010, Mr BENJELLOUN was elevated to the rank of Commander of the Order of the Throne by his Majesty King Mohammed VI.

Born in 1932 in Casablanca, he is a graduate of École Polytechnique Fédérale de Lausanne in Switzerland.

Mr BENJELLOUN is married to Dr Leïla Mezian Benjelloun, an ophthalmologist. They have two children, Dounia and Kamal.

Chairman and Chief Executive Officer	Chairman of the Board of Directors	Chairman of the Supervisory Board	Director	Manager
FinanceCom FinanceCom Afrique Cap Estate Holding Benjelloun Mezian (H.B.M) Internationale de Financement et de Participation (INTERFINA) O Tower Ranch Adarouch Société Financière du Crédit du Maghreb (S.F.C.M) Cap d'Argent	BMCE International Holding (B.1.H)  Africa Co-Development Group  Medi Telecom M.B.T  Revly's Marrakech RMA  RMA Alternative Investments  RMA Capital  RMA Mandates  Société d'Aménagement Tanger Tech	Financière Yacout¹ Saida Star Auto²	Argan Invest  Casablanca Finance City Authority  Financecom International  Maghrebail  MEDI 1 Radio <sup>3</sup> Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires	Holding Abbas Benjelloun (H.A.B)  President of Groupement Professionnel des Banques du Maroc

<sup>1.</sup> Also, representative of Holding Benjelloun Mezian (H.B.M.)

<sup>2.</sup> Also, representative of Holding Abbas Benjelloun (H.A.B.) 3. FinanceCom's representative



## MR ZOUHEIR BENSAID I RMA's Permanent Representative

Mr Zouheir BENSAID is currently CEO of RMA, the insurance arm of FinanceCom Group, of which he was Delegated General Manager between January 2005 and December 2014. He sits on the Boards of several companies including BANK OF AFRICA BMCE Group, Maghrebail, RISMA, LYDEC, CTM and other Group subsidiaries, as well as being a member of several audit committees.

Mr Zouheir BENSAID has a wealth of experience spanning more than 35 years of the banking, financial and manufacturing industries. In the mid '80s, after assuming responsibility for financial institutions at CITIBANK Maghreb, he spearheaded the expansion of ABN AMRO's branch network.

In 1994, after a three-year period in which he headed up an agri-business, Mr Zouheir BENSAID returned to the financial sector and played an active role in reforming Morocco's capital markets. He became Chief Executive Officer of Maroc Inter Titres (MIT), BMCE Bank's brokerage firm, where he oversaw the latter's first capital-raising transactions as well as being involved in privatisations and initial public offerings on the Moroccan Stock Exchange.

Mr Zouheir BENSAID was Vice-Chairman of the Professional Association of Brokerage Firms (APSB) between 1996 and 1998. Between 1998 and 1999, he was Chairman of the Casablanca Stock Exchange, overseeing the development and modernisation of Morocco's capital markets.

A former student of Cornell, Mr Zouheir BENSAID graduated in Finance from the University of Nevada in 1985. He is a member of the Phi Kappa Phi Honour Society.

Chairman of the Board of Directors	Chairman and Chief Executive Officer	Chairman	Member of the Supervisory Board	Director
Infra Invest  RMA Assistance  RMA Investment  Partners	Medium Finance RMA Asset Management Abidjan RMA Casa Anfa RMA Elan Terrasses de l'Océan	RMA Capital International	BMCE Capital	Air Arabia Argan Invest BMCE Capital Bourse Cap Estate CFG CTM FinanceCom RMA¹ MBT² RMA Alternative Investment² RMA Capital² RMA Mandates² SFCM³ DBM Media Group⁴ Decrow Capital EurAfric Information FinanceCom International Finatech Lydec Maghrebail Mutandis Mutandis Mutandis Automobile Mutatis O'Tower Revly's Risma Saemog T Capital Tanger Med Zones Villa Roosevelt Villajena⁵

<sup>1.</sup> Chief Executive Officer • 2. Chief Executive Officer •



## BIOGRAPHIES BOARD OF DIRECTORS



# MR LUCIEN MIARA I Banque Fédérative du Crédit Mutuel's Permanent Representative

Mr Lucien MIARA is Banque Fédérative du Crédit Mutuel's Permanent Representative.

Mr Lucien Miara has been the Chairman of Fédération du Crédit Mutuel Méditerranéen and Caisse Régionale du Crédit Mutuel Méditerranéen since 2014.

He began his career at Crédit Mutuel du Centre in 1973 before moving to Crédit Mutuel Méditerranée in 1978. From 1995 to 2014, he was Chief Executive of Crédit Mutuel Méditerranéen.

He has also been a Director of Confédération Nationale du Crédit Mutuel since 1994 and Chairman of Confédération Nationale du Crédit Mutuel's Risk Committee since 2016

He is a technology graduate of the University of Nice Alpes Maritime with an elective in corporate administration.

Chairman of the Board of Directors	Director	Member of the Supervisory Board	Other appointments
Fédération du Crédit Mutuel Méditerranéen	Banque Fédérative du Crédit Mutuel	Euro-Information Production	Censor of the Crédit Industriel et Commercial
Caisse régionale du Crédit Mutuel Méditerranéen	Centre International du Crédit Mutuel <sup>1</sup>		
Caisse de Crédit Mutuel de Villeneuve Loubet	Assurance du Crédit Mutuel Vie SAM <sup>2</sup>		
Caisse de Crédit Mutuel Montpellier Alco	Assurance du Crédit Mutuel Vie <sup>2</sup>		
Caisse de Crédit Mutuel Marseille Saint Loup	Confédération Nationale du Crédit Mutuel		
Caisse de Crédit Mutuel Frontignan  Caisse de Crédit Mutuel Marseille	Caisse Fédérale de Crédit Mutuel		
Prado  Camefi	Caisse Centrale du Crédit Mutuel		

<sup>1.</sup> FCM Méditerranéen's representative

<sup>2.</sup> CRCM Méditerranéen's representative



# MR ABDELLATIF ZAGHNOUN I Caisse de Dépôt et de Gestion's Permanent Representative

Mr Abdellatif ZAGHNOUN has been Chairman and Chief Executive Officer of Caisse de Dépôt et de Gestion since 2015.

After graduating in 1982 from the Ecole Mohammedia des Ingénieurs with a specialisation in mining, Abdellatif ZAGHNOUN began his career at the Office Chérifien des Phosphates (OCP), where he held a number of positions of responsibility until 2004.

In 2004, he was appointed as head of the Directorate General of Customs and Indirect Taxes. In 2007, Mr ZAGHNOUN became Vice-Chairman of the World Customs Organization (WCO) and Chairman of the WCO MENA region. In 2008, he was appointed as Chairman of the World Customs Organization's Audit Committee. In 2010, he became Director-General of the Directorate General of Taxes.

In January 2015, Mr ZAGHNOUN was appointed by His Majesty as Chief Executive Officer of the Caisse de Dépôt et de Gestion (CDG).

Mr Abdellatif ZAGHNOUN is married and has 3 children.

Chairman of the Board of Directors	Vice-Chairman of the Board of Directors	Chairman of the Supervisory Board	Member of the Supervisory Board	Director
CDG Capital	CIMAR	Université Internationale	AL BARID BANK¹	CIH
CDG Développement	Société Marocaine de Valorisation des Kasbahs SONADAC	MEDZ	BARID AL MAGHRIB CFCA	
CGI	SONADAC			ORANGE
Fipar Holding				TMPA <sup>1</sup>
Foncière Chellah				FMP
FONDATION AHLY				OCD
FONDATION CDG				000
Institut Marocain des Administrateurs				
MADAEF				
NOVEC				
PATRILOG				
SAZ				
SCR				
Société d'Aménagement Ryad				
Société de Développement de Saidia				
Société d'Aménagement et de Promotion de la Station de Taghazout				
AUDA				





## MR HICHAM EL AMRANI I FinanceCom's Permanent Representative

Mr Hicham EL AMRANI has more than 24 years' experience of private equity investment, financing and corporate strategy across a wide range of industries.

When FinanceCom was founded in 2001, Mr EL AMRANI assumed responsibility for the Technologies & Telecommunications division.

Appointed as Director of Strategy & Development between 2005 and 2008, Mr EL AMRANI was subsequently promoted to the post of Delegated General Manager in 2008. He then went on to become the holding company's Chief Executive Officer in June 2010. He has been responsible for adopting best practice in steering the performance of the various entities within the holding company's portfolio.

He also spearheaded a number of M&A deals, LBOs and restructurings as part of a process of rationalising the holding company's portfolio and reducing debt.

In 2009, Mr EL AMRANI coordinated the process that enabled Portugal Télécom and Téléfonica to acquire a stake in Medi Telecom and the sale of a 40% stake in this company to France Telecom Orange in 2010. He

is a Director and standing member of Medi Telecom-Orange's various governing bodies.

In addition to these roles, Mr EL AMRANI is a Director of RMA, CTM, Risma, Air Arabia, Finatech, Colliers International Morocco and Chairman of the Audit Committee of Air Arabia Morocco, Meditel, RISMA and CTM.

Mr Hicham EL AMRANI is an engineering graduate of Ecole Hassania des Travaux Publics and holds an MBA and a Graduate Certificate in Manufacturing and Service Management from Southern New Hampshire University, Singularity University's Executive Program and Yale University's Leadership Executive Program.

Born in 1973, Mr EL AMRANI is married and has two children.

Chairman and Chief Executive Officer	Vice-Chairman of the Board of Directors	Director	Other appointments
Argan Invest	DBM Media Group (ex-Africa Teldis & Communication)	RMA FinanceCom Afrique	Directeur Général Délégué de FinanceCom
		FinanceCom International MediTelecom	Directeur Général Délégué de <i>Cap Estate</i>
		Finatech Group CTM	Membre du Directoire de Financière Yacout
		CTM Messagerie	Membre du Directoire de Saida
		Administrateur Directeur Général Délégué d'Internationale de Financement et de Participation (INTERFINA)	Star Auto
		Administrateur d'O Tower, représentant permanent de FinanceCom	
		Revly's Marrakech, représentant permanent d'Interfina	
		Risma	
		Africa Co-Development Group	
		Blackpearl Finance	
		Brico Invest, représentant permanent de FinanceCom	
		Colliers International Maroc, représentant permanent d'Argan Invest	



### MR AZEDDINE GUESSOUS I Intuitu Personae Director

Mr Azeddine GUESSOUS has been Chairman and Chief Executive Officer of Maghrébail since 2004.

He also sits on the Boards of a number of companies including RMA, BANK OF AFRICA (formerly BMCE Bank), BOA Group, BMCE Bank International Madrid, Risma, Al Mada, Sonasid, Lydec and Imperial Tobacco Morocco. He is also a director of Al Akhawayn University.

Between 2010 and 2012, Mr GUESSOUS was Chairman of Risma's Supervisory Board. In 2001, he became Chairman and Chief Executive Officer of Al Watanya, an insurance company and, in 1995, Caisse Interprofessionnelle Marocaine de Retraite (CIMR).

Between 1978 and 1994, Mr GUESSOUS held a number of senior government positions including Minister of Trade, Industry and Tourism in 1978, Minister responsible for relations with the European Economic Community in 1985 and Morocco's Ambassador to Spain between 1986 and 1995.

Mr GUESSOUS has received a number of decorations including Officer of the Order of Wissam, Spain's Order of Civil Merit and Grand Cross, France's National Order of Merit and the Order of the British Empire.

Mr GUESSOUS was born in 1941.

#### **APPOINTMENTS LIST**

### **Director**

BMCE INTERNATIONAL MADRID

**BOA GROUP** 

ROYALE MAROCAINE D'ASSURANCE-RMA

SETTAVEX

LYDEC

AL MADA

SONASID

RISMA

MAROCAINE DES TABACS

ALMA PACK

ALMA BAT



### MR MARC BEAUJEAN I CDC Limited's Permanent Representative

Mr Marc BEAUJEAN is the founder, in 2019, and main partner of Beaujean & Partners, a strategic consulting firm specialising in banking and insurance. He is also Chief Operating Officer of CBP Quilvest, a Luxembourg-based private bank.

From 1993 to 2012, he was Senior Partner and Director at McKinsey & Co, with responsibility for developing customer relationships in North Africa and in Western Europe – France, Belgium, Switzerland and Luxembourg – in retail banking, private banking, investment funds, life insurance and non-life insurance.

From 1997 to 2014, Mr BEAUJEAN was co-founder and non-executive Director at Geneva-based Blue Orchard, now one of the world's leading inclusive finance institutions specialising in micro-finance. The firm was recently sold to Schroders Asset Management. One of his main responsibilities was strategic thinking and partnerships.

From 2012 to 2018, he was Executive Director at P&V Assurances, Belgium, a systemically important financial institution as defined by the European Central Bank. As Director of Operations, which included overseeing IT and Human Resources, he was responsible for redesigning the group's core insurance systems and for transformation programmes in general.

Mr BEAUJEAN is also a co-investor in Profinpar, a EUR 40 million fund specialising in financing the growth, transmission and optimisation of mature SMEs with development potential.

He has also been a lecturer at HEC Liège since 2010.

Born in 1965, Mr BEAUJEAN holds an MBA from Columbia Business School and a Bachelor of Business Administration from Liège's School of Business Administration.

### **APPOINTMENT**

Director, BOA Group, CDC Limited's representative



### BIOGRAPHIES BOARD OF DIRECTORS



## MR FRANÇOIS HENROT I Independent Director

Mr François HENROT is a leading figure in the world of European finance.

He has held several important positions within the Rothschild Group, including Chairman of the investment bank and Vice-Chairman of Rothschild & Co.'s Supervisory Board, of which he is currently a nonvoting member. He is also an Advisory Director and Vice-Chairman of the Board of Rexel, a global leader in the distribution of low-voltage electrical products, Chairman of the Board of COPEBA, a Belgian privately held investment company.

He began his career in the public sector at France's Council of State and then at the Directorate General for Telecommunications before moving to the private sector with Compagnie Financière de Paribas and, for the past 20 years, Rothschild Group.

Having a keen interest in cultural affairs, Mr HENROT was Chairman of France's Ecole Nationale Superieure des Arts Décoratifs and is a member of the Association pour le Rayonnement de l'Opéra de Paris.

He has co-authored a number of works including 'the Banker and the Philosopher' which discusses the 2008 financial crisis.

Born in 1949, Mr François HENROT is a graduate of Ecole Nationale d'Administration (ENA) and Stanford University.

Chairman of the Board of Directors	Member of the Supervisory Board	Other appointments
Cobepa (Belgique)	Rexel SA	Censeur du Conseil de Surveillance de <i>Rothschild &amp; Co</i>



## MR BRIAN MCK HENDERSON I Independent Director

Mr Brian C. McK. HENDERSON is the Founding Partner of Henderson International Advisors. LLC.

During a career spanning 43 years in international banking, he has forged significant client relationships in both the private and public sectors as well as acquiring expertise in management and corporate governance.

At Merrill Lynch, where he spent a large part of his career, Mr HENDERSON held several positions of responsibility including Executive Assistant to the Chairman and Chief Executive Officer, Vice-Chairman of Merrill Lynch Europe, Middle East and Africa and Chairman of the Global Public-Sector division. He also served as Chairman of Prime Merrill S.p.a Italy and as member of the Board of Merrill Lynch South Africa Pty Ltd.

Mr HENDERSON began his career at Chase Manhattan Bank where he held a number of important positions within the Group's European Institutions division, including Vice-Chairman and Director of the sub-Saharan Africa region as well as within the

Investment Banking division. He was also a Board member of Banque Ivoirienne du Développement Industriel and Chase Bank Cameroon SA.

He is currently non-executive Chairman of Augustea Bunge Maritime Ltd., Malta, Advisor to Cremades & Calvo Sotelo, Madrid and Senior Advisor to Rockefeller Capital Management.

His public engagements include those of Vice-President and Treasurer of the Atlantic Council of the United States, the Chatham House Foundation, Honouring Nations' Board of Governors, American-Indian Economic Development at Harvard University's JFK School of Government and Director of the Fort Apache Heritage Foundation.

Mr HENDERSON holds a Bachelor of Science degree in International Economic Relations from Georgetown University, School of Foreign Service, Washington DC.

Director	Non-Executive Chairman	Vice-Chairman	Other appointments
Fort Apache Heritage Foundation	Augustea Bunge Maritime Ltd., Malta	Middle East institute – Washington	Associé fondateur de Henderson International Advisors, LLC  Membre du comité The International Advisory Board First
Harvard Project on American Indian Economic Development, Honoring Nations	mana		Avenue Investment Managers, South Africa  Membre du comité Departmental Disciplinary Committee for the First Judicial Department, Supreme Court  Appellate Division, State of New York
Metropolitan Club of New York			Conseiller de <i>Cremades &amp; Calvo Sotelo</i> , Madrid  Senior Adviser de Rockefeller Capital Management



### BIOGRAPHIES BOARD OF DIRECTORS



## MR PHILIPPE DE FONTAINE VIVE I Independent Director

Mr Philippe DE FONTAINE VIVE was Vice-Chairman of the European Investment Bank where he was responsible for operations in France, the Mediterranean region, the innovation sector and matters relating to corporate social responsibility.

He was also Senior Advisor at Oliver Wyman, a consulting firm. He is currently Chief Executive Officer of Compagnie Financière Richelieu.

During his career, he has held several important positions within the Ministry of the Economy, Finance and Industry and the Treasury Department, where he was successively responsible for Banks, Insurance, Transport and Urban Planning, Debt and Emerging Markets Development, State Holdings and Financing the State and the Economy.

He was also Vice-Chairman of the Paris Club, Adviser on International Affairs to France's Minister of the

Economy and Finance, International Affairs Advisor to the Ministry of Economy and Finance in Paris and Senior Adviser at the World Bank in Washington.

Born in 1959, Mr Philippe DE FONTAINE VIVE is a graduate of the Ecole Nationale d'Administration and the Institut d'Etudes Politiques in Paris. He holds a degree in econometrics.

#### **APPOINTMENT**

Fund

Euromena



### MR CHRISTIAN DE BOISSIEU I Independent Director

Mr Christian DE BOISSIEU is an Emeritus Professor at Paris I (Panthéon-Sorbonne) and at the College of Europe in Bruges. As consultant to international and multilateral financial institutions, he has carried out a number of assignments for the Moroccan and Tunisian monetary authorities.

He is well known for his contribution to developing conceptual frameworks in international finance and the work accomplished by France's Economic Advisory Council which he chaired between 2003 and 2012. He also served as a member of the Attali Commission for stimulating economic growth and the 'Big Loan' Commission, as well as being a Board member of France's Financial Markets Regulator (AMF).

Christian DE BOISSIEU has written numerous books and articles on money, finance and banking, economic policy issues, European integration, international monetary issues and on emerging countries and development.

He is Commander of the Legion of Honour, Commander of the Ouissam Alaouite, Grand Officer of Senegal's Order of the Lion and Officer of the British Empire (OBE) in addition to a number of other French and foreign distinctions. He is also a member of France's National Academy of Technologies and the Royal Academy of Belgium.

Mr Christian DE BOISSIEU is Senior Advisor to Amundi and sits on the Board of Aaqius Geneva and SUNU Participations Holding in Paris. He is also Chairman of the Institute of Finance and Governance's Advisory Board in Beirut.

Mr Christian DE BOISSIEU, born in 1947, is a Doctor of Economic Science, holds a professorial diploma in Law and Economic Sciences, a higher educational degree in Public Law and is a graduate of Institut d'Etudes Politiques de Paris. He was a post-doctoral fellow at Northwestern University and at Harvard in 1973-1974 and was subsequently Visiting Scholar on a number of occasions to the Federal Reserve in Washington.

Chairman	Director	Other appointments
Advisory Board de l'Institute of Finance and Governance (Banque centrale du Liban)	AAQIUS  SUNU Participations Holding  Land'Or (Tunisie)  Fondation Croix- Rouge Française	Président du Conseil des Parties Prenantes de l'ENEDIS Vice-Président du Conseil Scientifique de l'AMF Membre du Conseil Scientifique de l'AMMC



### MR ABDOU BENSOUDA I Intuitu Personae Director

Mr Bensouda has more than 25 years' experience across a number of disciplines including asset management, private equity, mergers & acquisitions and corporate restructuring.

He is currently Chief Executive Officer of FinanceCom International, a company which steers FinanceCom Group's overseas asset management and investment advisory operations.

Since 2008, Mr Bensouda has held a number of positions of responsibility within FinanceCom Group including those of Chairman & Chief Executive Officer of Finatech Group, a systems integrator specialising in digital and energy infrastructure.

Prior to this, he was a founding partner of Finaventures Advisors in California where he helped set up a technology fund in partnership with TL Ventures, an asset management company. His experience in private equity dates back to 1995 in New York.

He began his career at Westinghouse where he worked as an engineer and project leader.

Mr Bensouda has a degree in information systems engineering from Boston University and a Master of Business Administration (MBA) specialising in finance and entrepreneurship from Babson College, Massachusetts.

Chairman of the Board of Directors	Chairman	Vice-Chairman	Director	Manager
Olkad Group	FinanceCom Capital FinanceCom Europe	FinanceCom Green Investments	FinanceCom International <sup>†</sup> Decrow Capital Africa Investments Holdings Argan Infrastructure Fund Infra Invest Argan Infra Dounia Productions Bridges for Africa Finatech Group Green of Africa	FCOMI-L SCI FinanceCom Global Strategic Holdings B4A Advisory

<sup>1.</sup> Chief Executive Officer



### BIOGRAPHIES BOARD OF DIRECTORS



## MR BRAHIM BENJELLOUN-TOUIMI | Group Executive Managing Director

Mr Brahim BENJELLOUN-TOUIMI is Group Executive Managing Director of BANK OF AFRICA Group.

He is Chairman of the General Management Committee, Vice-Chairman of the Group Executive Committee and Vice-Chairman of the Senior Credit Committee.

As part of BANK OF AFRICA Group's overseas strategy, Mr Brahim BENJELLOUN-TOUIMI is Chairman of BOA, a banking group in which BANK OF AFRICA has a stake of just under 73%, with operations in 17 countries in Africa. He is also Director of the Group's European banking subsidiaries.

As far as his other functions are concerned, he is Chairman or Director of a number of Group companies in Morocco in investment banking, specialised financial services – factoring, consumer credit, leasing and loan recovery – and insurance brokerage.

Within the framework of strategic partnerships with reference shareholders, Mr Brahim BENJELLOUN-TOUIMI is a Director of RMA, an insurance company

and FinanceCom, its holding company. He is also Chairman of the Supervisory Board of EurAfric Information, a technology company and Director of Euro Information in France, a technology subsidiary of Crédit Mutuel Group.

Reflecting the Group's commitment to corporate social responsibility, Mr Brahim BENJELLOUN-TOUIMI is a Director of BMCE Bank Foundation for Education and the Protection of the Environment.

He also sits on the Board of Proparco, a development finance institution as well as being a Director of the Casablanca Stock Exchange.

Born in 1960, Mr Brahim BENJELLOUN-TOUIMI is a Doctor of Money, Finance and Banking from Université Paris I Panthéon Sorbonne. He began his career in financial markets in France and went on to become Head of Research within the Securities division at one of France's leading investment banks. He joined BANK OF AFRICA in 1990.

He is married and has 3 children.

Chairman of the Board of Directors	Vice-Chairman of the Board of Directors	Chairman of the Supervisory Board	Director
BOA GROUP	BTI BANK	EURAFRIC INFORMATION	RMA
BOA WEST AFRICA		BMCE CAPITAL	FINANCECOM
BMCE EUROSERVICES		SALAFIN	FONDATION BMCE Bank
BMCE ASSURANCES		MAROC FACTORING	EURO INFORMATION
		OPERATIONS GLOBAL SERVICES	BMCE BANK INTERNATIONAL UK
			BMCE INTERNATIONAL HOLDINGS
			BMCE INTERNATIONAL MADRID
			MAGHREBAIL
			RM EXPERTS
			BOURSE DE CASABLANCA*
			O TOWER
			SOCIETE D'AMENAGEMENT TANGER TECH
			PROPARCO*

<sup>(\*)</sup> Representative of BANK OF AFRICA BMCE Group





# MR DRISS BENJELLOUN I Delegated General Manager responsible for Group Finance

Mr Driss BENJELLOUN is Delegated General Manager responsible for Group Finance at BANK OF AFRICA. He is also a Director of BANK OF AFRICA Group subsidiaries including BOA Benin, BOA Madagascar and BMCE Capital.

After joining BMCE Bank Group of Africa in 1986, Mr Driss BENJELLOUN was asked to oversee the project to set up a Management Control entity aimed at improving the steering of operations. In 1990, he assumed responsibility for a project to set up an Audit and Management Control department. After BMCE Bank was privatised in 1995, Mr Driss BENJELLOUN became Head of the Banking Production division.

In 1998, he was appointed as Delegated General Manager responsible for a number of departments that make up the Bank's Group Support division – Banking Production, Information Systems, Organisation, General Services and Safety.

In 2003, Mr Driss BENJELLOUN became Head of the Group Financial Division with a remit to integrate BANK OF AFRICA's various subsidiaries in Morocco, Europe and Africa. He also helped restructure of Banque de Developpement du Mali and steered the latter's merger with Banque Malienne de Crédits et de Dépôts.

Mr BENJELLOUN is a Doctor of Finance from Université Paris Dauphine in addition to postgraduate studies in accounting.



# MR M'FADEL EL HALAISSI | Delegated General Manager responsible for Financial Engineering, Debt Collection & Specific Assignments

Mr M'Fadel EL HALAISSI, Delegated General Manager, has been responsible for the Financial Engineering, Debt Collection and Special Assignments division since January 2019. His main responsibilities include hands-on management of the Bank's portfolio of sub-standard and non-performing loans, carrying out specific assignments mandated by the Chairman and representing the Bank at a number of subsidiaries.

Previously, Mr M'Fadel EL HALAISSI was Delegated General Manager responsible for Corporate Banking, Morocco. This division, which comes under General Management's remit, brings together corporate customers, SMEs and Large Enterprises. This specific responsibility for corporate banking was entrusted to him after a career spanning more than 25 years at BANK OF AFRICA in credit, investment finance, loan restructuring and long-term financing solutions.

On joining BMCE Bank, he was entrusted with the responsibility of setting up the investment loans restructuring department.

He subsequently went on to become Head of Investment and Corporate Markets division in 1998. In April 2002, he was appointed as Delegated General Manager responsible for Corporate Banking, a division which was then subsequently expanded to include overseas operations.

Mr M'Fadel EL HALAISSI is a Doctor of Economics from Lille University.

He is married and has 2 children.



### BIOGRAPHIES SENIOR MANAGEMENT



# MR MOUNIR CHRAIBI I Delegated General Manager responsible for Group Operations

Mr Mounir Chraibi is Delegated General Manager responsible for Group Operations. He joined BANK OF AFRICA in 2010.

Mr Mounir CHRAIBI is responsible for all of BANK OF AFRICA's technology, legal affairs, logistics, quality and banking processing divisions.

As such, he oversees strategic projects such as designing the Banking and Insurance information system (SIBEA), converging the information systems of BANK OF AFRICA's overseas subsidiaries and automating the Bank's back offices.

Mr CHRAIBI is Chairman of the Board of BMCE Immobilier, a subsidiary responsible for actively managing BANK OF AFRICA's non-operating property portfolio and Chairman of the Board of Damancash, a Morocco-based money transfer company.

He began his career in 1987 as Project Manager of Crédit du Maroc's information systems master plan and then, from 1989 to 1994, was made Head of Organisation and Information Systems of the Office d'Exploitation des Ports.

In 1994, he was appointed as Chief Executive Officer of the Office de la Formation Professionnelle et de la Promotion du Travail and then, in 2001, as Chief Executive Officer of the Caisse Nationale de la Sécurité Sociale.

In 2005, Mr CHRAIBI was appointed as Wali (governor) of the Marrakesh Tensift Al Haouz region which, during his tenure, attracted high levels of private sector investment and saw the launch of several major flagship public projects. Mr Mounir CHRAIBI is a graduate engineer of Ecole Polytechnique de Paris and Ecole Nationale Supérieure des Télécommunications de Paris. He was decorated Commander of the Order of Al Arsh Wissam by His Majesty the King in 2008. He is also a Commander of Belgium's Order of Leopold.



# MR OMAR TAZI I Delegated General Manager responsible for Banking in Morocco

Mr Omar TAZI is Delegated General Manager responsible for Banking in Morocco which, since January 2019, encompasses (i) Personal and Professional Banking which, in turn, incorporates a pool of specialised marketing competencies organised by market segment – Personal Banking, Professional Banking, Private Banking and Migrant Banking – the BMCE Euroservices subsidiary, a payments institution and Multi-channel banking and (ii) SME Banking which encompasses Investment, Financial Engineering and Corporate Banking as well as (iii) the 8 Regional Divisions.

Previously, Mr Omar TAZI was Delegated General Manager responsible for Personal and Professional Banking.

Mr Omar TAZI began his career at the Banque de Développement du Canada. In 1992, he joined Wafa Bank as Head of Treasury.

From 1993 to 2005, Mr Omar TAZI held a number of posts of responsibility within Société Générale Maroc, including Head of the Specialised Finance and Industrial Research Division, Head of the retail,

professional and corporate banking network and then Delegated General Manager responsible for Retail Banking.

During this period, he was also Director, Vice Chairman or Chairman of a number of Société Générale subsidiaries, including its leasing, consumer credit, securities brokerage, asset management and insurance subsidiaries.

From 2005 to 2010, Mr Omar TAZI was Chief Executive Officer of AFMA Group.

Mr Omar TAZI joined BANK OF AFRICA Group in June 2011 with a remit to boost retail banking operations and improve the effectiveness of the Bank's sales force.

Mr Omar TAZI holds a master's degree in finance from the University of Sherbrooke, Canada.



# MR MOHAMMED AGOUMI I Delegated General Manager responsible for Coordinating Overseas Operations

Mr Mohammed AGOUMI is Delegated General Manager of BANK OF AFRICA with responsibility for Coordinating Overseas Operations.

As such, he is responsible for coordinating the Group's various overseas subsidiaries and, in some cases, has direct responsibility for them. He also has direct responsibility for each of the Group's European corporate entities and its offshore network in Morocco. He is also responsible for Banque de Developpement du Mali.

Mr AGOUMI chairs BBI Madrid's Board of Directors and is a member of the boards of BBI Plc, BMCE International Holding and Banque de Developpement du Mali.

He joined BANK OF AFRICA Group in 2012, after a long international career in audit and consulting.

Prior to that, he held a number of functions and positions of responsibility at Credit Agricole France

Group (CASA). He was appointed Delegated General Manager of Le Crédit Lyonnais (LCL) in 2006 and was a member of CASA Group's Executive Committee. He was responsible for operations, strategy and the Loan Commitments Division. In 2008, he was appointed to CASA Group's Executive Committee with responsibility for overseeing the Group's overseas development.

In 2010, he founded Europa Corporate Business Group (ECBG). He is also the Chairman of ECBG's Moroccan subsidiary, Financing Access Morocco.

Mr Mohammed AGOUMI is a graduate of ESSEC (1979) and holds a DEA in Mathematical Economics and Econometrics (1980). He qualified as a chartered accountant in Paris in 1993 and taught for two years at ESSEC.



# MR KHALID LAABI I Delegated General Manager responsible for Group Risks

Khalid LAABI, Delegated General Manager, has been responsible, since January 2019, for Group Risks, which encompasses risk management, risk analysis and monitoring loan commitments.

In 2018, Mr Khalid LAABI was appointed as Delegated General Manager responsible for Group General Control.

Mr LAABI has a wealth of experience acquired over more than 33 years within the Group, during which he has held a number of positions of responsibility, including Director of inspection of central services, the branch network and the overseas network and Chief Director responsible for the Audit and General Inspection Division.

As far as his functions are concerned, he is Associate Member and Secretary of the Group Risks Committee, Associate Member of the Group Audit and Internal Control Committee and Member of the Group Internal Control Coordination Committee. He is also a Permanent Member of the Audit and/ or Risks Committees of several BANK OF AFRICA Group subsidiaries, particularly in sub-Saharan Africa, as well as being a Director of both BOA Mali and BTI Bank, the Group's participatory banking subsidiary.

Since 2015, he has overseen implementation of the Convergence Programme for the Internal Control functions within 25 subsidiaries. This is a major programme aimed at structuring the Group.

In addition, he is a highly regarded keynote conference speaker, sharing his expertise on a wide range of subjects including finance, risk management, internal audit, internal control and compliance.

Mr Khalid LAABI is an Economic Science graduate specialising in The Theory of the Firm. He has undertaken training in a variety of disciplines, both in Morocco and overseas. He is married and has two children.



### BIOGRAPHIES SENIOR MANAGEMENT



## MR KHALID NASR I Head of the Corporate & Investment Banking Division

Mr Khalid NASR is Head of BANK OF AFRICA's Corporate & Investment Banking business. He is also Chairman of the Supervisory Board of BMCE Capital, the Group's investment banking subsidiary. He is a member of BANK OF AFRICA BMCE Group's Executive Committee and General Management Committee. He also holds a number of directorships at Group entities such as Director, BOA Group, Chairman of the Board, BOA Capital and Director, Maghrebail.

Mr Khalid NASR has more than 25 years' experience of finance, the majority of which has been spent in senior management positions. He began his career in France at one of Europe's leading insurance companies. After gaining experience in capital markets at a Moroccan bank, Mr Khalid NASR then joined BMCE Capital when it was founded in 1998. He was responsible for developing its capital markets businesses as Head of Fixed Income Trading and then, from 2005, as Head of the Dealing Room. In 2010, Mr Khalid NASR was appointed Chairman of BMCE Capital's Supervisory Board, overseeing the entire Investment Banking business – Capital Markets, Asset Management, Private Portfolio Management, Financial Advisory, Custody, Securities

Brokerage, Financial Research and Securitisation. Since January 2019, Mr Khalid NASR has been responsible for BANK OF AFRICA's Corporate & Investment Banking business.

Mr Khalid NASR holds an Executive MBA from ESSEC Business School, Paris, a Master's in Finance from ESC Marseilles and a Master's in Mathematics from Marseilles' Saint Charles University. He is also the holder of a number of certificates in specialised disciplines such as Asset & Liability Management (ALM) and Market Risk Management.

Born in 1967, Mr Khalid NASR is married and has three children.

## INFORMATION PROVIDED TO SHAREHOLDERS

The Bank maintains regular contact with its shareholders via a variety of communication channels and events organised during the year.

In accordance with current regulations, each Shareholder has access to all the necessary information prior to the Annual General Meeting of Shareholders.

'You're a shareholder' is a page on the Bank's website, www.ir-bankofafrica.ma, specifically for shareholders. The following information is readily available: (i) the Shareholder Report, which includes the Management Report, the Statutory Auditors' reports - General Report, Audit Report and Special Report, and highlights (ii) the Shareholder Guide, an informative document enabling shareholders to better understand their rights, how income from securities is taxed, the Bank's key indicators, a list of the Bank's Directors, (iii) the Annual General Meeting Notice, (iv) a postal voting form, (v) powers, (vi) a recent breakdown of the Bank's share capital, (vii) a statement on AGM proceedings and its outcome, (viii) voting results, in addition to documentation made available to shareholders at the Bank's head office.

Periodic information mainly comprises financial and non-financial press releases relating to the closure of the annual and half-yearly financial statements as well as a review of the quarterly financial statements, published on the Bank's financial communications website and in a journal containing legal notices. The annual and half-yearly results presentations given at financial information meetings for analysts and the press are also posted online together with speeches made by the Chairman of the Board of Directors and the Group Chief Executive Officer at these meetings.

Given our diverse shareholder base, the Bank publishes its Annual Report and Sustainable Development Report each year in a number of different languages including French, Arabic and English. These reports provide shareholders with information about the Bank's activities and financial performance as well as governance over the previous year.

Since 2019, the Bank has published the Reference Document each year in accordance with the Directives of the Moroccan Capital Markets Authority (AMMC). This document contains detailed information about the Bank's business, financial situation and prospects.

Information regarding BANK OF AFRICA's governance, financial and non-financial information and the main corporate actions carried out by the Bank is regularly updated on the Bank's website, www. ir-bankofafrica ma

### LIST OF FINANCIAL RELEASES PUBLISHED IN 2019

- Annual results report for the period ended 31 December 2018
- Annual results press release for the period ended 31 December 2018
- Annual results report for the period ended 31 December 2018 in Arabic
- BMCE BANK OF AFRICA CDC partnership
- Notice of the Annual General Meeting of 28 May 2019
- Q1 2019 quarterly results
- Press release relating to registration of BMCE Bank's Reference Document for financial year 2018 and first half 2019
- Notice of new issue in the form of a capital increase in two tranches for cash and by dividend conversion
- Invitation to the AGM of 4 September 2019
- Post-AGM press release of 4 September 2019
- Results of the capital increase in two tranches
- Q2 2019 quarterly results
- Half-yearly results report for the period ended 30 June 2019
- Half-yearly results press release for the period ended 30 June 2019
- Half-yearly results report for the period ended 30 June 2019 in Arabic
- $\bullet$  Press release confirming visa approval of the capital increase for cash reserved for CDC Group
- Notice of capital increase in two tranches for cash and by dividend conversion and consequential amendment of the Bank's Memorandum and Articles of Association
- Press release relating to the results of the capital increase for cash reserved for CDC Group
- Press release relating to Q3 2019 quarterly results
- Notice of capital increase reserved for CDC Group and consequential amendment of the Bank's Memorandum and Articles of Association





#### **RISK CONTROL BODIES**

### **GROUP RISK MANAGEMENT**

One of the missions assigned to the Group Risk Management is to strengthen the monitoring and control of credit, market, country and operational risks. It is also responsible for:

- Defining BANK OF AFRICA Group's risk policy;
- Definition and management taking and monitoring of commitments ;
- Implementing of a credit risks control system, market transactions and operational risks;

The Group Risk Management is composed of four entities:

- Group Risk Management
- Monitoring Commitments
- Commitments Analysis
- Counter party risks Africa & transversal projects

Group Risk Management Division

Group Risk Monitoring Commitments Analysis

Counterparty Risks – Africa and Transversal

### **GOVERNANCE BODIES**

### **GROUP RISK COMMITTEE**

The Group Risk Committee BANK OF AFRICA is an instance from the Board of Directors of BANK OF AFRICA, whose prerogatives are extended to direct and indirect subsidiaries included in the scope of consolidation of the Group.

This Committee assists the Board on strategy and risk management, including ensuring that the global risk strategy is adapted to the risk profile of the bank and the Group, to the degree of risk aversion, its systemic importance, its size and its financial basis.

## GROUP AUDIT AND INTERNAL CONTROL COMMITTEE

BANK OF AFRICA Group's Audit and Internal Control Committee is an instance from the Board of Directors of BANK OF AFRICA, whose prerogatives are extended to subsidiaries and other entities included in the scope of consolidation.

Group Audit and Internal Control
Committee assists the Board of
Directors on internal control, by
ensuring the existence and maintenance
of an internal control system adapted to
the Group's organization, the reliability
of financial information intended for
the Board of Directors and third parties,
the examination of the corporate and
consolidated accounts before their
submission to the Board of Directors.

### **MANAGEMENT BODIES**

## GENERAL MANAGEMENT COMMITTEE

The Group Management Committee is responsible for the declination in equity and operational measures of the Group's strategy and monitoring.

This Committee, whose periodicity is weekly, has main tasks the management of the business of the bank, the conduct of internal control and risk management, monitoring the HR component, commercial communication policy, institutional and financial.

### THE STEERING COMMITTEE AND GROUP RISK MANAGEMENT

After the BANK OF AFRICA Group's General Management Committee, the Steering Committee and Risk Management assists in the management and monitoring of effective and operational of piloting device Group risks (BANK OF AFRICA S.A and its direct and indirect subsidiaries) and the consistency of Group activities with the policies fixed of risks and limitations:

This Committee ensures the efficiency of the piloting device of the risks (credit, market, country and operational) and its adequacy with the level of risk appetite defined within the framework of the risk management policy.

### **CREDIT COMMITTEES**

### Senior Credit Committee

The Senior Credit Committee reviews and approves, on a weekly basis, credit applications from customers of the Bank and of the Group within its delegated powers. Operating rules and powers differ depending on the degree of risk incurred as well as the nature of the Bank's credit portfolio segment in question - Business, Corporate or Personal & Professional Banking customers.

The Credit Committee's scope also covers Group entities. It assesses and issues, via the Senior Credit Committee - Group Entities, decisions regarding risk-taking with regard to certain counterparties or groups of counterparties within the banking and trading portfolio in respect of domestic operations as well as for individual counterparties in respect of overseas operations based on predefined thresholds by subsidiary.

This committee is chaired by the Bank's Chairman and Chief Executive Officer with the Group Executive Managing Director. It is sub-divided by market segment into two committees, one specialising in Corporate Banking, the other in Personal and Professional Banking. These committees meet twice-weekly and include senior managers of the Bank.

### **Regional Credit Committee**

The Regional Credit Committee (CCR) enjoys delegated powers enabling it to rule on counterparties at a regional level in accordance with the existing scheme of delegation. The Committee meets on a weekly basis. Each region's Regional Director decides on when the CCR will meet and informs all members accordingly.

Regional Directors decide on meeting dates and inform committee members.

## Loan Commitments Monitoring Committee (CSE)

As part of its portfolio monitoring remit, the Loan Commitments Monitoring Committee (CSE) (at head office or on a select basis) meets on a monthly basis to follow-up on the various initiatives implemented for the purpose of resolving, recovering and cleaning-up accounts showing anomalies. The Committee also reviews customer dossiers that are eligible for downgrade and decides on what action to take.

Bodies responsible for following up and monitoring, operating at four levels, three of which are at head office, oversee the process of monitoring the loan commitments situation.

### **CREDIT RISK**

The Bank's credit activity is part of the general credit policy approved by the Bank's senior management. Among the guiding principles include the Group's requirement related to ethics, attribution of responsibilities, the existence and adherence to procedures and rigour in risk analysis.

This policy is available in specific policies and procedures appropriate to the nature of activities and counterparties.

### **CREDIT DECISION CYCLE**

### General principles

The approval process at BANKOF AFRICA Group level respects the "Troika" principle and is based on the following principles:

- All credit requests adhere to the same approval process which ensures that the Troïka principle is respected (minimum requirement). Therefore, at least 3 people, one of which is from the Risk Division, should approve all credit requests except for some predefined specific cases;

- The decision, jointly taken by the Risk and Commercial Divisions which includes at least one preliminary counterfactual analysis applies to the applications assigned to the local decision committees as well as to the central decision committees. This involves a multi-level pyramid structure, where the higher level acts as an arbitrator in the event that consensus is not reached;
- The Risk Division can use the escalation procedure (n+1) if there is a disagreement with the Commercial Division.

## Credit approval process

The following diagram provides an overview of the credit approval process:

circulation file, or by holding a Credit Committee, via a manual or electronic process.

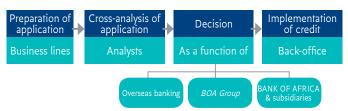
### Delegation

The credit decision process is based on a delegation system whereby an entity's Board of Directors delegates powers to its employees or a group of employees by setting limits, as it sees fit.

The delegation may in turn involve a sub-delegation depending on the organisation, volume, products and risks.

The delegation of authority to employees is assigned intuitu personae on the basis of their decision-making ability, experience, personal skills, professional skills and training.

### New application for renewal



- The Commercial Division in charge of customer relations is responsible for preparing the credit application;
- Counterfactual analysis of the credit application is performed by credit analysts from the entity's Risk Division;
- The decision is jointly taken by the Risk and Commercial Divisions, based on their respective levels of delegation;
- The loan is actually implemented by the back-office, which is a unit independent from the Risk and Commercial Divisions.

## Decision making and choice of circuits

In order to facilitate the reporting exercise, the principle of a single decision for each credit proposal should be respected.

Credit decisions are made either by

## Approval rules

The credit approval decision is sent for consideration to the Troïka or to Credit Committees depending on the approval levels required.

The present delegation system defines the following decision levels:

- At local branch level;
- At "hub" level (BOA Group and Europe);
- At central BANK OF AFRICA level.

The local branch level may involve a sub-delegation depending on the entity's organisation, volume, products and risks.

### Credit application contents

All requests for obtaining credit should meet the product's eligibility criteria as defined in the product fact sheets. All credit decisions are taken on the basis of a standard credit application whose format is defined in consultation with the Commercial Division and Risk concerned and in coordination with the Group Risk Division.

A credit application is prepared for each counterparty or transaction to which the entity wishes to make a commitment or for which the entity has already made a commitment in the case of an annual review or renewal. This is done on the basis of the documents mentioned in the product checklist and provided by the client.

The document checklist to be sent by the client and the analysis form should be identical to the one at Group level and these will be modified based on the type of credit. The contents of the credit application should provide the decision-makers with the necessary information as well as the quantitative and qualitative analysis required for taking the credit decision.

The Commercial Division is responsible for preparing the credit application and its contents.

The credit application shall remain the single point of reference for any credit decision; it should contain all the signatures or stamps that guarantee the accuracy of the information provided therein.

## CREDIT RISK CONTROL AND MONITORING PROCEDURE

Credit risk control and monitoring ensures the second-level checking, separate from daily monitoring by the Commercial Division.

This procedure may be adapted depending on how each subsidiary is organised in consultation with the Group Risk Division.

Commercial Division is responsible for risk monitoring. Indeed, the credit manager in the Commercial Division is responsible to the daily monitoring of transaction risks. To fulfil this mission, the Commercial Division is helped by the risks which play an alert role.

The risk Division's main objective is to ensure the efficiency running of a forward-looking alert system that allows the Commercial Division to optimize risk management as well as anticipating potential risks so that the bank's portfolio maybe properly managed. The risk Division also ensures that the Commercial Division is monitoring properly and provides alerts for accounts in default.

- Performs pre-checks;
- Performs post-checks;
- Identifies and monitors the portfolio of commitments based on several factors : products, maturities, beneficiaries, business sectors, branches, geographical regions etc.;
- Fixes and monitors concentration limits;
- Detects and monitors accounts showing anomalies and high-risk accounts;
- Categorised the portfolio based on regulatory criteria and proposes provisioning;
- Performs stress tests;
- Produces regulatory reports and internal steering reports.

### **PRE-CHECKS**

Pre-checks include all compliance checks carried out prior to a credit mine's initial authorisation and use. These checks are performed in addition to automatic checks and checks carried out by the Commercial Division, Back-office and Legal Department etc.

These checks are implemented by the Risk Division. They mainly relate to:

- Credit proposal data:
- Compliance with the appropriate delegation level;
- Legal documentation compliance;
- Conditions and reservations expressed before initial use of funds or the facility;
- Data entered in the information systems.

### **POST-CHECKS**

Like pre-checks, post-checks are also performed by the Risk Division.

These checks are aimed at ensuring measurement, control and monitoring of credit risks in terms of the entire portfolio and not just the counterparty. Special attention is therefore paid to credit quality, anticipating and preventing irregularities and risks as well as controlling and monitoring risks by the Commercial Division.

### PORTFOLIO MONITORING

Group's portfolio Monitoring commitments and its entities is performed through several indicators, both on the risks to the granting and during the life of the credit records.

The first post-check consists of identifying and monitoring the entity's total commitments based on several factors including products, maturities, customers, business groups, customer segments, counterparty ratings, loan categories (healthy loans and non-performing loans), industries, branches, geographical regions, type of collateral etc. The multi-criteria analysis is a credit risk management tool.

The production of multi-criteria analysis commitments portfolio is the responsibility of the Credit Risk die which also ensures the reporting of credit risks, both internally and vis-à-vis the Risk Committees and management, that external, vis-à-vis the regulators.

## SYSTEM FOR DETECTING RISKS AND ANOMALIES

High-risk accounts and those showing anomalies represent a risk that is likely to subsequently increase and therefore generate a cost for the Bank. These consist of customer loan commitments that are still healthy, but which reveal:

- Either a visible deterioration in risk quality as measured against quantitative criteria (Doubtful - in arrears, Substandard, frozen (lack of any ledger entry and overdrawn), persistent overruns, etc.);

The main examples of this type include:

- Debit balances on demand accounts for which no actual credit entry has been recorded, covering at least the overdraft fees charged to these accounts as well as a significant part of the said debit balances;
- Outstanding amortised loans that have not been settled within 30 days of their maturity date;
- Outstanding loans that are repayable by means of a single repayment and that have not been honoured within 30 days of their maturity date;
- Trade receivables discounted by the Bank and returned unpaid;
- Persistent overruns, beyond one month, by comparison with the authorisations granted. So as to avoid incurring any operational risks, however, the entities will monitor, on a weekly basis, the authorised overruns of a certain level (at each local entity's discretion).

- Or a potential deterioration in risk quality as measured against qualitative criteria that is likely to subsequently deteriorate and therefore generate a cost for the Bank. These indicators may include incidents of a legal nature (garnishee orders, attachments, etc.) or account-related (loss of income, overdrawn balances, authorisations or guarantees maturing, etc.) or negative information specific to a counterparty (non-performing loans at a competitor bank, deterioration in either its financial position, its credit quality or collateral), or incidents and disputes relating to the main shareholders (death, receivership or liquidation, etc.) or difficulties encountered in a counterparty's business sector etc.

Furthermore, other risk criteria relating to credit dossiers are rigorously monitored by the Bank's various entities such as:

- · Loan arrears committees;
- Unsecured collateral (beyond expiry of the notary public's commitment period);
- Credit lines that remain unused for more than 6 months;
- Funded projects revealing irregularities or difficulties that may impact the ability or likelihood of repayment;
- Etc.

### **RISK CONTROL BODIES**

These criteria represent the minimal conditions imposed on the Bank as far as detection and monitoring is concerned under BAM Circular 19/G. In fact, the Risk and Commercial functions detect, monitor and submit for analysis and review by the Loan Commitments Monitoring Committee each dossier that they consider sufficiently sensitive for it to be discussed.

As such, Group Risks' General Management, via Permanent Monitoring of Commitments (PSPE), is the designated reference data source relating to risk criteria detection and has prerogatives relating to analysing and qualifying these data.

### **CLASSIFICATION OF CREDITS**

After monthly reviews of the Bank's portfolio and the analysis of risky files, each subsidiary reviews its regulatory classification of loans in line with local regulatory requirements.

This review is carried out within the framework of the monitoring committee of accounts in anomaly and the reclassification committee, based on the Risk management of each entity. The decisions of these committees are implemented in the execution and monitoring of the transfer of healthy accounts to the corresponding category of non- performing loans as well as their provisioning.

### **RATING MODEL**

BANK OF AFRICA has an internal rating tool covering several customer segments.

#### **KEY RATING RULES**

Rating's uniqueness

The rating is established for each client, provided as a third code group. The rating process is thus carried out for each third code group so that a third party has one and only one ratings. Thus, BANK OF AFRICA ensures the uniqueness of the rating attributed to each assessed counterparty.

### Rating's integrity

Asper the regulatory principles, the attribution of the rating and its periodic review should be carried out or approved by a party that does not benefit directly from the credit approval. It is for this reason that the rating is validated in the back office by the Group Risk Management Division following initial attribution by front-office commercial operations. The rating's integrity is a key component in the credit risk management process and should reinforce and encourage independence in the rating process.

### Rating's singularity

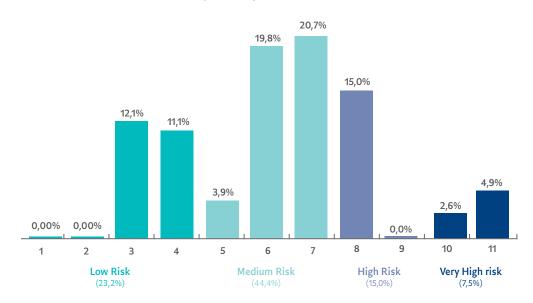
A counterparty code is assigned to each of the Bank's counterparties. The rating of each third party is carried out using the counterparty reference code in such a manner that, for all third parties (the counterparty type is single and unique), the assessment will be carried out by using a single rating model but with data specific to each counterparty. BANK OF AFRICA thus ensures the rating's singularity for each counterparty.

**RATING SCALE** 

BANK OF AFRICA Group has adopted an 11-level rating scale to attribute a final counterparty rating:

CATEGORY		CLASS	DEFINITION	
	LIMITED RISK	1	Extremely stable short- and medium-term; very stable long-term; solvent despite serious disruptions;	
		2	Very stable short- and medium- term; stable long-term; sufficiently solvent despite persistently negative events;	
Investment grade		3	Solvent short- and medium-term despite significant difficulties; moderately negative developments can be withstood long-term;	
estmen		4	Very stable short-term; no expected change to threaten the loan in the coming year; sufficiently solid medium-term to be able to sur0vive; long-term outlook still uncertain;	
Inve	MEDIUM RISK	5	Stable short-term; no expected change to threaten the loan in the coming year; can only withstand small negative developments medium-term;	
		6	Ability limited to withstand unexpected negative developments;	
		7	Ability very limited to withstand unexpected negative developments;	
rade	HIGH RISK	8	Ability limited to repay interest and principal on time; any change in internal and exterOnal economic and commercial conditions will make it difficult to fulfil obligations;	
Sub-investment grade		9	Incapable of repaying interest and principal on time; fulfilling obligations dependent on favourable internal and external commercial and economic conditions;	
	VERY HIGH RISK	10	Very high risk of default; incapable of repaying interest and principal on time; partial default in repayment of interest and capital;	
		11	Total default in repayment of interest and capital.	

As of 31 december 2019, the breakdown of the portfolio by asset class was as follows:



## RETAIL CUSTOMER SCORING SYSTEM

Scoring for the Retail Customer segment consists of modelling statistics of default and risk behaviour.

Two types of score have been introduced, a behavioural score and a credit approval score.

The behavioural score, for open accounts, is a dynamic risk assessment based on a customer's behaviour.

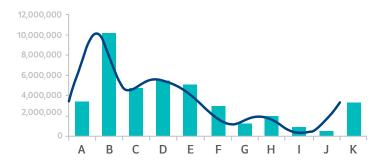
Only customers that are known to the Bank may be assigned a behavioural score.

Each of the Bank's customers is assigned a rating from A to K which is updated on a monthly basis and on a daily basis in the event of any incident.

	Description	
Α	Vanulau siek	
A-	Very low risk	
В	Low risk	
B-	LOW FISK	
С	Mar Para Sala	
C-	Medium risk	
D	Medium high risk	
D-		
E		
E-	High wiels	
F	High risk	
F-	Very high risk	
G	Major rick	
G-	Major risk	
Н	Denven viels	
H-	Proven risk	
I	Sub-standard	
J	Doubtful	
K	Loss	

Four separate behavioural scoring models have been introduced for specific market segments: personal banking customers, professional banking customers, Moroccans living abroad and small businesses.

## BREAKDOWN OF PERSONAL/ PROFESSIONAL BANKING CUSTOMER PORTFOLIO BY SCORE AT 31 DECEMBER 2019



The credit approval score is a one-off rating that is assigned on opening a line of credit.

A decision support system has been introduced for approving consumer loans.

### **GUARANTEES**

The Group receives different types of guarantee in consideration for loan outstandings. As a general rule, the guarantees required are based on the following two factors: the loan type and the counterparty quality.

Thus, for all property loans (home purchase loans and real estate development loans), the Group systematically possesses mortgages on the financed property as well as insurance cover.

Similarly, the financing of public contracts, merchandise, and equipment and trade premises is systematically guaranteed by collateral in respect of the financed items as well as through insurance cover.

In addition to these guarantees, the Group generally secures its position by requesting personal guarantees from counterparties whenever deemed necessary, depending on the quality of such counterparties.

### **CONCENTRATION LIMITS**

Credit Risk Management has adopted a policy of analysing business line strategies from a risk perspective, especially in respect of new activities or product launches, by setting formal limits on these risks. Credit concentration risk incurred by BANK OF AFRICA Group can arise from exposure to:

- Individual counterparties ;
- Interest groups ;
- Counterparties belonging to the same industry or country.

#### INDIVIDUAL COUNTERPARTIES

The Group proceeds monthly monitoring of individual concentrations, on social and consolidated basis, and ensures close monitoring of the commitments of its 10, 20 and first 100 customers with the greatest commitments.

The following table shows commitments to the bank's main debtors at the end of December 2019:

	Dec-19	
	Amount	% of the
Commitments to 10 largest customers	14 869	13%
Commitments to 20 largest customers	21 776	20%
Commitments to 100 largest customers	41 607	37%

### **INTEREST GROUPS**

Diversification of the portfolio by counterparty is monitored on a regular basis, notably under the Group's individual risk concentration policies. Credit risks that result from concentration on a single counterparty or group of counterparties with a relative high level of outstandings (more than 5% of shareholders' equity) are specifically monitored from an individual as well as consolidated perspective.

In addition, monitoring of major risks also ensures that the aggregate exposure to each beneficiary does not exceed 20 % of the Group's net consolidated shareholders' equity capital as recommended by the Moroccan banking regulations. BANK OF AFRICA remains well below the concentration limits defined by the Bank Al Maghrib directive

## COUNTERPARTIES BELONGING TO THE SAME COMPANY

The Group has a methodology for setting sector limits based on a statistical model based on the historical default rate and the number of counterparties by business sector and risk class (rating).

The objective is to model default risk using appropriate econometric techniques, using a random variable dependent, whose value is the result of the enumeration of realization of fault

The approach is based on assumptions of the independence of the counterparties and the non-correlation of defaults. Thus, the key notion of this methodological approach is the probability of default of a counterparty given. This probability is measured through the use of the rate failure of the rating pair / business sectors.

The model also allows you to calibrate the envelopes to be allocated to each business sector, particularly in view of the development plan of the bank and the sector's loss experience. This approach adopted by the Group Risk Management is completed by the implementation of back Testing of the model every six months.

The review of the sectoral limits is carried out every six months in consultation with the commercial sector and the Intelligence Centre The bank's economics, which provide their business vision and costing of the macroeconomic and sectoral perspectives. The opinions of these entities thus make it possible to challenge and further strengthen the relevance of the model in relation to the economic context.

The breakdown of the Group's customer commitments by sector

The breakdown of activities at the end of December 2019 is as follows:

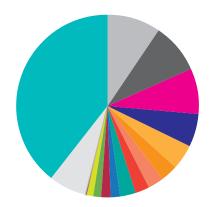
#### STRESS-TESTS CONDUCT

Every six months, BANK OF AFRICA Group conducts crisis simulations (stress tests) to assess the vulnerability of its credit portfolio in the event of an adverse event or deterioration of the quality of its counterparties.

The stress tests are conducted in order to assess the Bank's resilience in the face of unexpected, extreme events. Operationally, they consist of simulating scenarios relating to the default of a certain percentage of the Group's counterparties. The ultimate objective is to measure the impact on provisions and, as a result, on profitability and the prudential shareholders' equity.

The various scenarios are reviewed regularly and at least twice per year to ensure that they are relevant. This assessment is carried out on the basis of the objectives set for conducting stress tests and whenever the market conditions suggest any potentially adverse changes that are likely to seriously impact the Group's ability to withstand them.

The results of the stress test are made known to the Steering Committee and Group Risk Management and the Group Risk Committee.



- Financial activities 10,52%
- Real estate development 8,44%
- Retail, auto repairs and domestic items 8,21%
- Transportation and telecommunications 6,68%Production and distribution of electricity, gas
- and water 4,24%
- Construction and public works 2,43% Agribusiness and tobacco industry 2,84%
- Metallurgical, mechanical, electrical and electronic industries 2,55%
- Hotels and restaurants 2,53%

- Miscellaneous manufacturing industries 1,56%
- Textile, clothing and leather industries 1,50%
- Mining industries 1,59%
- Chemical and specialty chemical industries 0,95%
- Agriculture, hunting and forestry 0,31%
- Fisheries, Aquaculture 0,04%
- Public sector administration 0,03%
- Others 6,43%
- Retail 39,16%

Level of exposure to counterparty risk based on methods applied to off-balanced sheet items

CREDIT RISK-WEIGHTED ASSETS	31/12/2019
Type of Exposure	Risk-Weighted Assets post-CRM
Balance-sheet items	164 825 530
Off balance sheet items: financing commitments	4 624 202
Off balance sheet items: warranty commitments	11 081 817
Counterparty Risk: temporary disposals of securities relating to the bank portfolio	-
Counterparty Risk: temporary disposals of securities relating to the trading portfolio	140 490
Counterparty Risk: derivative products relating to the bank portfolio	-
Counterparty Risk: derivative products relating to the trading portfolio	397 939
Other assets/Other items	28 264 495
Settlement Risk	330 884
Total	209 665 357

### MARKET RISK

Market risk management at BANK OF AFRICA Group adheres to regulatory standards as defined by supervisory authorities and in application of best international management practices as defined by the Basel Accords.

Market risk is defined as the risk of loss on balance sheet and off-balance sheet positions due to changes in market prices. For BANK OF AFRICA, these risks encompass the following:

- Interest rate risk;
- Foreign currency risk;
- Credit risk on market transactions.

Cash instruments
Spot Foreign Exchange
Forward Foreign Exchange
Foreign exchange Derivatives
Foreign exchange Swaps
Equity shares
Derivatives on equity or and Indices
Mutual funds on equities
I- Corporate and Interbank loans and
borOrowing Fixed rate (in MAD and Foreign
Currency)
Floating Rate (in MAD and Foreign
Currency) II- Negotiable Debt Securities and
bonds
II-1 Sovereign Debt (Including bonds issued by the Kingdom of Morocco)
Fixed rate (in MAD)
Floating Rate (in MAD and Foreign
II-2 Securities issued by Credit
institutions and Companies Fixed rate
(in MAD and Foreign Currency)
Floating Rate (in MAD and Foreign Currency)
III- Loans / borrowing of Securities
Loans / borrowing of securities
Repo / Reverse repo
IV- Rate Derivatives
Rate Swaps
Rate Futures
Forward Rate Agreement
V- Fixed income mutual funds
Money market mutual funds
Debt mutual funds
Commodity futures
Commodity futures options
Credit Default Swap (CDS)

### **GOVERNANCE**

The main contributors to BANK OF AFRICA Group's market risk management policy are as follows:

- General Management, which implements market risk management strategies and policies approved by the Board of Directors;
- Group Market Risk Committee, which defines Group market risk management policy and validates any amendment to the steering of market risk across the entire Group;
- The Group Market Risk entity, which ensures the efficiency of the Market Risk Management System of the BANK OF AFRICA and its adequacy with the risk management policy of Group market;
- Group Market Risk Department, which centralises market risk management for BANK OF AFRICA Group as a department which is independent from the Group's front- offices. This gives it maximum objectivity in steering market risks and arbitrating between the Group's various market activities;
- Risk Management Units of BANK OF AFRICA Group entities, which provide a first level check on market activities within their entity and send regular reports to Group Risk Management;
- Internal Audit, which ensures implementation of the market risk management policy and rigorous compliance with procedures.

## DESCRIPTION OF THE MARKET RISK MANAGEMENT POLICY

BANK OF AFRICA Group's market risk management policy is based on four main factors:

- Limits;
- Risk indicators;
- Capital requirements ;

### **LIMITS**

## • Counterparty limits in market transactions

The process for approving limits for counterparties and applications to exceed those limits in market transactions is governed within BANK OF AFRICA Group by a system of delegation of powers within a framework of procedures specific to each counterparty type.

Market transactions are subject to a fixing priori limits, according to a delegation scheme based on the principle of the Troika

#### Market limits

In order to control market risk within BANK OF AFRICA Group and to diversify the trading portfolio, a set of market limits has been adopted. These limits reflect the Group's risk profile and help to steer market risk management by arbitrating between the Group's various market activities.

BANK OF AFRICA Group's set of market limits are as follows:

- Stop-loss limits by activity over different time horizons;
- Position limits by activity;
- Transaction limits.

VaR limits are in the process of being defined and will be included in the project relating to adoption of the advance approach in respect of market risks. This is a dynamic limit management policy that takes into account fluctuations in different risk factors as well as existing correlations in order to assess more accurately the diversification of the portfolio.

### • Regulatory limits

In addition to the limits adopted for internal purposes, BANK OF AFRICA Group also complies with regulatory limits defined by Bank Al-Maghrib such as:

- Limits on foreign currency positions which should not exceed 10% of shareholders' equity;
- Limit on the overall foreign exchange position which should not exceed 20% of shareholders' equity.

### **RISK INDICATORS**

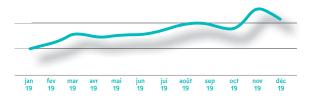
Different risk indicators reflecting the level of exposure to market risks are used within BANK OF AFRICA Group as follows:

### Overall Value-at-Risk (VaR) and VaR by asset class

Value-at-Risk is a probability-based technique used to measure overall market risk. It helps to measure the risk incurred by calculating the potential loss a given time horizon and degree of probability.

Unlike traditional risk indicators, Valueat-Risk combines several risk factors and measures their interaction, thereby taking into consideration the diversification of portfolios.

BANK OF AFRICA Group uses KVar software to calculate overall Value-at-Risk and VaR by asset class as well as backtesting by using different methods.



### Stress-testing by risk factor

BANK OF AFRICA Group conducts stress tests to assess the vulnerability of the Group's trading portfolio to extreme scenarios. Stress tests cover all components of the trading portfolio by simulating all risk factors which have an impact on the portfolio. The results of stress tests for interest rate risks and exchange rate risks on the trade portfolio are described below:

As at December 31, 2019, the results of the stress tests were as follows:

### a- Fixed income portfolio

1st scenario: A 25 basis point parallel shift in the yield curve.

This scenario would result in a MAD 65 million impact on the P&L.

2nd scenario: A 50 basis point parallel shift in the yield curve.

This scenario would result in a MAD 129 million impact on the P&L.

## b- Equity portfolio

1st scenario: A 15% fall in the value of the equity portfolio.

This scenario would result in a MAD 9 million impact on the P&L.

2nd scenario: A 25% fall in the value of the equity portfolio.

This scenario would result in a MAD 14 million impact on the P&L.

### c- Foreign exchange

1st scenario: A 2.5% rise or fall in the value of the dirham.

This scenario would result in a MAD 126 million impact on the P&L.

2nd scenario: A 5% rise or fall in the value of the dirham.

This scenario would result in a MAD 252 million impact on the P&L.

The results of the stress tests show that the Group has adequate capital to withstand adverse stress scenarios and to be able to comply with regulatory standards, even in crisis situations.

### **CAPITAL USE**

BANK OF AFRICA Group uses Risk Authority software to calculate capital requirements under the standardised approach for market risks. This enables it to meet regulatory requirements in terms of reporting and monitor capital requirements regarding the Group's trading portfolio.

The Group's consolidated capital requirements in respect of market risk at 31 December 2018 were as follows:

CAPITAL REQUIREMENTS BY TYPE	CAPITAL REQUIRED
Capital required in respect of fixed income risk	621.549
Capital required in respect of equity risk	101.107
Capital required in respect of foreign exchange risk	12.252
Total capital required in respect of market risk	734.907
Total market risk-weighted assets	9.186.342

## METHOD FOR VALUING TRADING PORTFOLIO ITEMS

## Dirham-denominated fixed income and money market instruments

Market values of fixed income and money market assets are calculated on Kondor+ using the dirham yield curve for fixed income and money market assets on the basis of the dirham rate curve published by Bank Al-Maghrib and on each transaction's characteristics.

## Money Market and fixed income mutual funds

A number of mutual funds publish net asset values on a daily basis while others are updated weekly.

Mutual funds are valued on the basis of net asset value calculated on a daily or weekly basis.

## Foreign currency-denominated fixed income products

Foreign currency-denominated fixed income products are valued on Kondor+ on the basis of the yield curves for the foreign currencies in question and on each transaction's characteristics.

### Foreign exchange options

Foreign exchange options are valued on the following basis: volatility curve, yield curves (EUR, MAD and USD) and foreign exchange crosses for the three currencies.

The foreign exchange options position is included in the overall foreign exchange position using the delta equivalent method.

## Overall foreign exchange position

Branch-based foreign exchange transactions are executed at BANK OF AFRICA's fixing rate (non-negotiable rate).

A final statement of orders awaiting execution is transmitted to the Foreign Exchange Desk on day

«N» which deals with it immediately. On «N+1» in the morning, the Middle Office receives a statement comprising possible amendments to branch network positions and updates Kondor+.

## Positive Fair Value of Contracts (Warranties)

Warranties relating to market risks relate to "repo" agreements. The latter are securities sold under repurchase agreements in order to raise funds.

### **COUNTRY RISK**

In a constantly changing world and within the constraints of the Group's overseas growth strategy and regulatory requirements, the introduction of a country risk management system will enable the Group to identify, measure and control its cross border risks.

The Country Risk unit's adopted methodology is based on the following points:

### Identifying cross-border risks

BANK OF AFRICA Group is exposed to international risks through the various types of commitment made by the Bank to non-resident counterparties in dirhams or in foreign currencies.

These include:

- Loans to non-residents;
- Trade finance business ;
- Foreign assets ;
- Market operations.

## Country risk management policy



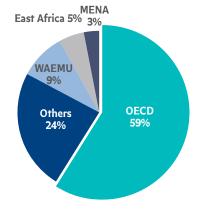
### Country risk management policy

The country risk management policy aims to define a framework for overseeing all overseas business activities that generate risks for the Bank. It establishes management standards and rules in order to harmonise regulatory requirements and in company governance.

### Country risk reporting

Monthly reporting by overseas subsidiaries and the parent company enables the Group Risks Division to assess each country's potential risk factors and help to establish risk-mitigation strategies.

## BREAKDOWN OF BOA GROUP SA'S RISK EXPOSURE BY GEOGRAPHICAL ZONE AT 31/12/2019



### Consolidation

Country risk commitments are identified in such a way as to establish a position for each subsidiary as well as for the Group, providing an overview of the Group's overall exposure to cross-border risks.

### Alerts system introduced

This system consists of monitoring regulatory, economic and financial factors by tracking all the prominent events occurring during the week. These items are disseminated to all interested parties in a Monthly Report.

An additional module monitors country risk trends and consists of specific research and in-company requests.

### Ratings system

BANK OF AFRICA Group bases its country risk assessments on the ratings of external agencies such as Coface, S&P and Moody's...

### **Setting limits**

When establishing country limits for loan commitments, BMCE Bank of Africa Group takes into consideration:

- An assessment of an issuer's risk profile;
- Risk appetite;
- The breakdown and diversification of the loan portfolio of each subsidiary and of the Group, while complying with the maximum permitted concentration by country based on a percentage of Tier 1 capital.

These limits are monitored on a permanent basis.

Requests to exceed country limits are assessed on the basis of the levels of decision-making powers in force.

### Stress tests

Stress tests are conducted on a regular basis to ensure that the Bank is able to withstand scenarios of extreme deterioration in country risk and to quantify the impact on the Bank's balance sheet and profitability.

### **Provisioning**

A provision is recognised for country risk whenever it materialises, in the event of debt rescheduling, a political crisis or any other factor which may negatively impact the Bank's profitability.

An annual review is systematically carried out to reassess the country supposedly in default, which may potentially require the Group to recognise a provision.

## **OPERATIONAL RISK**

Operational risk is defined as the risk of loss due to inadequate or failed internal procedures, employee error, systems failure or external events, liable to impact the smooth running of the business.

## Operational risk management objective

The operational risk management policy has the following objectives:

- · Assess and prevent operational risks;
- · Assess controls;
- Implement preventive and/or corrective action for major risks.

The management of operational risks through the implementation of preventive actions and / or corrective address the identified major risks.

The risk management system is regularly reviewed and monitored, allowing continuous improvement of said device.

### Classification

Operational risks or losses can be analysed and categorised on the basis of two factors and it is important to differentiate between them: cause and effect, in terms of their financial or other impact. They are classified under Basel by event type.

## Links to other risk types (market/credit risks)

The management of operational risks is potentially linked to the management of other risks (market/credit risks) at two

- Overall level, analysis of the Bank's overall level of risk aversion (and in terms of allocation of capital) must be carried and monitoring of "trans-risks";
- Detailed level, some operational risks can be directly linked to market and credit risk management.

## Operational risk management organisation

The framework governing operational risk management within BANK OF AFRICA Group is based on three main objectives:

- Define a target policy consistent with BANK OF AFRICA Group's business organisation and inspired by best practice;
- Involve and empower business lines and subsidiaries in the day-today management of operational risk management;
- Ensure that Audit/Control function is separate from the Operational Risk Management function.

Operational risk management at BANK OF AFRICA Group involves four major entities:

- BANK OF AFRICA's Group Operational Risk Direction;
- BANK OF AFRICA network;
- BANK OF AFRICA business divisions;
- Subsidiaries.

Operational risks coordinators have been appointed by the aforementioned entities. These include:

- Operational Risk Correspondents (CRO);
- Operational Risk Coordinators (CORO);
- Operational Risk Liaison Officers (RRO).

The operational risk management's remit includes other Group subsidiaries.

## Governance of operational risk management

Governance of operational risks within BANK OF AFRICA Group is organised by three Operational Risk Committees:

- Group Operational Risks Committee;
- Operational Risk Monitoring (Business Lines) Committee;
- Operational Risk (Subsidiaries) Committee.

These committees are tasked with periodically:

- Reviewing changes in the exposure to operational risks and in the environment for controlling such risks;
- Identifying the main areas of risk, in terms of activities and risk types;
- Defining preventive and corrective action required to reduce the level of risk;
- Reviewing the amount of capital to be allocated to operational risks, the cost of preventive action required and the costs of insurance.

## Fundamental methodology principles

BANK OF AFRICA Group's operational risk management policy has two strategic objectives:

- Reduce exposure to operational risks;
- Optimise capital requirements relating to operational risks.

The internal system for measuring operational risks is closely linked to the Group's day-to-day risk management process via:

- Collecting risk events;
- Mapping operational risks,
- Key risk indicators.

The data produced are part of the process of monitoring and control of operational risk profile.

The management of the entity in question, general management and the board of directors are regularly notified of operational risk exposure and losses incurred. Management systems are properly documented, ensuring compliance with a formalised set of controls, internal procedures and corrective measures in the event of noncompliance.

Internal and/or external auditors are invited to periodically review management processes and systems for measuring operational risk. These audits relate to units' activities and the independent operational risk management function.

Management of operational risks at BANK OF AFRICA Group is entirely automated by means of a dedicated system, "MEGA GRC". The collection of risk events, the mapping of operational risks and the key risk indicators are currently managed by this system which is used at Bank level as well as by Moroccan and European subsidiaries.

# Operational risk control and mitigation

Several types of action may be taken to manage operational risks:

- Reinforce checks;
- Hedge risks, especially through insurance contracts:
- Avoid risks, in particular, by redeploying activities;
- Draw up business continuity plans.
- -BANK OF AFRICA Group has a very strong control policy, resulting in a significant reduction in operational risks. However, in terms of operational risk management and via its dedicated policy, the Group is at liberty to identify optimal behaviour, on a case by case basis, depending on the different types of risks described above.

Additionally, the Group has insurance policies to mitigate risks such as damage to office buildings, fraud, theft of valuable items and third-party liability cover etc.

## **Business continuity plan**

The Business Continuity Plan is a response to the rising demand to minimise the impact in the event of any interruption to the Bank's operations. This is due to a growing reliance on the resources underpinning those operations, including human, IT or logistical resources.

The Plan comprises a set of measures and procedures aimed at ensuring that the Bank, under different crisis scenarios such as a major shock, is able to maintain essential services in fail-soft mode on a temporary basis, prior to the planned resumption of normal operations.

A targeted rescue organisation has been set up, along with alternative locations and backup systems. A specific project is underway at Group level, with disaster avoidance planning a priority.

The strategic transversal principles underpinning the Business Continuity Plan are as follows:

• BANK OF AFRICA has a moral responsibility to allow its customers access to the funds that they have entrusted to it. Any breach of this obligation in times of crisis may have an impact on public order.

This principle shall prevail above any other.

- BANK OF AFRICA must guarantee its commitments towards Morocco's interbank clearing system;
- BANK OF AFRICA intends, as a priority, to comply with every one of the existing legal and contractual commitments entered into (relating to loans and other commitments) before it enters into any other commitment;
- BANK OF AFRICA intends to maintain its international credibility by guaranteeing, as a priority, its commitments vis-à-vis foreign correspondents;
- BANK OF AFRICA Group's existing customers take priority over all others benefiting from its services.
- Services are provided along the entire chain from front- office to back-office e.g. from branch level up until recognition in accounting terms.

## **Corporate Social Responsibility**

CSR issues are an integral part of the operational risk management system, through a management approach of identification, analysis and evaluation and risk monitoring.

The systems for identifying and measuring internal CSR risk analyses are now closely linked to the day-to-day management of operational risks.

## Measurement of capital adequacy

The BANK OF AFRICA Group has opted for the standardised approach as outlined in Bank Al Maghrib circulars (BAM).

The latter require banks to have a Tier 1 capital ratio of 9% and a solvency ratio of 12% at both the parent company and consolidated levels.

These threshold calculated for the BANK OF AFRICA Group comply with the regulatory prerogatives established by Bank Al- Maghrib.

## COMPOSITION ET ADÉQUATION DES FONDS PROPRES

# Main characteristics of items constituting shareholders' equity

BANK OF AFRICA's share capital stood at MAD 1998 204 600 made up of 199 820 460 ordinary shares, each with a nominal value of 10 dirhams. The shares are fully paid-up. Each ordinary share entitles the holder to one voting right.

At December 31, 2019, fixed maturity subordinated debt stood at almost MAD 6.2 billion.

## Measurement of capital adequacy

BANK OF AFRICA Group has opted for the standardised approach to calculating risk-weighted assets as prescribed by Bank Al-Maghrib circulars (BAM):

Since 30 June 2014, capital adequacy ratios have been calculated in accordance with Basel III regulatory standards as defined by BAM.

The method for calculating capital was reviewed in the light of these new regulations and temporary measures have been adopted for a period until 2019.

The circulars governing these declarations are as follows:

- Circular No. 26/G/2006 relating to calculating capital requirements based on the standardised approach for hedging credit institutions' credit, market and operational risks;
- Circular No. 8/G/2010 relating to calculating capital requirements based on internal approaches for hedging credit institutions' credit, market and operational risks;
- Circular No. 14/G/13 relating to capital requirements for credit institutions

# Composition of capital and capital adequacy ratio

Tier 1 capital	22 988 684
Items to be included in Tier 1 capital	26 887 264
Share Capital	1 998 205
Consolidated reserves, including premiums related to share capital and not included in hidden reserves	19 467 975
Retained earnings	24 500
Net income for the previous period	1737 963
Minority interests	3 658 621
Items to be deducted from Tier 1 capital	3 898 581
Good will	1 032 114
Other adjustments to Tier 1 capital	1 690 261
Immobilisations	1 035 931
Other deductions	140 274
Additional core capital	1800 000
Perpetual subordinated debt	1800 000
Tier 2 capital	7 185 754
Perpetual subordinated debt	6 223 562
Revaluation differences	760 617
Hidden reserves	201 575
Items to be deducted from capital	29 000
Other deductions	29 000
Total	31 945 439

Equity requirements by type of risk	Dec. 2019
Weighted credit risks	209 665 357
Weighted market risks	9 186 342
Weighted operational risks	24 492 864
Total weighted assets	243 344 564
Tier 1 capital	24 788 684
Tier 1 fund ratio	10.2%
Total eligible capital	31 945 439
Solvency Ratio	13.1%

# Risk management system deployment for international subsidiaries

Throughout 2019, the Group Risk Management Department strengthened the monitoring and control of credit, market, country and operational risks at the BANK OF AFRICA Group level.

The year was also marked by the launch of the transformation program in line with the Bank's strategic vision. The objective of this program is to strengthen the dynamics and growth of the "Risks" Sector and, in turn, that of the Group.

#### Credit risk system

# Lot 1: Organization, delegated scheme, management and reporting

The rollout of the Credit Risk system (Lot 1) is finalized for all of the subsidiaries except BCB.

## Lot 2: Stress tests and concentration ratios

The Credit Risk system is rolled out across all subsidiaries, except BCB. Deployment is underway within BBI UK.

### Operational risks

- The deployment of lots 1 and 2 of the Operational Risk system are finalized for subsidiaries.
- The deployment of lot 2 is underway within the Moroccan subsidiaries. The deployment is pending for BBI London.
- The RO system is pending for BCB.

#### **Group Risk Community**

The Group Risk Community reached a perceptible level of maturity thanks to policies and common risk practices. The main achievements of the Group Risk Community for the 2019 financial year relate to ARM (Associate in Risk Management) certification training delivered by Business Risk Academy:

- ARM 55 (Edition 1): 11 Englishspeaking participants with an average success rate of 82%;
- ARM 55 exam (Edition 2 for French speakers): with a success rate of 70%;
- ARM 54 (Edition 4): 11 Frenchspeaking participants. The exam is scheduled for September 2019.

## MANAGEMENT OF GROUP RISK TRANSVERSAL PROJECTS

In 2019, the work of the Group Risk IT Systems and Support unit focused on the following main projects in line with BANK OF AFRICA's Group Risk General Management:

- Implementation of the latest version of the Group Loan Commitments Database (BEG) at BOA subsidiaries (14/17);
- Implementation of the Risk Authority software solution for calculating capital requirements and generating regulatory declarations at BOA subsidiaries within the WAEMU zone;
- A number of invitations to tender issued for IT systems (recovery of sub-standard and non-performing loans at the commercial level, IFRS, internal ratings);
- Completion of a number of project components (CDL, OSCA, BGI).

## Risk projects portfolio:

The Group Risk General Management's project portfolio consists of about 20 projects grouped together under 3 headings – Transformation Projects, Regulatory Projects and Transversal Projects.

## **GROUP RISK PROJECTS**



## TRANSFORMATION PROJECTS

- ► IT system for sub-standard and non-performing loans \_ post-approval adopted
- ➤ Software solution for calculations under IFRS acquired
- ► ICAAP implemented
- ▶ BEG project to establish a reference system for third parties and loan commitments at Group level
- ▶ BGI loan defaults database
- ► Ratings system acquired for large enterprises and SMEs
- Scoring models implemented at GRC level (SMEs and personal and professional banking customers)
- Management matrices and risk indicators automated
- ► Review and steering of Scheme of Delegation



# REGULATORY PROJECTS

- Country risk management system automated
- ► Use of the SAS solution optimised, and its environment extended
- ► BAM recommendations for Risk Authority
- ➤ Stream 2 system optimised for calculating the capital adequacy ratio and risk steering
- ▶ Management of business groups
- ► Early detection of high-risk accounts automated SFDs produced
- ► Management of doubtful and contentious loans (new CDL)
- ▶ Deterioration in NPL balance
- ▶ Operational risk management
- ➤ Operational risks mapped risk scoring standards (BOA subsidiaries and LCB BANK).

## TRANSVERSAL PROJECTS

- ▶ OVO improved
- Processes for managing and monitoring the Bank's loan commitments improved
   authorisations
- ► Credit committee documentation Q2/Q3 reviewed
- ▶ ONDs managed
- ► IDCE alerts
- ▶ CID handling process revamped
- ► SharePoint platform introduced

### **RISK CONTROL BODIES**

### SEVERAL PROJECTS WERE COMPLETED IN 2019 WHILE OTHERS REMAIN IN PROGRESS:

The Group Loan Commitments
Database (BEG) is an indispensable
solution enabling the Group Risk
function to steer and monitor credit
risk at the consolidated level for all
financial entities included within BANK
OF AFRICA – BMCE Group's scope of
consolidation (23 subsidiaries – BANK
OF AFRICA, 16 BOA subsidiaries,
3 Moroccan subsidiaries, LCB, BBI
Madrid and BBI London).

The BEG consolidates third parties and loan commitments:

- Management information third parties, authorisations, outstandings, incidents, warranties and provisions;
- Accounting information accounting balances enabling management information to be reconciled.

With the BEG playing an integral role in transformation projects, 85% of the updated version implemented, aimed at satisfying Bank Al-Maghrib's regulatory requirements and BANK OF AFRICA's internal steering needs:

- The Risk Authority software solution implemented for calculating capital requirements and generating regulatory declarations at BOA subsidiaries within the WAEMU zone in accordance with Basel II/Basel III regulatory requirements;
- Schemes of delegation for credit approval and overruns reviewed as well as their system settings;
- Scoring and rating models reviewed and bolstered with a fresh invitation to tender issued to acquire a new internal ratings solution;
- IT solution for recovering sub-standard and non- performing loans at the commercial level implemented and the choice of publisher finalised;
- Work on enhancing and cleaning up the BGI incidents database – improving the reliability of accounts in arrears, automating processes for dealing with frozen accounts and persistent overruns;
- Work on stabilising and improving the OSCA solution for monitoring accounts showing anomalies;

- Work on introducing a new solution for managing doubtful and contentious loans (CDLs);
- Processes optimised for calculating the consolidated cost of risk (IFRS9), invitation to tender issued, candidates scored, and decision-making process drawn up;
- Convergence project ongoing (ICAAP, PRCI, loan defaults included, subsidiaries' reporting), Batch 1-'Market risk' implemented at BOA Benin subsidiary.
- Work on migration towards the latest version of the MEGA CRM operational risk management system;
- Project initiated resulting in the Loan Commitments Analysis Division adopting SharePoint, a web-based collaborative platform for managing document and monitoring committee projects.



### **GROUP'S FINANCIAL BASE BOLSTERED AT END-2019**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- 22% increase in BANK OF AFRICA's shareholders' equity attributable to shareholders of the parent company to MAD 22.5 billion at 31 December 2019 versus MAD 18.4 billion in 2018
- MAD 3.6 billion raised via a capital increase, in two tranches, by (i) converting dividends in respect of financial year 2018 into shares, amounting to MAD 0.7 billion and (ii) a MAD 1 billion public offering as well as a MAD 1.9 billion capital increase reserved exclusively for new shareholder CDC Group Plc.
- 5% growth in net income attributable to shareholders of the parent company to MAD 1.9 billion with Moroccan operations contributing 60% and the international business 40%, comprising Africa (33%) and Europe (7%).

- Consolidated net banking income up 5% to MAD 13.9 billion, primarily due to growth in income from market operations and fee income.
- Strong commercial performance with consolidated customer loans up 4% and customer deposits growing by 5.4%.
- Improvement in the Group's operational efficiency, with the rise in general operating expenses contained at +3%, resulting in a consolidated cost-to-income ratio of 58.2% versus 59.1% in 2018.

## CONSOLIDATED BUSINESS ACTIVITY (MAD MILLION)





# NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY





**DEPOSITS** 



#### **PARENT FINANCIAL STATEMENTS**

- 2% growth in the Banking in Morocco business' net income to MAD 1.4 billion.
- Parent net banking income up 7.6% thanks to a healthy performance by market operations and 6.7% growth in fee income.
- 6% increase in customer loans.
- 4.6% growth in the parent company's customer deposits, resulting in a 22-basis points improvement in market share to 13.62% at 31 December 2019 versus 13.40% at 31 December 2018.
- Significant improvement in the parent cost-to-income ratio to 56.3% versus 59.7% in 2018, primarily due to a modest
- 1.4% rise in general operating expenses.

# CORPORATE NAME CHANGED TO BANK OF AFRICA, UNDERLINING A COMMITMENT TO BEING A PANAFRICAN BANK

Change in corporate name to BANK OF AFRICA, abbreviated to 'BOA', approved by shareholders at an Extraordinary General Meeting 5 March 2020, further underlining a commitment to developing the Bank and the Group's pan-African profile.

#### **DIGITAL TRANSFORMATION ONGOING**

Accelerating implementation of the digitalisation strategy to provide effective support to customers as they adopt new methods of accessing banking services by:

- (i) Entirely revamping the BMCE Direct Web online banking platform flexible loans, bank transfers, re-vitalising the DabaPay facility;
- (ii) Introducing an online home loan platform;
- (iii) Launching the BMCE Business Online Global Banking portal for corporate customers cash management and trade finance.

## PARENT BUSINESS ACTIVITY (MAD MILLION)







**NET INCOME** 



# PROMOTING FINANCIAL INCLUSION BY PROVIDING SUPPORT AND FINANCE FOR ENTREPRENEURS AND SMALL BUSINESSES

CAP TPE 2020 launched, consistent with the strategic guidance provided by His

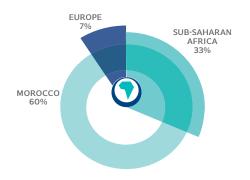
Majesty, for the purpose of providing a package of financial and non-financial measures in support of the self-employed, entrepreneurs and small businesses.

A strong commitment for the past 10years to providing nonfinancial support by:

- Promoting access to financing by creating and heading up a leading ecosystem comprising 40 partners and the Blue Space incubator network;
- (ii) Supporting small businesses through the Entrepreneurship Observatory, regional conference series, the SME Club, the Entrepreneurship Club and the Women in Business credit line;
- (iii) Supporting the general public by educating college and high school students, employed persons and households in financial matters.

## NET BANKING INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

AT 31 DECEMBER 2019 BY GEOGRAPHICAL REGION



#### A BANK WHICH CONTINUES TO STAND OUT

BANK OF AFRICA wins the 'Best Customer Service Award 2020' for the third consecutive year in the Banking category.

BANK OF AFRICA named 'Top Employer' for the third consecutive year by the Top Employers Institute. EAI, the Group's technology subsidiary, also named as a Top Employer alongside 1,500 similarly recognised organisations in more than 118 countries from around the world.

Mr Othman Benjelloun, founder of BMCE Bank Foundation and Dr Leila Mezian Benjelloun, Foundation chair, awarded the Visionary Award from the Middle East Institute (MEI), a USbased centre of learning.

Dr Leïla Mezian-Benjelloun, Chairman of BMCE Bank Foundation, awarded the Officer medal of France's Légion d'honneur, in recognition of her commitment to promoting culture and education.

BANK OF AFRICA, Africa's leading supporter of the Future of Sustainable Data Alliance.

BANK OF AFRICA, one of the founding signatories of the United Nations' Principles for Responsible Banking (PRB), at the United Nations General Assembly and the UN Climate Action Summit in New York. The PRBs herald a new alliance between the UN and the global banking sector.

BANK OF AFRICA signs up to the Chinese Belt & Road initiative's 'Green Investment Principles' (GIP), becoming the first Moroccan and African bank to support the GIPs.

Partnership with the World Environment Center to promote resource efficiency within the corporate sector.





# BOARD OF DIRECTORS' DRAFT MANAGEMENT REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders, Ladies and Gentlemen,

We are honoured to invite you to the Annual General Meeting of Shareholders in accordance with the Memorandum and Articles of Association and the amended and completed Act 17-95 relating to limited companies and Articles 29 et seq. of BANK OF AFRICA's Memorandum and Articles of Association to report on BANK OF AFRICA's business activity and results for the period ended 31 December 2019 and its future prospects and to submit, for your approval, the balance sheet and financial statements for the said period.

These financial statements are attached to this report.

The statutory notices have been sent to you on a regular basis and all documents and items as required by the applicable regulations have been made available to shareholders within the requisite deadlines.

### CONSOLIDATED RESULTS AND BALANCE SHEET INDICATORS

#### BANK OF AFRICA GROUP'S FINANCIAL PERFORMANCE

BANK OF AFRICA Group's total assets stood at MAD 316 billion at 31 December 2019, an increase of 7% compared to 31 December 2018

BANK OF AFRICA Group's shareholders' equity rose by 22% to MAD 22.5 billion in 2019 versus MAD 18.4 billion in 2018. BANK OF AFRICA Group raised MAD 3.6 billion of fresh capital in the second half of the year with a high percentage of dividends converted into shares (MAD 0.7 billion), a MAD 1 billion injection from existing shareholders as well as a MAD 1.9 billion capital increase reserved exclusively for CDC Group.

The scope of consolidation was broadly unchanged between 2018 and 2019. OGS, a new services subsidiary established in first half 2019 following the spin-off of bank processing operations, was included within the scope of consolidation.

Consolidated outstanding loans rose by 4% from MAD 179.3 billion in 2018 to MAD 186.6 billion in 2019. Restated for repurchase agreements, loans and advances to customers grew by 2.3%.

Customer deposits increased by 5.4% over the same period to MAD 202.8 billion versus MAD 192.5 billion in 2018.

As far as consolidated financial performance was concerned, net banking income rose by 5% to MAD 13.9 billion in 2019 versus MAD 13.2 billion in 2018, primarily due to growth in net interest income and in income from market operations.

Gross operating income stood at MAD 5.8 billion, an increase of 7%.

The cost of risk was MAD 2.2 billion in 2019 versus MAD 1.8 billion in 2018, an increase of 20%.

Net income attributable to shareholders of the parent company came in at MAD 1,922 million in 2019, up 5%.

#### CONTRIBUTION BY BUSINESS LINE TO NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The following table shows contributions to net income attributable to shareholders of the parent company by business line (MAD millions):

CONTRIBUTIONS TO NET INCOME attributable	D40	0/:- -4:	D40	0/	Charac
to shareholders of the parent company MAD millions	Dec.19	%weighting	Dec.18	%weighting	Change
MOROCCO	1 146	60%	883	48%	29.90%
BANK OF AFRICA	900	47%	665	36%	35.2%
SUBSIDIARIES	246	13%	217	12%	13.5%
SPECIALISED FINANCIAL SERVICES	140	7%	113	6%	23.7%
INVESTMENT BANKING & ASSET MANAGEMENT	113	6%	98	5%	15.4%
OTHERS	-6		6		na
OVERSEAS OPERATIONS	775	40%	949	52%	-18.3%
EUROPE	137	7%	113	6%	20.8%
AFRICA	638	33%	835	46%	-23.6%
NET INCOME ATTRIBUTABLE TO SHAREHOLD-	1 922	100%	1 831	100%	4.9%
ERS OF THE PARENT COMPANY					

NB: The new OGS subsidiary has been included within BANK OF AFRICA's contribution as it involves the spin-off of the latter's back-off operations. Its contribution was offset by the reciprocal transactions with BANK OF AFRICA.

The contribution from Moroccan operations, up 30%, accounted for 60% of net income attributable to shareholders of the parent company versus 48% in 2018.

The contribution from international operations, which accounted for 40% of overall net income attributable to shareholders of the parent company, fell by 18%.

African operations accounted for 33% of net income attributable to shareholders of the parent company, down 24% compared to 2018.

## RESULTS AND CONTRIBUTIONS FROM BANK OF AFRICA - BMCE GROUP SA'S OPERATIONS

The Bank's total assets stood at MAD 201 billion at 31 December 2019 versus MAD 188 billion at 31 December 2018, up 6.8%.

The Bank's net banking income rose by 7.6% from MAD 6,019 million at 31 December 2018 to MAD 6,477 million at 31 December 2019. This was primarily due to a combination of:

- Substantial growth (+99%) in income from market operations due to the performance of the fixed income portfolio in a context of lower interest rates in addition to an increase in assets;
- Growth of almost 6.7% in fee income;
- A decline of almost 1.7% in net interest income between 2018 and 2019

**TOTAL ASSETS** 

MAD BILLION



# NET BANKING INCOME MAD MILLION



## NET BANKING INCOME STRUCTURE MAD MILLION



\* Other bank income, i.e dividends net of guarantee fund charges





General operating expenses rose by only 1.4% year-on-year to MAD 3,646 million at 31 December 2019. The resulting costto-income stood at 56.3% in 2019 versus 59.7% in 2018, an improvement of 3.4 percentage points.



Gross operating income stood at MAD 2,953 million at 31 December 2019 versus MAD 2,640 million at 31 December 2018, an increase of 11.9%.

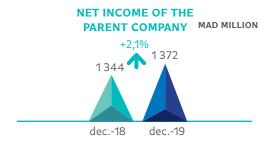


The overall cost of risk amounted to MAD 906 million at 31 December 2019 versus MAD 777 million at 31 December 2018 due to:

- A 7.9% fall in loan-loss provisions to MAD 890 million at 31 December 2019 versus MAD 965 million at 31 December
- A general risk provision of MAD 291 million recognised at 31 December 2019 (MAD 462 million gross) versus MAD 132 million at 31 December 2018;
- A 6% fall in write-backs to MAD 303 million versus MAD 322 million.



BANK OF AFRICA - BMCE Group SA's net income rose by 2.1% to MAD 1,372 million at 31 December 2019 versus MAD 1,344 million at 31 December 2018.



### **HIGHLIGHTS OF THE BANK'S MOROCCAN OPERATIONS**

#### The Banks' funding sources

The Bank's funding sources rose by 4.6% to MAD 139 billion at 31 December 2019 versus MAD 133 billion at 31 December 2018.

The Bank's share of the funding market rose by 0.04 percentage points to 13.47% at 31 December 2019 versus 13.44% at 31 December 2018.

Customer deposits increased by 4.6% to MAD 128 billion at 31 December 2019 versus MAD 123 billion at 31 December 2018, resulting in a 0.22 percentage points gain in market share to 13.62% in 2019 versus 13.40% in 2018.



As far as the structure of the Bank's funding sources was concerned, non-interest-bearing deposits accounted for almost 59% of total sources at 31 December 2019 versus 57% at 31 December 2018.

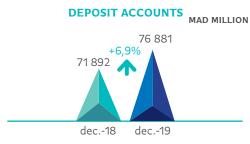
The Bank's share of terms deposits rose, however, by 0.52 percentage points to 14.64% at 31 December 2019 versus 14.11% at 31 December 2018.

## **FUNDING SOURCES MARKET SHARE**



Sight deposit accounts in credit rose by 6.9%. Cheque account outstandings increased by 3.8% to MAD 54.2 billion at 31 December 2019. Similarly, current accounts registered growth of 15.1% to MAD 22.7 billion.

The Bank's share of sight deposit accounts in credit rose from 12.88% at 31 December 2018 to 13.06% at 31 December 2019, an increase of 0.18 percentage points.



Passbook savings accounts grew by 4.4% from MAD 23.4 billion at 31 December 2018 to MAD 24.5 billion at 31 December 2019.

The Bank's share of passbook savings accounts fell by a modest 0.02 percentage points to 14.79% at 31 December 2019 versus 14.81% at 31 December 2018.



Term deposits declined by 1.9% to MAD 22.8 billion at 31 December 2019 versus MAD 23.2 billion at 31 December 2018.

## **TERM DEPOSITS** MAD MILLION 23 209 22 799 dec.-18 dec.-19

#### Loans and advances to customers

Customer loans rose by 1.9% to MAD 106 billion at 31 December 2019 versus MAD 104 billion at 31 December 2018..

## **LOANS AND ADVANCES TO CUSTOMERS**



The Bank's share of the loan market share fell by 0.39 percentage points, however, from 12.79% at 31 December 2018 to 12.39% at 31 December 2019.

#### **LOAN MARKET SHARE**







Corporate loans registered growth of 4.2% to MAD 54.4 billion 31 December 2019, driven primarily by a 9.1% increase in operating loans and a 0.6% rise in equipment loans.

The Bank's share of the corporate loan market contracted by 0.12 percentage points, however, to 11.85% at 31 December 2019 versus 11.97% at 31 December 2018.



Retail loans registered a modest decline of 0.3% to MAD 39 billion at 31 December 2019. This was due to growth of almost 1.9% in retail mortgages being offset by a 7.6% fall in consumer loans.

The retail loans market share fell by 0.52p% to 14.71% at the end of December 2019 compared to 15.23% at the end of December 2018.



#### **NET BANKING INCOME**

BANK OF AFRICA's net banking income stood at MAD 6,477 million at 31 December 2019 versus MAD 6,019 million at 31 December 2018, up 7.6%.



\* Other bank income, i.e. dividends net of guarantee fund charges

Net interest income fell by 1.7% to MAD 3,924 million at 31 December 2019 versus MAD 3,991 million at 31 December 2018 due to:

- i) A modest 0.7% contraction in the Bank's intermediation margin on customer loans, primarily due to a combination of:
- A modest decline of 1% or just under MAD 1 billion in average outstanding loans, primarily equipment loans (-8.9%) and consumer loans (-10%). Similarly, the loan yield registered a fall of almost 14 basis points;
- At the same time, average deposits fell by 2% between 2018 and 2019, primarily due to a 7.8% decline in interest-bearing deposits, particularly term deposits, which fell by 19%;

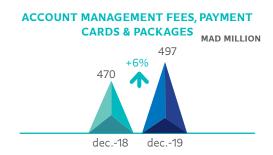
In addition, non-interest-bearing deposits rose by 2.9% or MAD 2 billion, including current accounts (+5.9%) and cheque accounts (+1.5%). As a result, the Bank's cost of funding improved by 13 basis points compared to 31 December 2018.

ii) The cash margin being broadly unchanged due to the maturing of the international bond (November 2018 maturity) together with increased reliance on money market funding.

#### Fee income

Fee income rose by almost 6.7% to MAD 1,165 million at 31 December 2019 versus 1,093 million at 31 December 2018, primarily driven by:

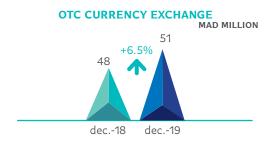
- A 6% increase in fees from packages, payment cards and account management, in turn due to:
- 9.6% growth in fees from payment cards, primarily due to the fact that the World Elite card began to be marketed in 2019. The increase in payment card fees was also due to the introduction in 2019 of a new fee, 'ATM access', as well as a higher volume of payments and withdrawals in Morocco;



- An increase of almost 6% in fees from packages between 2018 and 2019 due to the stock of packages growing by 51,112 packages.
- A 28.3% rise in bank-insurance fees, underpinned by 10% growth in the income protection product. Similarly, the increase in fees from the Crescendo product was due to volume growth of almost 23%;



- A 6.5% increase in OTC currency exchange fees in line with growth in currency exchange volumes in 2019.



## **INCOME FROM MARKET OPERATIONS**

Income from market operations jumped by 99% to MAD 993 million at 31 December 2019 versus MAD 500 million at 31 December 2018, due to:

- The mutual fund portfolio's assets growing from MAD 15.5 billion at 31 December 2018 to MAD 19 billion at 31 December 2019,



- The yield rising from 1.6% to 3.10%, generating MAD 469 million of net capital gains between 31 December 2018 and 31 December 2019. This was due to a decline in rates across all maturities between 31 December 2018 and 31 December 2019.

## **GENERAL OPERATING EXPENSES**

General operating expenses stood at MAD 3,646 million in 2019, up 1.4% compared to 31 December 2018.



Employee expenses rose by 1.7%, to MAD 1,631 million at 31 December 2019 due to:

- i) Employee expenses from the new Shanghai branch office being included in 2019;
- **ii)** Permanent employee salaries remaining broadly unchanged between 2018 and 2019 while performance-related pay rose in 2019.





Other operating expenses increased by 1.2% to MAD 2,015 million, primarily due to the Shanghai branch office being included in 2019, which resulted in additional operating expenses.

The Bank also opted to curtail its branch opening programme with only 2 new branches opened between 2018 and 2019, taking the total number of branches in the network to 732 at 31 December 2019.

As a result of the series of measures adopted by the Bank in recent years to reduce its operating expenses, the cost-to-income ratio stood at 56.3% at 31 December 2019 versus 59.7% at 31 December 2018, an improvement of 3.4 percentage points.

#### **COST OF RISK**

The overall cost of risk stood at MAD 906 million at 31 December 2019 versus MAD 777 million at 31 December 2018.

Additional loan-loss provisions increased by 7.7% to MAD 1,181 million at 31 December 2019 comprising MAD 890 million of additional provisions and a MAD 291 million net general risk provision versus MAD 1,097 million at 31 December 2018.

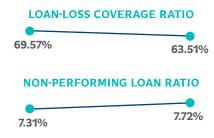
# LOAN-LOSS PROVISIONS AND WRITE-BACKS MAD MILLION



Write-backs fells by 6% to MAD 303 million at 31 December 2019 versus MAD 322 million at 31 December 2018.

The loan-loss provision coverage ratio declined from 69.57% at 31 December 2018 to 63.51% at 31 December 2019.

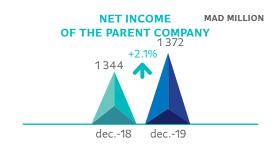
The non-performing loan ratio rose from 7.31% at 31 December 2018 to 7.72% at 31 December 2019.



Outstanding provisions for non-performing loans fell by 3.1% from MAD 5,630 million in 2018 to MAD 5,456 million in 2019.

#### **NET INCOME**

BANK OF AFRICA - BMCE Group SA's net income rose by 2.1% to MAD 1,372 million at 31 December 2019 versus MAD 1,344 million at 31 December 2018.



#### SPECIALISED FINANCIAL SERVICES

Contribution	SF	s	Sala	afin	Magh	rébail	M.Fac	toring	RM Ex	perts	Euler H Acn	
in million MAD	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18
Consolidated Net Banking Income	723	724	322	348	389	355	12	18	-0.8	3.0	na	na
Change		0%		-7%		10%		-33%				
<b>General Expenses</b>	-240	-269	-125	-139	-71	-70	-21	-19	-23,6	-41.5	na	na
Change		-11%		-10%		1%		13%		-43%		
Cost of risk	-210	-348	-101	-147	-100	-199	-9.8	-1.9	na	na	na	na
Change		-40%		-31%		-50%						
Net income attrib- utable to sharehold- ers of the parent company	140	113	69	65	68	42	-2.0	3.4	-0.4	-1.2	4.4	3.4
Change		24%		6%		64%						32%

The Specialised Financial Services business line accounted for 7% of net income attributable to shareholders of the parent company. Its contribution rose by 24% compared to 31 December 2018.

Salafin's parent net income fell by 9% year-on-year to MAD 116 million in 2019 due to the impact of post-merger integration costs following the acquisition of Taslif relating to organisational aspects, revamping HR as well as the convergence of processes and the product programme.

Maghrebail's parent net income rose by 6% year-on-year to MAD 106.6 million while its contribution to net income attributable to shareholders of the parent company increased by 63.7%

Maroc Factoring's parent net income increased by 18% year-onyear to MAD 4 million in 2019. However, its contribution to net income attributable to shareholders of the parent company was negative due to a restatement under IFRS for the cost of risk.

RM Experts' parent net income was MAD 0.4 million in the red in 2019 versus a profit of MAD 5 million in 2018. Its business model is currently under review with some of its operations insourced to the Bank.

ACMAR, a credit insurance subsidiary in which the Group has a 20% stake, and which is accounted for under the equity method, posted parent net income of MAD 22.2 million in 2019 versus MAD 16.9 million in 2018.

## **INVESTMENT BANKING AND ASSET MANAGEMENT**

Contribution	GA	ВА	ВМСЕ	Capital	ВК В	ourse	BK G	estion
in million MAD	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18
<b>Consolidated Net Banking</b>	362.7	348.2	196.9	190.2	15.2	7.5	150.6	150.5
Income								
Change		4%		4%		104%		0%
General Expenses	-306.7	-295.7	-234.2	-231.1	-33.8	-16.8	-38.7	-47.9
Change		4%		1%		101%		-19%
Cost of risk	-9.3	0.0	-7.3	0.0	0.0	0.0	-2.0	0.0
Change								
Net income attributable to	113.2	98.2	52.8	52.1	1.8	-12.2	58.6	58.2
shareholders of the parent								
company								
Change		15%		1.2%				1%

The Investment Banking & Asset Management business line comprises BMCE Capital, BMCE Capital Bourse and BMCE Capital Gestion.

The Investment Banking & Asset Management business line accounted for 6% of net income attributable to shareholders of the parent company in 2019. Its contribution to net income increased by 15% from MAD 98 million in 2018 to MAD 113 million in 2019.

BMCE Capital saw its consolidated net income grow by 3.5% from MAD 52 million in 2018 to MAD 53.8 million in 2019.

BMCE Capital Bourse registered a profit of MAD 1.9 million in 2019 versus a loss of MAD 12 million in 2018.

BMCE Capital Gestion's net income was broadly unchanged at MAD 58.9 million at 31 December 2019.





#### OTHER MOROCCAN OPERATIONS

BANK OF AFRICA Group's 'Other operations' comprise Locasom, EAI, CID, AML and BTI.

Contribution	Aut	res	Loca	som	E	<b>4</b> I	CI	D	AN	1L	bti B	ank
in million MAD	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18
Consolidated Net	125.9	143.3	125.9	143.3	na	na	na	na	na	na	na	na
Banking Income												
Change		-12%		-12%								
<b>General Expenses</b>	-98.9	-100.2	-98.9	-100.2	na	na	na	na	na	na	na	na
Change		-1%		-1%								
Cost of risk	3,8	-10.7	3.8	-10.7	na	na	na	na	na	na	na	na
Change												
Net income attributa-	-6.5	6.2	22.0	22.9	0.0	-6.6	0.7	9.6	1.1	8.6	-30.2	-28.2
ble to shareholders of												
the parent company												
Change				-4%		-99%		-93%		-87%		

Locasom, a specialist vehicle leasing subsidiary, saw its parent net income rise by 10% to MAD 22 million.

EAI, a technology subsidiary, registered a profit of MAD 5 million.

CID, an engineering company specialising in civil engineering, building, transport and hydraulic projects, registered net income of MAD 1.7 million in 2019 versus MAD 18.7 million in 2018. This was primarily due to a downward readjustment in production in its hydro development projects division.

Africa Morocco Link or 'AML', founded in 2016 as a joint venture with a Greek shipping company, Attica Group, is a subsidiary specialising in maritime transport. It registered a profit of MAD 2.17 million in 2019 versus MAD 8.3 million in 2018.

Bank Al-Tamweel Wa Al-Inma or 'BTI' is the Group's participatory bank established in December 2017 in partnership with Al Baraka Bank Group. It registered a loss of MAD 59.2 million in 2019 versus a loss of MAD 55 million in 2018.

## **RESULTS AND CONTRIBUTIONS FROM OVERSEAS OPERATIONS**

Contribution	Interna	ational	Eur	ope	Afr	ica
in million MAD	D-19	D-18	D-19	D-18	D-19	D-18
Consolidated Net Banking	6 687	6 424	575	518	6 112	5 905
Income						
Change		4%		11%		4%
General Expenses	-4 051	-3 906	-258	-238	-3 794	-3 669
Change		4%		8%		3%
Cost of risk	-999	-369	-5	-34	-994	-336
Change		170%		-86%		196.1%
Net income attributable to	775	949	137	113	638	835
shareholders of the parent						
company						
Change		-18%		21%		-24%

In 2019, the contribution from overseas operations to consolidated net income attributable to shareholders of the parent company fell by 18% from MAD 949 million to MAD 775 million, accounting for 40% of overall net income attributable to shareholders of the parent company.

This decline was due to the performance of African operations, which saw their contribution to consolidated net income attributable to shareholders of the parent company decline by 24% due to a significant deterioration in their cost of risk.

#### **EUROPEAN OPERATIONS**

BIH saw its contribution to net income attributable to shareholders of the parent company rise by 21% year-on-year to MAD 137 million in 2019. BBI Madrid's parent net income in local currency terms rose by 17% from EUR 7.9 million to EUR 9.3 million. BBI UK saw its parent net income increase by 52% to GBP 3.5 million in 2019 versus GBP 2.3 million in 2018.

#### **AFRICAN OPERATIONS**

Contribution	Afr	ica	ВС	)A	LC	СВ	ВС	M
in million MAD	D-19	D-18	D-19	D-18	D-19	D-18	D-19	D-18
Consolidated Net Banking	6 112	5 905	5 891	5 619	221	286	na	na
Income								
Change		4%		5%		-23%		
General Expenses	-3 794	-3 669	-3 611	-3 473	-183	-196	na	na
Change		3%		4%		-6%		
Cost of risk	-994	-336	-851	-353	-143	17	na	na
Change				141%				
Net income attributable to	638	835	602	732	-39	40	75	64
shareholders of the parent								
company								
Change		-24%		-18%				18%

BOA subsidiaries' contribution to net income attributable to shareholders of the parent company fell by 18% compared to 2018, accounting for 31% of total net income attributable to shareholders of the parent company in 2019 (vs 40% in 2018).

The contribution to overall net banking income stood at MAD 5,891 million, up 5% compared to 2018. The contribution to the cost of risk, after restatements under IFRS, amounted to -MAD 851 million.

The net income attributable to shareholders of the parent company of BOA subsidiaries, based on local accounting standards, fell by 17% to EUR 68.9 million in 2019 versus EUR 82.6 million in 2018.

BANK OF AFRICA raised its equity stake in its BOA Uganda subsidiary. Its interest in this subsidiary rose from 47.48% in 2018 (via BOA) to 77.65%. This acquisition was partially achieved through an exchange of BOA Group shares with FMO. As a result, its shareholding in the BOA Group holding company declined modestly from 72.85% to 72.41%.

La Congolaise des Banques registered a loss of EUR 15.6 million in 2019 versus a loss of EUR 5 million in 2018 due to an 18% fall in its net banking income and a 42% increase in additional loan-loss provisions.

Banque de Développement du Mali, accounted for under the equity method, registered growth of 16% in its net income from EUR 18.5 million in 2018 to EUR 21.4 million in 2019.





#### THE BANK'S GROWTH PROSPECTS

BANK OF AFRICA Group is continuing to bolster its operations both:

- i) In Morocco, by attracting new customers, fostering customer loyalty, continuing to grow its deposit base and promoting its banking services based on a 'phygital' hybrid business model, consisting of a network of physical branches as well as a digital approach.
- ii) As well as overseas, by
- Expanding and rationalising the Group's operations in Africa
- Optimising the Group's European operations.

In addition, against a backdrop of resource rationalisation, the Bank introduced a series of measures in 2018 aimed at reducing its operating expenses. These included adopting ISO quality principles at branch level in line with the Bank's strategy.

In such a growth environment, the Bank bolstered its capital in 2019 with a successful refinancing plan. MAD 3.6 billion of fresh capital was raised with (i) a high percentage of dividends in respect of financial year 2018 converted into shares (+MAD 0.7 billion), (ii) a capital injection from existing shareholders (+MAD 1.0 billion) as well as (iii) a capital increase which enabled CDC Group to acquire a stake in BANK OF AFRICA (+MAD 1.9 billion).

# ASSET-LIABILITY MANAGEMENT AT 31 DECEMBER 2019

#### LIQUIDITY RISK

The Liquidity Coverage Ratio (LCR) stood at 314% on an individual basis and 254% on a consolidated basis at 31 December 2019, above the 100% regulatory threshold set by Bank Al-Maghrib.

#### INTEREST RATE RISK

The results of stress tests carried out at 31 December 2019 on the impact from a 200-basis points change in interest rates on net interest income and the economic value of shareholders' equity complied with the limits set by the ALCO committee.

At 31 December 2019, if the trading book portfolio were excluded, the impact from a 200-basis points change in interest rates on net interest income was estimated to be MAD 0.365 billion or 9.3% of projected net interest income.

The change in the economic value of shareholders' equity, if the trading book portfolio were excluded, in the event of a 200-basis points shock was estimated to be MAD 0.412 billion or 2.9% of regulatory capital.

## MR OTHMAN BENJELLOUN | Chairman & Chief Executive Officer

Chairman and Chief Executive Officer	Chairman of the Board of Directors	Chairman of the Supervisory Board	Director	Managing Director
FinanceCom FinanceCom Africa Cap Estate Holding Benjelloun Mezian (H.B.M) Internationale de Financement et de Participation (INTERFINA) O Tower Ranch Adarouch Société Financière du Crédit du Maghreb (S.F.C.M) Cap d'Argent	BMCE International Holding (B.I.H)  Africa Co-Development Group  Medi Telecom M.B.T  Revly's Marrakech RMA  RMA Alternative Investments  RMA Capital  RMA Mandates  Société d'Aménagement Tanger Tech	Financière Yacout <sup>1</sup> Saida Star Auto <sup>2</sup>	Argan Invest  Casablanca Finance City Authority  Financecom International  Maghrebail  MEDI 1 Radio <sup>3</sup> Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires	Holding Abbas Benjelloun (H.A.B)  President of Groupement Professionnel des Banques du Maroc

<sup>1.</sup> Also, representative of Holding Benjelloun Mezian (H.B.M.) 2. Also, representative of Holding Abbas Benjelloun (H.A.B.) 3. FinanceCom's representative





## MR ZOUHEIR BENSAID I RMA's Permanent Representative

Chairman of the Board of Directors	Chairman and Chief Executive Officer	Chairman	Member of the Supervisory Board	Director
Infra Invest RMA Assistance RMA Investment Partners	Medium Finance RMA Asset Management Abidjan RMA Casa Anfa RMA Elan Terrasses de l'Océan	RMA Capital International	BMCE Capital	Air Arabia Argan Invest BMCE Capital Bourse Cap Estate CFG CTM FinanceCom RMA¹ MBT² RMA Alternative Investment² RMA Capital² RMA Capital² RMA Mandates² SFCM3 DBM Media Group⁴ Decrow Capital EurAfric Information FinanceCom International Finatech Lydec Maghrebail Mutandis Mutandis Mutandis Automobile Mutatis O'Tower Revly's Risma Saemog T Capital Tanger Med Zones Villa Roosevelt Villajena⁵

<sup>1.</sup> Executive General Manager • 2. General Manager • 3. Deputy General Manager • 4. FinanceCom's representative • 5. RMA's representative

## MR LUCIEN MIARA | Banque Fédérative du Crédit Mutuel's Permanent Representative

Chairman of the Board of Directors	Director	Member of the Supervisory Board	Other appointments
Fédération du Crédit Mutuel Méditerranéen	Banque Fédérative du Crédit Mutuel	Euro-Information Production	Censor of the Crédit Industriel et Commercial
Caisse régionale du Crédit Mutuel Méditerranéen	Centre International du Crédit Mutuel1		
Caisse de Crédit Mutuel de Villeneuve Loubet	Assurance du Crédit Mutuel Vie SAM <sup>2</sup>		
Caisse de Crédit Mutuel Montpellier Alco Caisse de Crédit Mutuel Marseille Saint Loup	Assurance du Crédit Mutuel Vie <sup>2</sup> Confédération Nationale du Crédit  Mutuel  Caisse Fédérale de Crédit Mutuel		
Caisse de Crédit Mutuel Frontignan  Caisse de Crédit Mutuel Marseille  Prado	Caisse Federale du Crédit Mutuel		
Camefi			



<sup>1</sup> FCM Méditerranéen's representative 2. CRCM Méditerranéen's representative



## MR ABDELLATIF ZAGHNOUN I Caisse de Dépôt et de Gestion's Permanent Representative

Chairman of the Board of Directors	Vice-Chairman of the Board of Directors	Chairman of the Supervisory Board	Member of the Supervisory Board	Director
CDG Capital CDG Développement CDG INVEST CGI Fipar Holding	CIMAR  Société Marocaine de Valorisation des Kasbahs  SONADAC	Université Internationale de Rabat MEDZ	AL BARID BANK <sup>1</sup> TMSA	CIH BARID AL MAGHRIB CFCA ORANGE TMPA 1
Foncière Chellah FONDATION AHLY FONDATION CDG Institut Marocain des Administrateurs MADAEF NOVEC PATRILOG SAZ SCR Société d'Aménagement Ryad Société de Développement de Saidia Société d'Aménagement et de Promotion de la Station de Taghazout AUDA				FMP OCD

<sup>1.</sup> CDG's permanent representative

## MR HICHAM EL AMRANI I FinanceCom's Permanent Representative

Chairman and Chief Executive Officer	Vice-Chairman of the Board of Directors	Director	Other appointments
Argan Invest	DBM Media Group (ex-Africa Teldis & Communication)	RMA FinanceCom Africa	Deputy Managing Director of FinanceCom
		FinanceCom International MediTelecom	Deputy Managing Director of Cap Estate
		Finatech Group CTM	Member of Financière Yacout's management board
		CTM Messagerie	Member of Saida Star Auto's
		Deputy Chief Executive Officer of Internationale de Financement et de Participation (INTERFINA)	management board
		Director of O Tower, permanent representative of FinanceCom	
		Revly's Marrakech, permanent representative of Interfina	
		Risma	
		Africa Co-Development Group	
		Blackpearl Finance	
		Brico Invest, permanent representative of FinanceCom	
		Colliers International Maroc, Permanent representative of Argan Invest	

## MR AZEDDINE GUESSOUS I Intuitu Personae Director

## Director

BMCE INTERNATIONAL MADRID

BOA Group

RO YALE MARO CAINE D'ASSURANCE-RMA

SETTA VEX

LYDEC

AL MADA

SONASID

RISMA

MARO CAINE DES TA BACS

ALMA PA CK

ALMA BAT

## MR MARC BEAUJEAN I CDC Limited's Permanent Representative

Director, BOA Group, CDC Limited's representative





## MR FRANÇOIS HENROT I Independent Director

Chairman of the Board of Directors	Member of the Supervisory Board	Other appointments				
Cobepa (Belgium)	Rexel SA	Censor of Rothschild & Co's supervisory board				

## MR BRIAN MCK HENDERSON I Independent Director

Director	Non-Executive Chairman	Vice-Chairman	Other appointments
Fort Apache Heritage Foundation  Harvard Project on American Indian Economic  Development, Honoring Nations Metropolitan Club of New York	Augustea Bunge Maritime Ltd., Malta	Middle East institute – Washington	Founding partner at Henderson International Advisors, LLC  Member of the International Advisory Board First Avenue Investment Managers, South Africa  Member of the Departmental Disciplinary Committee for the First Judicial Department, Supreme Court  Appellate Division, State of New York  Advisor to Cremades & Calvo Sotelo, Madrid  Senior Adviser to Rockefeller Capital Management

## MR PHILIPPE DE FONTAINE VIVE I Independent Director

Fund	
Euromena	

## MR CHRISTIAN DE BOISSIEU I Independent Director

Chairman	Director	Other appointments
Advisory Board of the Institute of Finance and Governance (Central Bank of Lebanon)	AAQIUS SUNU Participations Holding Land'Or (Tunisia) French Red Cross Foundation	Chairman of the ENEDIS stakeholder council  Vice president of the AMF's scientific board  Member of the AMMC's scientific board

## MR ABDOU BENSOUDA I Intuitu Personae Director

Chairman of the Board of Directors	Chairman	Vice-Chairman	Director	Manager
Olkad Group	FinanceCom Capital FinanceCom Europe	FinanceCom Green Investments	FinanceCom International <sup>†</sup> Decrow Capital Africa Investments Holdings Argan Infrastructure Fund Infra Invest Argan Infra Dounia Productions Bridges for Africa Finatech Group Green of Africa	FCOMI-L SCI FinanceCom Global Strategic Holdings B4A Advisory

<sup>1.</sup> Chief Executive Officer

## MR BRAHIM BENJELLOUN-TOUIMI I Group Executive Managing Director

Chairman of the Board of Directors	Vice-Chairman of the Board of Directors	Chairman of the Supervisory Board	Director
BOA GROUP	BTI BANK	EURAFRIC INFORMATION	RMA
BOA WEST AFRICA		BMCE CAPITAL	FINANCECOM
BMCE EURO SERVICES		SALAFIN	FONDATION BMCE Bank
BMCE ASSURANCES		MAROC FACTORING	EURO INFORMATION
		OPERATIONS GLOBAL SERVICES	BMCE BANK INTERNATIONAL UK
			BMCE INTERNATIONAL HOLDINGS
			BMCE INTERNATIONAL MADRID
			MAGHREBAIL
			RM EXPERTS
			BOURSE DE CASABLANCA*
			O TOWER
			SOCIETE D'AMENAGEMENT TANGER TECH
			PROPARCO*

<sup>(\*)</sup> Representative of BANK OF AFRICA BMCE Group





Having been convened by Mr Othman Benjelloun, Chairman & Chief Executive Officer, BANK OF AFRICA's Annual General Meeting of Shareholders was held at 11 am on Tuesday 23 June 2020 at the company's Head Office, 140 Avenue Hassan II, Casablanca; the shareholders, present or represented, and those having voted by correspondence, owned 156,483,040 shares or 78.3% of the company's share capital and voting rights.

# UNDER THE COMPETENCE OF THE ORDINARY GENERAL MEETING

#### **FIRST RESOLUTION**

The Annual General Meeting, after listening to the Board of Directors' Management Report and the Statutory Auditors' General Report, shall unreservedly approve these documents in their entirety. It shall also approve the financial statements for the financial year ended 31 December 2019, showing net income of 1,371,847,824.28 Moroccan Dirhams.

The Annual General Meeting shall acknowledge that the individual financial statements as well as the results relating to BANK OF AFRICA's domestic operations, branch offices and subsidiaries and related statements of income (income statement and management accounting statement), drawn up at 31 December 2019, reflect the Bank's entire operations.

## **SECOND RESOLUTION**

The Annual General Meeting shall acknowledge that annual income in respect of the financial year ended 31 December 2019 is as follows:

For the Moroccan operations 1,236,114,991.64 Dirhams

For the Paris branch office

Dirham equivalent of foreign currency value

For the BOA Offshore branch office

Dirham equivalent of foreign currency value 137,817,591.32 Dirhams

For the BOA Shanghai branch office – 2,084,758.68 Dirhams

Resulting in net income of 1,371,847,824.28 Dirhams

As a result, the Annual General Meeting shall decide to appropriate the 2019 financial year's net income of 1,371,847,824.28 Dirhams as follows:

Net income 1,371,847,824.28 Dirhams

Ordinary dividend of 6% 119,892,276.00 Dirhams

Balance 1,251,955,548.28 Dirhams

Extraordinary dividend of 44% 789,638,916.00 Dirhams

Balance 372,745,524.28 Dirhams

Balance brought forward 74,627.53 Dirhams

Balance 372,820,151.81 Dirhams

To extraordinary reserves 372,800,000.00 Dirhams

Balance to be carried forward 74,627.53 Dirhams

The portfolio of subsidiaries and long-term investments generated dividends of MAD 586.4 million in financial year 2019.

Net write-backs for equity securities amounted to MAD 4.7 million. All the above items have been included in BANK OF AFRICA's financial statements.

The Annual General Meeting shall set the dividend distribution at 5 dirhams per share.

#### THIRD RESOLUTION

The Annual General Meeting shall decide that each shareholder will be given the option of either being paid this dividend in cash or converting all or part of it into shares in the Bank.

The Extraordinary General Meeting, convened at the end of the Annual General Meeting, shall authorise an increase in share capital, the first tranche of which will be carried out exclusively by converting some or all of the dividend into shares.

## **FOURTH RESOLUTION**

The Annual General Meeting shall delegate full powers to the Board of Directors to take the measures required to apply and execution the resolution referred to above, including setting a cash dividend payment date, ensuring that payment by converting some or all of the dividend into shares is implemented, by specifying the terms of application and execution and carrying out all measures related or pursuant to the conversion option.

## FIFTH RESOLUTION

The Ordinary General Meeting shall set the overall net amount of Directors' fees in respect of the financial year ended 31 December 2019 at five million eight hundred and fifty thousand dirhams (MAD 5,600,000).

## SIXTH RESOLUTION

The Ordinary General Meeting, after listening to the Statutory Auditors' Special Report on related party agreements referred to in Article 56 et seq. of Act No. 17-95, as amended and completed, relating to limited companies and Article 26 of the Memorandum and Articles of Association, shall approve the conclusions of the said report and the related party agreements mentioned therein.

#### **SEVENTH RESOLUTION**

The Annual General Meeting shall acknowledge that the Bank's Statutory Auditors, KPMG and ERNST & YOUNG, will have completed their assignments in respect of the financial year ended 31 December 2019 in accordance with the applicable legal and statutory requirements.

#### **EIGHTH RESOLUTION**

With KPMG's term of office as statutory auditor expiring at the end of the current meeting, the Annual General Meeting shall decide to renew its appointment for a further three (3) financial years, i.e. until the close of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2022.

#### **NINTH RESOLUTION**

With ERNST & YOUNG's term of office as statutory auditor expiring at the end of the current meeting, the Annual General Meeting shall wholly and unreservedly discharge it of its responsibilities and, upon the request of the said statutory auditor, shall decide not to renew its term of office.

As a result, the Annual General Meeting shall appoint FIDAROC GRANT THORNTON as a statutory auditor for a period of 3 (three) financial years i.e. until the close of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2022.

## **TENTH RESOLUTION**

The Annual General Meeting shall wholly and unreservedly discharge the Directors of their managerial responsibilities in respect of the financial year ended 31st December 2018.

#### **ELEVENTH RESOLUTION**

The Annual General Meeting, upon the proposal of the Board of Directors, shall ratify the decision to co-opt CDC Limited, represented by Mr Marc BEAUJEAN, as Director, to fill the vacant seat caused by the death of Mr Michel Lucas for the remainder of the latter's term of office i.e. until the close of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2023.

#### **TWELFTH RESOLUTION**

With Banque Fédérative du Crédit Mutuel's term of office as Director expiring at the end of the current meeting, the Annual General Meeting shall decide to renew its appointment for a further six financial years i.e. until the close of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2025.

As a result, the company's Board of Directors will be composed of the following thirteen Directors:

1. Mr Othman BENJELLOUN, Chairman & Chief Executive Officer

- 2. Banque Fédérative du Crédit Mutuel BFCM Crédit Mutuel Group – CIC, represented by Mr Lucien MIARA
- 3. Caisse de Dépôt et de Gestion, represented by Mr Abdellatif ZAGHNOUN
- 4. RMA, represented by Mr Zouheir BENSAID
- 5. FinanceCom, represented by Mr Hicham EL AMRANI
- 6. CDC Limited, represented by Mr Marc Beaujean
- 7. Mr Azeddine GUESSOUS
- 8. Mr François HENROT
- 9. Mr Brian C. MCK. HENDERSON
- 10. Mr Philippe DE FONTAINE-VIVE
- 11. Mr Christian de BOISSIEU
- 12. Mr Abdou BENSOUDA
- 13. Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director

### THIRTEENTH RESOLUTION

The Extraordinary General Meeting, after listening to the report of the Board of Directors, shall grant the Board full powers to carry out the following transactions:

- (i) The capital increase, ratified by the Mixed General Meeting Annual and Extraordinary General Meetings of 28 May 2019 and acknowledged by the Board 8 August 2019, the total issue size being:
- a. MAD 734,958,180, by converting dividends in respect of the 2018 financial year into shares (Tranche 1), the nominal value being MAD 40,831,010 with MAD 694,127,170 of share premium;
- b. MAD 999,074,520, by subscribing in cash (Tranche 2), the nominal value being MAD 55,504,140 with MAD 943,570,380 of share premium;
- (ii) The capital increase reserved for CDC Group Plc, a UK investor, ratified by the Extraordinary General Meeting of 4 September 2019 and acknowledged by the Board 29 October 2018, amounting to MAD 1,930,239,900, the nominal value being MAD 107,235,550 with MAD 1,823,004,350 of share premium.

The Extraordinary General Meeting shall acknowledge the contents of the said report and shall wholly and unreservedly discharge the Directors of their managerial responsibilities in respect of these transactions.





# UNDER THE COMPETENCE OF THE ORDINARY GENERAL MEETING

### **FOURTEENTH RESOLUTION**

The Extraordinary General Meeting shall decide to bring the Company's Memorandum and Articles of Association into line with the provisions of Act 20-19, amending and completing Act 17-95 relating to limited companies.

The Extraordinary General Meeting shall decide to amend Articles 1, 16, 20, 22, 23, 37 et 39 as follows:

"Article 1 - Formation - Harmonisation - Applicable legislation

(...)

The Company's Memorandum and Articles of Association have been brought into line with the provisions of Act 20-19, amending and completing Act 17-95 relating to limited companies, in accordance with the minutes of the Extraordinary General Meeting 23 June 2020.

(...)

"Article 16 - Board of Directors

I. The Company is administered by a Board of Directors comprising no fewer than six (6) and no more than fifteen (15) members, chosen from among the shareholders and appointed by the Annual General Meeting.

The Company is required to appoint independent Directors to the Board in accordance with the terms and conditions established by current regulations.

 $(\ldots)$ 

III. The Directors may be individuals or legal entities; the latter, on being appointed, must nominate a permanent representative who will be subject to the same requirements and liabilities and the same responsibilities as Directors appointed in their own name, without prejudice to the joint and several liability of the legal entity they represent: if the latter were to revoke its representative, then it would be required to provide an immediate replacement.

Company employees may only be appointed as Directors if their employment contract corresponded to an actual job; they would not lose any entitlement arising from this employment contract. Any appointment made which infringes this provision shall be considered invalid. However, this invalidity will not render invalid any deliberations in which the irregularly appointed Director has taken part.

Directors other than the Chairman & Chief Executive Officer, the Chief Executive Officer, the Deputy Chief Executive Officer or Company employees performing a managerial role, are considered to be non-executive directors. The latter must outnumber the Directors performing one of those executive

functions. The primary responsibility of non-executive directors is to carry out management control and monitor internal and external audits. They may also establish among themselves an investment committee and a salary and remuneration committee.

In addition, the number of Directors that are employees of the Company may not exceed one third of Board members.

IV. The Board of Directors may set up specialised committees from within it, tasked with examining specific issues submitted to it for its opinion.

In application of Article 106 (ii) of Act 17-95 and Article 78 of Act 103-12, the Board of Directors is required to set up:

- An Audit Committee, responsible for:
- Monitoring the preparation of information for shareholders, the general public and the Moroccan Capital Markets Authority;
- Monitoring the effectiveness of internal control and internal audit systems and, where applicable, systems for managing risks related to the Company;
- Monitoring the statutory auditing of the parent and consolidated financial statements;
- Reviewing and monitoring the statutory auditors' independence, particularly regarding the provision of additional services to the inspected entity.

It will issue a recommendation to the Annual General Meeting regarding the statutory auditors and will propose their appointment.

It will provide regular feedback to the Board of Directors regarding its assignments and will immediately inform it of any difficulties encountered.

This Committee, whose members will be decided by the Board of Directors, may only comprise non-executive Directors. The Audit Committee must be chaired by an independent Director.

- A Risk Committee responsible for monitoring the risk identification and management process."

"Article 20 – Convening Board meetings and Deliberations

(...)

II. Notifications to attend meetings are sent, by any appropriate means, to each Director at least eight (8) days before the date set for the meeting. In the event of an emergency, this period may be shortened.

Together with the notification to attend a meeting, Directors will receive a meeting agenda to enable them to prepare for the deliberations.

()
"Article 22 – Board of Directors' powers
()
General powers:

(...)

- To authorise the acquisition, alienation, even free of charge, or the exchange, with or without cash payment, of any item of movable or immovable property or property rights and, in particular, in application of the provisions of Act 17-95, to authorise the disposal by the Company of immovables by nature as well as the total or partial disposal of any investments classified as items of property, plant and equipment. However, if the disposal or asset disposal were to relate to more than 50% of the Company's assets during a period of twelve (12) months, prior authorisation would be required from the Extraordinary General Meeting.

The authorisation application must be supported by a report drawn up by the Board of Directors, specifying the reasons for the disposal(s) and their impact on the Company's business activity. The report must also establish the disposal terms and conditions, the assets to be disposed of, their type, the disposal prices, the methods used to establish the said prices, the assets' carrying amount and their weight as a share of the Company's immovable assets. In addition, as far as the disposal of immovable assets is concerned, the Board of Directors' report must include an estimate of the said assets carried out by a qualified independent third party.

This report must also include the percentage of the Company's assets for which disposals have been made over the aforementioned twelve (12) month period as well as the prospective disposals referred to in the authorisation application.

The 50% threshold is calculated on the basis of the Company's most recent balance sheet. However, if one or more of the assets to be disposed of is estimated to be of a higher value than the carrying amount, then the estimated value is to be used when calculating the aforementioned threshold.

- For the purposes herein and hereafter, to sign all deeds and documents, elect domicile wherever necessary and substitute.

()
« Article 23 – General Management – Powe

I. The general management of the Company is assumed either by the Chairman of the Board of Directors, bearing the title of Chairman and Chief Executive Officer or by any other individual appointed by the Board of Directors, bearing the title of Chief Executive Officer.

The Board of Directors shall choose between the two options mentioned above as to how general management should be organised in accordance with the quorum and majority conditions stipulated in the aforementioned Article 20 III. The shareholders are informed of the Board of Directors' decision at the next Annual General Meeting, subject to the formalities of filing, advertising and registration in the trade register, as is legally required.

(		)	)											

« Article 37 – Extraordinary General Meeting's responsibilities and powers – Quorum and Majority

I. Only an Extraordinary General Meeting is authorised to amend any article of the Company's Memorandum and Articles of Association and authorise any disposal of items of property, plant and equipment representing more than 50% of the Company's assets in accordance with the terms and conditions stipulated in Article 70 of Act 17-95. It may not, however, increase shareholders' commitments except in the case of a transaction carried out in a proper manner which results from a grouping together of shares.

()		
	 	-

« Article 39 – Shareholders' right to information

(...)

I. Shareholders have the right to peruse the following documents at the Company's head office over a period of at least fifteen (15) days prior to the date of the Annual General Meeting:

- 1) The meeting agenda
- 2) The wording of the draft resolutions and a brief explanation as to why they have been submitted by the Board and, where applicable, by shareholders
- 3) The list of Board Directors and, where applicable, information regarding prospective Board members
- 4) The inventory and financial statements for the previous financial year as approved by the Board of Directors
- 5) The Board's Management Report, which is to be submitted to the meeting
- 6) The Statutory Auditors' General and Special Reports, which are to be submitted to the meeting
- 7) The proposed appropriation of income





- 8) The list specified in the second paragraph of Article 57 of Act 17-95
- 9) The list of agreements specified in Article 56 of Act 17-95. However, shareholders may obtain a copy of the said agreements at their own expense.

(...)

#### **FIFTEENTH RESOLUTION**

The Extraordinary General Meeting, after listening to the Board of Directors' report, shall authorise an increase in share capital, to which any of the Bank's shareholders may subscribe, totalling MAD 999,102,300, inclusive of share premium, to be exclusively paid for by shareholders exercising their option to convert some or all of their dividends into shares (capital increase).

The Annual General Meeting shall decide that only the dividend amount, net of any tax or withholding tax, where applicable, in applying the current provisions of the general tax code or double taxation treaties agreed by Morocco, will be earmarked to pay for the new shares, which will be subscribed by individuals or legal entities.

Shareholders will be able to subscribe to the capital increase on an irreducible basis. The Extraordinary General Meeting shall decide that if subscriptions fall short of the proposed issue amount, then the latter may be downsized to the actual subscribed amount.

## SIXTEENTH RESOLUTION

The Extraordinary General Meeting, after listening to the Board of Directors' Report, shall delegate full powers to the Board for the purpose of carrying out the following:

- Establishing the final terms and conditions for carrying out the capital increase and its specific features, including:
- Establishing the final amount for the capital increase, which may not exceed the authorised amount;
- Deciding to increase share capital and setting the subscription price for the said transaction as a whole (nominal and issue premium);
- Setting the opening and closing dates of the transaction's subscription period;
- Closing the subscription period in advance as soon as subscriptions have been made on an irreducible basis;
- Recording the subscriptions and payments made in respect of the capital increase;
- Acknowledging that the capital increase has been completed;
- Amending the Bank's Memorandum and Articles of Association accordingly to reflect the new share capital amount;

- Completing all the formalities required to carry out a capital increase;
- And, generally, taking all necessary measures and completing all the formalities required to complete the capital increase.

## **SEVENTEENTH RESOLUTION**

The Extraordinary General Meeting shall give full powers to the bearer of the original or copy or extract of this report to carry out all legal formalities.





# AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We have audited the attached consolidated financial statements of BANK OF AFRICA BMCE GROUP and its subsidiaries (BANK OF AFRICA GROUP BMCE GROUP), comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and notes providing a summary of the main accounting policies and other explanatory notes for the period from 1 January to 31 December 2019. These financial statements show consolidated shareholders' equity of MAD 27,796,103 K, including consolidated net income of MAD 2,576,017 K. These financial statements were drawn up against the evolving backdrop of the Covid-19 pandemic on the basis of the available information at that time.

### Management's responsibility

It is Management's responsibility to prepare and present these financial statements to give a true and fair view of the company's financial position in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control procedures regarding the drawing up and presentation of the financial statements to ensure that they free of material misstatement as a result of fraud or error and for making accounting estimates that are reasonable under the circumstances..

### Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We carried out our audit in accordance with Moroccan accounting standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves implementing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures adopted depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements as a result of fraud or error.

In making these risk assessments, the auditor takes into consideration the internal control procedures adopted by the entity regarding the drawing up and presentation of the financial statements so as to determine appropriate audit procedures under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the said procedures. An audit also consists of assessing whether the accounting policies adopted are appropriate and whether the accounting estimates made by senior management are reasonable, as well as assessing the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion on the financial statements

BANK OF AFRICA BMCE GROUP possesses a stock of non-operating property assets that were acquired as dation-in-payment and valued at MAD 4.8 billion at 31 December 2019. Given the risks inherent in these real estate assets, particularly uncertainties about their resale value and the period of time required to liquidate them, we are therefore unable to give an opinion about the value of these assets at 31 December 2019.

Pending the outcome of the situation described above, in our opinion, the consolidated financial statements referred to above in the first paragraph give, in all material aspects, a true and fair view of the financial position of BANK OF AFRICA GROUP BMCE GROUP, comprising the persons and entities included within the scope of consolidation at 31 December 2019 as well as its financial performance and cash flows over the same period, in accordance with International Financial Reporting Standards (IFRS).

#### Another point

As far as the events occurring after the balance sheet date as well as the information known in relation to the effects of the Covid-19 crisis are concerned, we have been informed by Management that these will be discussed at the Annual General Meeting convened to approve the financial statements.

Casablanca, 28 April 2020

The Independent Auditors

ERNST & YOUNG

3 HOWER ADJUSTING FOR KADDON

THE WAS 2012 ST. 75.00 - Fax: [212-2] 2 39.02 26

Abdeslam BERRADA ALLAM

Associé

11, Avenue Bir Kacem, Souissi - Rabat Tèléphone : 212 5 37 63 87 02 (à 06) Télécopie : 212 5 37 63 37 11 Fouad LAHGAZI Associé



I. CONSOLIDATED BALANCE SHEET, CONSOLIDATED INCOME STATEMENT, STATEMENT OF NET INCOME, STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, CASH FLOW STATEMENT AND SUMMARY OF ACCOUNTING POLICIES

## 1.1. CONSOLIDATED BALANCE SHEET

The consolidated financial statements at 31 december 2018 were approved by the board of directors on 27 march 2020.

IFRS ASSETS	Dec 19	Dec 18
Cash and amounts due from central banks and post office banks	14 450 591	14 310 554
Financial instruments at fair value through profit or loss	-	-
- Financial assets held for trading	29 913 430	25 104 686
- Other financial assets at fair value through profit or loss	794 295	1 011 536
Derivatives used for hedging purposes	-	-
Financial assets at fair value through equity	-	-
- Debt instruments recognised at fair value through recyclable equity	1 667 868	1 402 639
- Equity instruments reported at fair value through non-recyclable equity	4 446 599	3 986 053
Securities at amortized cost	30 042 750	25 315 848
Loans and receivables from credit institutions and similar, at amortized cost	22 403 739	21 250 394
Loans and receivables from customers, at amortized cost	186 645 591	179 302 874
Revaluation difference of hedged portfolios	-	-
Investments in insurance activities	-	-
Current tax asset	920 499	783 556
Deferred tax asset	1 767 563	1 615 532
Accruals and other assets	6 631 296	7 199 267
Non-current assets held for sale	-	-
Investments in companies accounted for by the equity method	930 990	874 360
Investment properties	3 800 224	3 730 378
Property, plant and equipment	9 222 503	7 640 031
Intangible assets	1 079 156	987 571
Goodwill	1 032 114	1 032 114
TOTAL IFRS ASSETS	315 749 207	295 547 393

(In thousand MAD)  $\,$ 

IFRS LIABILITIES	Dec 19	Dec 18
Central Banks, Treasury, Postal Check Service	-	-
Financial liabilities at fair value through profit or loss	-	-
- Financial liabilities held for trading purposes	-	-
- Financial liabilities at fair value through profit or loss on option	-	-
Derivatives hedging	-	-
Debt securities issued	16 346 393	13 582 981
Debts due to credit institutions and similar	45 071 844	43 725 210
Debts to customers	202 816 657	192 474 205
Revaluation difference of hedged portfolios	-	-
Current tax liability	1 396 103	769 014
Deferred tax liability	1 179 957	1 179 765
Accruals and other liabilities	10 379 406	9 350 024
Debts related to non-current assets held for sale	-	-
Liabilities relating to insurance activity contracts	-	-
Provisions for risks and charges	1 172 574	1 039 395
Subsidies - public funds allocated and special guarantee funds	-	
Subordinated debt	9 590 170	9 585 289
TOTAL DEBTS	287 953 104	271 705 883
Equity		
Capital and related reserves	18 473 069	14 365 774
Consolidated reserves	-	-
- Group share	1 474 765	1 584 607
- Minority share	4 149 154	3 977 575
Gains and losses recognized directly in equity	-	-
- Group share	618 563	593 531
- Minority share	504 535	511 300
Earning for the exercise	-	-
- Group share	1 921 510	1 831 171
- Minority share	654 507	977 552
TOTAL CONSOLIDATED EQUITY	27 796 103	23 841 510
TOTAL LIABILITIES IFRS	315 749 207	295 547 393
		(In thousand MAD)

(In thousand MAD)

## 1.2. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	dec 19	dec 18
Interest and similar income	15 350 928	14 934 916
Interest and similar expense	-5 436 906	-5 252 749
Net Interest income	9 914 022	9 682 167
Fees received and commission income	3 240 485	2 990 545
Fees paid and commission expense	-529 236	-477 341
Net fee income	2 711 249	2 513 204
Net gains or losses resulting from net position hedges	-	-
Net gain on financial instruments at fair value through profit or loss	353 259	136 275
Net gains or losses on transaction assets/liabilities	343 728	138 632
Net gains or losses on other assets/liabilities at fair value through profit or loss	9 531	-2 357
Net gains on financial instruments at fair value through equity	231 334	226 865
Net gains or losses on debt instruments recorded as recyclable CP	19 627	-
Remuneration of equity instruments recognised as non-recyclable CP	211 707	226 865
Net gains on derecognised financial assets at amortised cost		-
Gains or losses resulting from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss		-
Gains or losses resulting from the reclassification of financial assets by CP as financial assets at fair value through profit or loss		-
Net income from insurance activities		-
Net income from other activities	1 235 176	1137 982
Expenses from other activities	-584 437	-463 024
Net Banking Income	13 860 603	13 233 468
General Operating Expenses	-7 117 766	-7 194 827
Allowances for depreciation and amortization PE and intangible assets	-947 015	-620 980
Gross Operating Income	5 795 821	5 417 661
Cost of Risk	-2 196 435	-1 833 379
Operating Income	3 599 386	3 584 281
Share in net income of companies accounted for by equity method	69 866	61 804
Net gains or losses on other assets	-13 106	6 210
Change in goodwill	-	-
Pre-tax earnings	3 656 146	3 652 295
Corporate income tax	-1 080 129	-843 574
Tax Net income from discontinued activities or operations held for sale		-
Net Income	2 576 017	2 808 722
Non-controlling interests	654 507	977 552
Net income attributable to parent	1 921 510	1 831 170
	(	In thousand MAD)

(In thousand MAD)

## 1.3. STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	dec 19	dec 18
Net income (loss)	2 576 017	2 808 722
Gains and losses recognised directly in equity and subsequently reclassified to income	27 964	28 168
Transfer to earnings	27 964	28 168
Financial assets at fair value through recyclable equity		
Revaluation differences		
Gains and losses recognised directly in equity and which will not subsequently be reclassified to income	68 026	-63 583
Actuarial gains and losses on defined benefit plans		
Items measured at fair value through non-recyclable equity	68 026	-63 583
Share of gains and losses recognised directly in equity on companies accounted for by the equity method		
Total gains and losses recognized directly in equity	95 990	-35 415
Net income and gains and losses recognised directly in equity	2 672 007	2 773 307
Group share	2 006 084	1827 885
Minority interests' share	665 923	945 422

(In thousand MAD)





## **CONSOLIDATED STATEMENTS AT 31 DECEMBER 2019**

## 1.4. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 31/12/2019

	STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY 31/12/2019							
	Share Capital	Reserves related to stock	Trea- sury stock	Reserves & conso- lidated earnings		Shareholder's Equity attributable to	Noncon- trolling interests	Total
Ending balance of adjusted Shareholder's Equity 12.31.2017	1 794 634	11 953 769	0	5 409 550	-449 872	18 708 081	5 976 343	24 684 424
Change in the accounting methods				-1 574 096		-1 574 096	-1 012 491	-2 586 587
Beginning Balance of Shareholder's Equity 12.31.2017	1 794 634	11 953 769	0	3 835 454	-449 872	17 133 985	4 963 852	22 097 837
Operations on capital		617 371		-617 371		0		0
Share-based payment plans						0		0
Operations on treasury stock						0		0
Dividends				-897 317		-897 317	-563 957	-1 461 274
Net Income				1 831 171		1 831 171	977 552	2 808 723
Changes in assets and liabilities recognized directly in equity					-409	-409	-371	-780
Transfer to earnings					-40 068	-40 068	-42 226	-82 295
Unrealized or deferred gains or losses	0	0	0	0	-40 478	-40 478	-42 597	-83 075
Change in the scope of consolidation				194 375		194 375	257 949	452 325
Others				153 346		153 346	-126 372	26 974
Ending balance of Shareholder's Equity 12.31.2018	1 794 634	12 571 140	0	4 499 659	-490 350	18 375 083	5 466 427	23 841 511
Recognition of expected credit losses (on financial instruments)								
Beginning balance of Shareholder's Equity 01.01.2019	1 794 634	12 571 140	0	4 499 659	-490 350	18 375 083	5 466 427	23 841 511
Operations on capital	203 571	3 903 724		-445 698		3 661 597		3 661 597
Share-based payment plans						0		0
Operations on treasury stock						0		0
Dividends				-897 317		-897 317	-600 722	-1 498 039
Net Income				1 921 510		1 921 510	654 507	2 576 017
Changes in assets and liabilities recognized directly in equity					67 246	67 246		67 246
Transfer to earnings					-23 149	-23 149	-31 181	-54 330
Unrealized or deferred gains or losses	0	0	0	0	44 096	44 096	-31 181	12 915
Change in the scope of consolidation				-170 937		-170 937	33 527	-137 410
Others				-446 127		-446 127	-214 362	-660 489
Ending balance of Shareholder's Equity 12.31.2019	1 998 205	16 474 864	0	4 461 090	-446 253	22 487 906	5 308 196	27 796 102

## FINANCIAL REPORT

## 1.5. CASH FLOW STATEMENTS

	NOTE	Dec 19	Dec 18
Net Income before Tax		3 656 146	3 652 296
+/- Net depreciation/amortization expense on property, plant, and equipment and intangible assets	2.6	956 552	630 876
+/- Impairment of goodwill and other non- current assets		-	-
+/- Impairment of financial assets		118 603	-15 026
+/- Net allowances for provisions		693 860	1 523 643
+/- Share of earnings in subsidiaries accounted for by equity method	4.10	-55 210	-61 366
+/- Net loss (income) from investing activities		-507 520	-465 450
+/- Net loss (income) from financing activities		-	-
+/- Other movements		34 548	470 864
Non monetary items included in pre-tax net income and other adjustments		1 240 832	2 083 541
+/- Cash flows related to transactions with credit institutions		2 949 832	217 244
+/- Cash flows related to transactions with customers		1762 667	-7 885 804
+/- Cash flows related to transactions involving other financial assets and liabilities		-9 109 225	10 541 583
+/- Cash flows related to transactions involving non financial assets and liabilities		600 504	-4 878 370
+/- Taxes paid		-1 131 214	-641 628
Net decrease / (increase) in assets and liabilities from operating activities		-4 927 436	-2 646 975
Net Cash Flows from Operating Activities		-30 458	3 088 862
+/- Cash Flows related to financial assets and equity investments		22 037	-418 474
+/- Cash flows related to investment property		-98 686	95 806
+/- Cash flows related to PP&E and intangible assets		-865 878	-477 724
Net Cash Flows from Investing Activities		-942 527	-800 392
+/- Cash flows related to transactions with shareholders		2 158 929	-949 034
+/- Cash flows generated by other financing activities		2 731 844	-5 109 235
Net Cash Flows from Financing Activities		4 890 773	-6 058 269
Effect of movements in exchange rates on cash and equivalents		-33 948	-248 827
Net increase/(decrease) in cash and cash equivalents		3 883 840	-4 018 626
Net Balance of demand loans and deposits- credit institutions		16 989 829	21 008 455
Loan and loan of cash	4.1	14 310 554	14 490 894
Ending Balance of Cash and Equivalents		2 679 275	6 517 561
Net Balance of cash accounts and accounts with central banks and post office banks		20 873 669	16 989 829
Net Balance of demand loans and deposits- credit institutions	4.1	14 450 591	14 310 554
Loan and loan of cash		6 423 079	2 679 275
Net increase in cash and equivalents		3 883 840	-4 018 626





# 1.6. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

# 1.6.1. Applicable accounting standards:

The first consolidated financial statements to be prepared by BANK OF AFRICA Group in accordance with international accounting standards (IFRS) were those for the period ended 30 June 2008 with an opening balance on 1st January 2007.

The consolidated financial statements of BANK OF AFRICA Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as approved by the IASB.

The Group has not opted for early adoption of the new standards, amendments and interpretations adopted by the IASB where retrospective application is permitted.

The consolidated financial statements at 30 June 2019 have been prepared in accordance with IFRS standards, with first-time application of two new IFRS standards as of 1 January 2019:

- The IFRIC 23 interpretation, which clarifies the manner in which uncertainty over income tax treatments must be accounted for in the Group's financial statements;
- IFRS 16, which changes the way in which leases are accounted for.

# **IFRIC Interpretation 23:**

This interpretation is intended to clarify IAS 12 'Income taxes', which contains measures relating to recognition and measurement of current or deferred tax assets or liabilities.

This interpretation deals with income tax-related risks. The interpretation is to be applied to determine income tax-related items when there is uncertainty over income tax treatments by an entity under the applicable tax provisions. Tax risk naturally arises from uncertainty regarding a tax position adopted by the entity that might be questioned by the tax authority.

The interpretation provides a choice of two transition methods as follows:

- Full retrospective approach, provided that the company is in possession of the necessary information without taking into account circumstances that have occurred over time; or
- Modified retrospective approach, by recognising the cumulative impact under opening shareholders' equity for the financial period in which the interpretation is first applied, in which case, the comparative information for the financial period in which the interpretation is first applied is not restated.

The Group has opted for the modified retrospective approach in respect of this interpretation by recognising the cumulative impact under opening shareholders' equity at 1 January 2019.

#### **IFRS 16:**

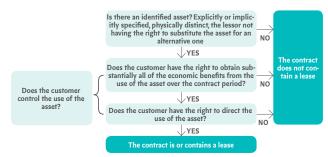
IFRS 16 'Leases' will supersede IAS 17 from 1 January 2019. It will change the way in which leases are accounted for.

For all lease agreements, the lessee will be required to recognise a right-of-use asset on its balance sheet representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its income statement, the lessee will separately recognise the depreciation of the right-of-use asset and the interest expense on the lease liability. This treatment, which is currently applied by lessees to finance-lease transactions, will subsequently be extended to operating leases.

#### Policies adopted:

The transition method chosen by BANK OF AFRICA Group is the modified retrospective approach by which the lease liability is recognised at the present value of remaining lease payments at the time of first-time application (01/01/2019) with a right-of-use asset of an equivalent amount recognised at the same time. Consequently, first-time application of IFRS 16 had no impact on shareholders' equity.

To identify leases that fall within the scope of this standard, the following criteria shall apply:



The Group has adopted two simplification measures provided for under IFRS 16 regarding short-term contracts (up to 12 months) and contracts whose underlying assets are of limited value. The IASB recommends a guideline threshold of USD 5,000 or less.

# The lease period:

The period during which the Group has previously used particular types of property (leased or owned) and the underlying economic reasons thereof have been used to determine whether the group is reasonably certain of exercising an option or not.

The lease periods applied therefore depend on the type of property:

- For commercial leases, a period of 9 years on average has been applied;
- For residential leases, a period of 3 years;
- For leased vehicles, the period applied is that of the contract.



The liability related to the lease is equal to the present value of the lease payments and estimated payments at the end of the contract (early termination penalties if applicable and/or residual value guarantees if applicable).

The rate used to discount these payments is the incremental borrowing rate which is the rate of interest that a lessee would have to pay to borrow over a similar term to that of the lease liability.

# 1.6.2.1. Consolidation principles

# a. Scope of consolidation

The scope of consolidation includes all Moroccan and foreign entities in which the Group directly or indirectly holds a stake.

BANK OF AFRICA Group includes within its scope of consolidation all entities, whatever their activity, in which it directly or indirectly holds 20% or more of existing or potential voting rights. In addition, it consolidates entities if they meet the following criteria:

- The subsidiary's total assets exceed 0.5% of the parent company's;
- The subsidiary's net assets exceed 0.5% of the parent company's;
- The subsidiary's banking income exceeds 0.5% of the parent company's ;
- "Cumulative" thresholds which ensure that the combined total of entities excluded from the scope of consolidation does not exceed 5% of the consolidated total.

#### b. Consolidation methods

The method of consolidation adopted (fully consolidated or accounted for under the equity method) will depend on whether the Group has full control, joint control or exercises significant influence.

At 31 December 2019, no Group subsidiary was jointly controlled.

# c. Consolidation rules

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

### Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated companies, and the transactions themselves, including income, expenses and dividends, are eliminated. Profits and losses arising from intragroup sales of assets are

eliminated, except where there is an indication that the asset sold is impaired.

# Translation of financial statements prepared in foreign currencies

BANK OF AFRICA Group's consolidated financial statements are prepared in dirhams. The financial statements of companies whose functional currency is not the dirham are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expenditures are translated at the average rate for the period.

d. Business combinations and measurement of goodwill

# Cost of a business combination

The cost of a business combination is measured as the aggregate fair value of assets acquired, liabilities incurred or assumed and equity instruments issued by the acquirer in consideration for control of the acquired company. Costs attributable to the acquisition are recognised through income.

# Allocating the cost of a business combination to the assets acquired and liabilities incurred or assumed

The Group allocates, at the date of acquisition, the cost of a business combination by recognising those identifiable assets, liabilities and contingent liabilities of the acquired company which meet the criteria for fair value recognition at that date.

Any difference between the cost of the business combination and the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised under goodwill.

# Goodwill

At the date of acquisition, goodwill is recognised as an asset. It is initially measured at cost, that is, the difference between the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.

The Group has adopted from 2012 the "full goodwill" method for new acquisitions. This method consists of measuring goodwill based on the difference between the cost of the business combination and minority interests over the fair value of the identifiable assets, liabilities and contingent liabilities.

It is worth noting that the Group has not restated business combinations occurring before 1 January 2008, the date of first-time adoption of IFRS, in accordance with IFRS 3 and as permitted under IFRS 1.





# Measurement of goodwill

Following initial recognition, goodwill is measured at cost less cumulative impairment.

In accordance with IAS 36, impairment tests must be conducted whenever there is any indication of impairment that a unit may be impaired and at least once a year to ensure that the goodwill recognised for each CGU does not need to be written down.

As of December 31, 2019, the group carried out impairment tests to ensure that the book value of the cash-generating units is always lower than the recoverable value.

The recoverable amount of a cash-generating unit is the higher of the net fair value of the unit and its value in use.

Fair value is the price that is likely to be obtained from selling the CGU in normal market conditions.

Value in use is based on an estimate of the current value of future cash flows generated by the unit's activities as part of the Bank's market activities:

- If the subsidiary's recoverable amount is more than the carrying amount, then there is no reason to book an impairment charge;
- If the subsidiary's recoverable amount is less than the carrying amount, the difference is recognised as an impairment charge.
   It will be allocated to goodwill as a priority and subsequently to other assets on a pro-rata basis.

The Bank has employed a variety of methods for measuring CGU value in use depending on the subsidiary. These methods are based on assumptions and estimates:

- A revenue-based approach, commonly known as the "dividend discount model", is a standard method used by the banking industry. The use of this method depends on the subsidiary's business plan and will value the subsidiary based on the net present value of future dividend payments. These flows are discounted at the cost of equity.
- The "discounted cash flow method" is a standard method for measuring firms in the services sector. It is based on discounting available cash flows at the weighted average cost of capital.

# Step acquisitions

In accordance with revised IFRS 3, the Group does not calculate additional goodwill on step acquisitions once control has been obtained.

In particular, in the event that the Group increases its percentage interest in an entity which is already fully consolidated, the difference at acquisition date between the cost of acquiring the additional share and share already acquired in the entity is recognised in the Group's consolidated reserves.

#### 1.6.3. 2. Financial assets and liabilities

a. Loans and receivables

Loans and receivables include credit provided by the Group.

Loans and receivables are initially measured at fair value or equivalent, which, as a general rule, is the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees and commission included in the initial value of the loan, is calculated using the effective interest method and taken to income over the life of the loan.

b. Securities

#### Classification of securities

IFRS 9 replaces the classification and valuation models for financial assets provided for in IAS 39 by a model comprising only 3 accounting categories :

- Depreciated cost;
- Fair value through equity: changes in fair value of the financial instrument are impacted in «other items of the comprehensive income» («fair value by OCI»);
- Fair value through profit or loss: changes in the fair value of the instrument are impacted in net income.

The classification of a financial asset in each category is based on:

- business model defined by the company
- and the characteristics of its contractual cash flows (the «cash flow» criterion) solely payments of principal and interest», or «SPPI»).

The management methods relate to the way the company manages its financial assets in order to generate cash flows and create cash flow and value. The business model is specified for an asset portfolio and does not constitute an intention on a case-by-case basis for an individual financial asset.

IFRS 9 distinguishes three management models:

- The collection of contractual cash flows, the business model «Collection»:
- Other management intentions, i.e. the «Other / Sale» management model.

The second criterion («SPPI» criterion) is analysed at the contract level. The test is satisfied when the funding is only

eligible for reimbursement of the principal and when the payment of interest received reflects the value of the time of money, credit risk associated with the instrument, other costs and risks of a traditional loan agreement as well as a reasonable margin, whether the interest rate is fixed or variable.

The criteria for classifying and measuring financial assets depend on the nature of the financial asset, as qualified:

- debt instruments (i.e. loans and fixed or determinable income securities)

; or

- equity instruments (i.e. shares).

The classification of a debt instrument in one of the asset classes is a function of the management model applied to it by the company and the characteristics of the contractual cash flows of the instrument (SPPI criterion). Debt instruments that respond to the SPPI criterion and the «Collection» management model are classified as follows amortised cost. If the SPPI criterion is verified but the business model is the collection and sale, the debt instrument is classified at fair value by equity (with recycling). If the SPPI criterion is not verified and the business model is different, the debt instrument is classified as fair value value by result.

Under IFRS 9, equity instruments held by (stocks) are:

- always measured at fair value through profit or loss,
- except those not held for trading for which the standard allows the irrevocable election to be made at the time of recognition of each financial asset, to recognise it at fair value by counterpart of other comprehensive income (fair value through profit or loss OCI), with no possibility of recycling by result. Assets classified in this category will not be depreciated. In the event of a transfer, these changes are not recycled to the income statement, the gain or loss on disposal is recognised in shareholders' equity. Only dividends are recognised in result.

IFRS 9 provides for models for classifying and measuring financial liabilities according to 3 accounting categories:

- financial liability at amortised cost;
- financial liability at fair value through profit or loss;
- financial liability at fair value through profit or loss on option.

On the initial recognition date, a financial liability may be designated, on irrevocable option, at fair value through profit or loss:

- under certain conditions when the liability contains embedded derivatives

; 01

- if this leads to more relevant information as a result of the elimination or the significant reduction of a distortion of accounting treatment (« mismatch»); or

- whether the liabilities are managed with other financial instruments that are measured and managed at fair value in accordance with an investment policy or risk management and that information is communicated on this to key management personnel within the meaning of IAS 24.

In addition, for these liabilities, the standard allows for the recognition of the change in fair value attributable to the change in credit risk in other comprehensive income. However, this processing is only possible to the extent that it does not contribute to creating or aggravate an accounting mismatch

In 2013, the Bank issued a USD 300 million fixed rate international bond. This bond is hedged by a swap with the same characteristics as those of the bond (a fixed rate versus a variable rate). This transaction is qualified as a fair value hedging relationship.

# Temporary acquisitions and sales

#### Repurchase agreements

Securities subject to repurchase agreements are recorded in the Group's balance sheet in their original category.

The corresponding liability is recognised in the under "Borrowings" as a liability on the balance sheet.

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables".

# Securities lending and borrowing transactions

Securities lending transactions do not result in de-recognition of the lent securities while securities borrowing transactions result in recognition of a debt on the liabilities side of the Group's balance sheet.

#### Date of recognition of securities transactions

Securities recognised at fair value through income or classified under held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (recognised as loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement data

These transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire or until the Group has substantially transferred all the risks and rewards related to ownership of the securities.

c. Foreign currency transactions

# Monetary assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences





# **COMPTES CONSOLIDÉS AU 31 DÉCEMBRE 2019**

are recognised in the income statement, except for those arising from financial instruments earmarked as a cash flow hedge or a net foreign currency investment hedge, which are recognised in shareholders' equity.

d. Impairment and restructuring of financial assets

IFRS 9 introduces a new model for the recognition of impairment of financial assets based on expected credit losses. This model represents a change from the IAS 39 model that is based on proven credit losses.

Under IFRS 9, the portfolio is segmented into three Buckets in using the notion of significant degradation from the beginning:

- Bucket 1» consists of all sound financial assets that do not are not significantly degraded since the beginning and for which it will be calculated an expected credit loss within 1 year.
- Bucket 2» includes assets for which the credit risk has significantly increased since the beginning. A credit loss must then be calculated over the remaining useful life of the asset, or residual maturity.
- -«Bucket 3» corresponds to all assets in default or those for which credit quality will deteriorate to the point that recoverability is threatened. Bucket 3 corresponds to the scope of the provision under IAS 39. The entity recognises a demonstrated credit loss at maturity. Thereafter, if the conditions for the classification of instruments financial instruments in bucket 3 are no longer respected, these instruments are reclassified as bucket 2 and then as bucket 1 depending on the improvement of credit risk quality.

The definition of default is consistent with the one outlined in Circular 19G with a rebuttable assumption of default occurring when amounts are no later than 90 days past due.

The definition of default is used consistently to assess whether there is an increase in credit risk and to measure expected credit losses.

The monitoring of risk degradation is based on the monitoring systems of the internal risks, including in particular the monitoring of receivables and unpaid bills.

The significant increase in credit risk may be assessed on an individual or collective basis (by grouping together financial instruments based on common credit risk characteristics), taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Each instrument is assessed to ascertain whether there has been a significant increase in credit risk based on indicators and thresholds that vary depending on the kind of exposure and counterparty type.

A financial asset is also considered to have undergone a significant increase in credit risk if one or more of the following criteria are met:

Financial asset placed on the watchlist

- Reorganised due to payment difficulties, although not defaulting
- Past-due event
- There are material adverse changes in the borrower's economic, commercial or financial operating environment
- Risks of financial difficulties have been identified, etc.

In order to compensate for the fact that some factors or indicators may not be available at a financial instrument level, on an individual basis, the standard allows for the entity to carry out an assessment as to whether there has been a significant increase in credit risk on appropriate groups or portions of a portfolio of financial instruments.

Shared credit risk characteristics may be used to constitute portfolios for the purpose of carrying out an assessment as to whether there has been a significant increase in credit risk on a collective basis. Shared credit risk characteristics include instrument type, credit risk ratings, collateral type, date of initial recognition, remaining term to maturity, industry, the borrower's geographical location, the value of the collateral relative to the financial asset if it has an impact on the probability of default occurring (for example, non-recourse loans in some countries, or on loan-to-value ratios), the distribution channel, the reason for raising finance, etc..

Expected credit losses are defined as being an estimate of credit losses weighted by the probability of their occurring over the financial instrument's expected lifetime. They are measured on an individual basis, for each exposure.

The calculation of impairment losses is based on three main criteria:

Probabilities of Default (PD)

The Probability of Default (PD) is the likelihood of a borrower defaulting on its financial obligations over the subsequent 12 months (1-year PD) or over the contract's remaining maturity (lifetime PD). The PD is the probability of a borrower defaulting over a particular time horizon 't'. The PD used to estimate expected losses according to IFRS 9 is calculated for each homogeneous risk class.

For financial assets that are in 'Bucket 1' (i.e. healthy, nonsensitive), a 12-month PD is calculated i.e. the probability of default occurring in the 12 months following the reporting date.

For financial assets in 'Bucket 2' (i.e. healthy, sensitive), a PD to maturity is calculated. And, by definition, financial assets in 'Bucket 3' (i.e. defaulting) have a PD of 1.

In order to calculate the 1-year PD for a given loan, BANK OF AFRICA has divided the portfolios' loans into homogeneous risk classes that are segmented on the basis of external ratings or delinquency classes.

Lifetime PDs are calculated by applying rating migration matrices to 1-year PDs, the latter resulting from external credit rating systems or delinquency classes. Rating migration matrices are determined by modelling, for each portfolio, how defaults develop between the date of initial recognition and a contract's maturity. Rating migration matrices are developed on the basis of statistical observations.

# Loss Given Default (LGD)

The Loss Given Default (LGD) is the expected credit loss as a percentage of the exposure at default. The Loss Given Default is expressed as a percentage of EAD and is calculated using Global Recovery Rates (GRRs). GRRs are assessed by homogeneous risk class for a certain type of collateral based on historical recovery rates.

For sizeable loans in difficulty, if statistical modelling is not possible (limited number of observations, special characteristics, etc.), the expected future recoverable flows are estimated by BANK OF AFRICA Group's recovery subsidiary. The LGD is the difference between the contractual cash flows and the estimated expected cash flows (including principal and interest).

# **Exposure At Default (EAD)**

It is based on the amount to which the Group expects to be actually exposed at the time of default, either over the subsequent 12 months or over the remaining period to maturity.

The Group draws on existing concepts and systems to set these parameters. Expected credit losses on financial instruments are measured as the product of these three parameters.

Under IFRS 9, recognition of expected credit losses is based on forward-looking macroeconomic conditions.

The parameters are adjusted after factoring in the prevailing economic conditions based on macroeconomic research provided by in-company industry experts. As a result of this research and the expert opinion provided, PDs may be revised (upwards or downwards depending on the outlook) over a three-year horizon. The inclusion of other macroeconomic indicators is currently being phased in.

The organisational and management approach used to determine these scenarios is the same as that adopted for the budgeting process. These are reviewed annually based on suggestions from the economic research team and are validated by the General Management Committee.

For securities (which are overwhelmingly sovereign securities), the calculation of the depreciation is determined according to the following principles:

- When acquiring shares: all shares are considered as part of Bucket 1 regardless of the issuer's rating,
- In subsequent evaluations:
- In the event of a downgrade of the issuer's rating, the security changes to bucket  $\ensuremath{\mathbf{2}}$

- On the basis of credit losses proven to be at maturity if the counterparty is in default - Bucket  ${\tt 3}$ 

#### **Forbearance**

The Bank complies with IFRS requirements in matters of forbearance agreements, particularly with regard to discounts applied to restructured loans. The amount deducted is recognised under cost of risk. If the restructured loan is subsequently reclassified as a performing loan, it is reinstated under net interest income over the remaining term of the loan.

# Restructuring of assets classed as "Loans and receivables"

An asset classified in "Loans and receivables" is considered to be restructured due to the borrower's financial difficulty when the Group, for economic or legal reasons related to the borrower's financial difficulty, agrees to modify the terms of the original transaction that it would not otherwise consider, resulting in the borrower's contractual obligation to the Group, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the asset value is recognised through income under "Cost of risk".

For each loan, the discount is recalculated at the renegotiation date using original repayment schedules and renegotiation terms

The discount is calculated as the difference between:

- The sum, at the renegotiation date, of the original contractual repayments discounted at the effective interest rate; and
- The sum, at the renegotiation date, of the renegotiated contractual repayments discounted at the effective interest rate. The discount, net of amortisation, is recognised by reducing loan outstandings through income. Amortisation will be recognised under net banking income.

### e. Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or liabilities with another entity on terms that are potentially unfavourable to the Group, or to deliver a variable number of the Group's treasury shares.

In the Group's case, this concerns certificates of deposit issued by Group banks such as BMCE BANK and BANK OF AFRICA as well as notes issued by finance companies MAGHREBAIL and SALAFIN.





#### f. Treasury shares

"Treasury shares" refer to shares issued by the parent company, BANK OF AFRICA SA, or by its fully consolidated subsidiaries. Treasury shares held by the Group are deducted from consolidated shareholders' equity regardless of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated income statement.

As of December 31st, 2019, the Group does net hold any treasury shares.

#### g. Derivative instruments

All derivative instruments are recognised in the balance sheet on the trade date at the trade price and are re-measured to fair value on the balance sheet date.

Derivatives held for trading purposes are recognised "Financial assets at fair value through income" when their fair value is positive and in "Financial liabilities at fair value through income" when their fair value is negative.

Realised and unrealised gains and losses are recognised in the income statement under "Net gains or losses on financial instruments at fair value through income".

h. Fair value measurement of own credit default risk (DVA) / counterparty risk (CVA)

Since the value of derivative products has not been material until now, the Bank will continue to monitor the extent to which this factor is significant in order to take into consideration fair value adjustments relating to its own credit default risk (DVA) / counterparty risk (CVA).

# i. Determining the fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial assets classified under "Financial assets at fair value through income" and "Available-for-sale financial assets" are measured at fair value.

Fair value in the first instance relates to the quoted price if the financial instrument is traded on a liquid market.

If no liquid market exists, fair value is determined by using valuation techniques (internal valuation models as outlined in Note 4.15 on fair value).

Depending on the financial instrument, these involve the use of data taken from recent arm's length transactions, the fair value of substantially similar instruments, discounted cash flow models or adjusted book values.

Characteristics of a liquid market include regularly available prices for financial instruments and the existence of real arm's length transactions.

Characteristics of an illiquid market include factors such as a significant decline in the volume and level of market activity,

a significant variation in available prices between market participants or a lack of recent observed transaction prices.

j. Income and expenses arising from financial assets and liabilities

The effective interest rate method is used to recognise income and expenses arising from financial instruments, which are measured at amortised cost.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

#### k. Cost of risk

"Cost of risk" includes impairment provisions net of write-backs and provisions for credit risk, losses on irrecoverable loans and amounts recovered on amortised loans as well as provisions and provision write-backs for other risks such as operating risks.

# i. Offsetting financial assets and liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# 1.6.4.1 Property plant and equipment and intangible assets

# a. Property, plant and equipment

The Group has opted for the cost model to measure property, plant and equipment and intangible assets.

It is worth noting that, in application of the option provided under IFRS 1, the Group has chosen to measure certain items of property, plant and equipment at the transition date at their fair value and use this fair value as deemed cost at this date.

In accordance with IAS 23, borrowing costs directly attributable to the acquisition are included in the acquisition cost of items of property, plant and equipment.

As soon as they are available for use, items of property, plant and equipment are amortised over the asset's estimated useful life.

Given the character of BANK OF AFRICA Group's property, plant and equipment, it has not adopted any residual value except for transport equipment owned by LOCASOM, a subsidiary.

In respect of the Group's other assets, there is neither a sufficiently liquid market nor a replacement policy over a period that is considerably shorter than the estimated useful life for any residual value to be adopted.

This residual value is the amount remaining after deducting from the acquisition cost all allowable depreciable charges. Given the Group's activity, it has adopted a component-based approach for property. The option adopted by the Group is a component-based amortised cost method by applying using a component-based matrix established as a function of the specific characteristics of each of BANK OF AFRICA Group's buildings.

# Component-based matrix adopted by BANK OF AFRICA

		Head office property		roperty
	Period	Share	Period	Share
Structural works	80	55%	80	65%
Façade	30	15%		
General & technical installations	20	20%	20	15%
Fixtures and fittings	10	10%	10	20%

#### **Impairment**

The Group has deemed that impairment is only applicable to buildings and, as a result, the market price (independentlyassessed valuation) will be used as evidence of impairment.

#### b. Investment property

IAS 40 defines investment property as property held to earn rentals or for capital appreciation or both. An investment property generates cash flows that are largely independent from the company's other assets in contrast to property primarily held for use in the production or supply of goods or services.

The Group qualifies investment property as any non-operating property.

BANK OF AFRICA Group has opted for the cost method to value its investment property. The method used to value investment property is identical to that for valuing operating property.

In accordance with the requirements of paragraph 79(e) of IAS 40, the Group has investment properties whose acquisition cost is deemed to be substantially material valued by external surveyors at each balance sheet date (cf. 4.15 on fair value).

# c. Intangible assets

Intangible assets are initially measured at cost which is equal to the amount of cash or cash equivalent paid or any other consideration given at fair value to acquire the asset at the time of its acquisition or construction.

Subsequent to initial recognition, intangible assets are measured at cost less cumulative amortisation and impairment losses.

The amortisation method adopted reflects the rate at which future economic benefits are consumed.

Impairment is recognised when evidence (internal or external) of impairment exists. Evidence of impairment is assesses at each balance sheet date.

Given the character of the intangible assets held, the Group considers that the concept of residual value is not relevant in respect of its intangible assets. As a result, residual value has not been adopted.

#### 1.6.5. 2. Leases

Group companies may either be the lessee or the lessor in a lease agreement.

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

#### a. Lessor accounting

#### Finance leases

In a finance lease, the lessor transfers the substantial portion of the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable.

The net income earned from the lease by the lessor is equal to the amount of interest on the loan and is taken to the income statement under "Interest and other income". The lease payments are spread over the lease term and are allocated to reducing the principal and to interest such that the net income reflects a constant rate of return on the outstanding balance. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

# **Operating leases**

An operating lease is a lease under which the substantial portion of the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over the lease term. The depreciable amount excludes the asset's residual value. The lease payments are taken to the income statement in full on a straight-line basis over the lease term.

Lease payments and depreciation expenses are taken to the income statement under "Income from other activities" and "Expenses from other activities".

# b. Lessee accounting

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

# Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease.

A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also





recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets after deducting the residual value from the amount initially recognised over the useful life of the asset. The lease obligation is accounted for at amortised cost.

#### **Operating leases**

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the lessee's income statement on a straight-line basis over the lease term.

# 1.6.6. Non-current assets held for sale and discontinued activities

An asset is classified as held for sale if its carrying amount is obtained through the asset's sale rather than through its continuous use in the business.

At 30th June 2019, the Group did not recognise any assets as held for sale or discontinued activities.

# 1.6.7. Employee benefits

#### Classification of employee benefits

### a. Short-term benefits

Short-term benefits are due within twelve months of the close of the financial year in which employees provided the corresponding services. They are recognised as expenses in the year in which they are earned.

# b. Defined-contribution post-employment benefits

The employer pays a fixed amount in respect of contributions into an external fund and has no other liability. Benefits received are determined on the basis of cumulative contributions paid plus any interest and are recognised as expenses in the year in which they are earned.

# c. Defined-benefit post-employment benefits

Defined-benefit post-employment benefits are those other than defined-contribution schemes. The employer undertakes to pay a certain level of benefits to former employees, whatever the liability's cover. This liability is recognised as a provision.

The Group accounts for end-of-career bonuses as defined-benefit post-employment benefits: these are bonuses paid on retirement and depend on employees' length of service.

# d. Long-term benefits

These are benefits which are not settled in full within twelve after the employee rendering the related service. Provisions are recognised if the benefit depends on employees' length of service.

The Group accounts for long-service awards as long-term benefits: these are payments made to employees when they reach 6 different thresholds of length of service ranging from 15 to 40 years.

#### e. Termination benefits

Termination benefits are made as a result of a decision by the Group to terminate a contract of employment or a decision by an employee to accept voluntary redundancy. The company may set aside provisions if it is clearly committed to terminating an employee's contract of employment.

# Principles for calculating and accounting for defined-benefit post-employment benefits and other long-term benefits

#### a. Calculation method

The recommended method for calculating the liability under IAS 19 is the "projected unit credit" method. The calculation is made on an individual basis. The employer's liability is equal to the sum of individual liabilities.

Under this method, the actuarial value of future benefits is determined by calculating the amount of benefits due on retirement based on salary projections and length of service at the retirement date. It takes into consideration variables such as discount rates, the probability of the employee remaining in service up until retirement as well as the likelihood of mortality.

The liability is equal to the actuarial value of future benefits in respect of past service within the company prior to the calculation date. This liability is determined by applying to the actuarial value of future benefits the ratio of length of service at the calculation date to length of service at the retirement date.

The annual cost of the scheme, attributable to the cost of an additional year of service for each participant, is determined by the ratio of the actuarial value of future benefits to the anticipated length of service on retirement.

# b. Accounting principles

A provision is recognised under liabilities on the balance sheet to cover for all obligations.

Actuarial gains or losses arise on differences related to changes in assumptions underlying calculations (early retirement, discount rates etc.) or between actuarial assumptions and what actually occurs (rate of return on pension fund assets etc.) constitute.

They are amortised through income over the average anticipated remaining service lives of employees using the corridor method.

The past service cost is spread over the remaining period for acquiring rights.

The annual expense recognised in the income statement under "Salaries and employee benefits" in respect of defined-benefit schemes comprises:

- The rights vested by each employee during the period (the cost of service rendered);
- The interest cost relating to the effect of discounting the obligation;
- The expected income from the pension fund's investments (gross rate of return);
- The effect of any plan curtailments or settlements.

# 1.6.8. Share-based payments

The Group offers its employees the possibility of participating in share issues in the form of share purchase plans.

New shares are offered at a discount on the condition that they retain the shares for a specified period.

The expense related to share purchase plans is spread over the vesting period if the benefit is conditional upon the beneficiary's continued employment.

This expense, booked under "Salaries and employee benefits", with a corresponding adjustment to shareholders' equity, is calculated on the basis of the plan's total value, determined at the allotment date by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account performance-based criteria relating to the BANK OF AFRICA share price. The plan's total expense is determined by multiplying the unit value per option or bonus share awarded by the estimated number of options or bonus shares acquired at the end of the vesting period, taking into account the conditions regarding the beneficiary's continued employment.

#### 1.6.9. Provisions recorded under liabilities

Provisions recorded under liabilities on the Group's balance sheet, other than those relating to financial instruments and employee benefits mainly relate to restructuring, litigation, fines, penalties and tax risks.

A provision is recognised when it is probable that an outflow of resources providing economic benefits will be required to settle an obligation arising from a past event and a reliable estimate can be made about the obligation's amount. The amount of such obligations is discounted in order to determine the amount of the provision if the impact of discounting is material.

A provision for risks and charges is a liability of uncertain timing or amount.

The accounting standard provides for three conditions when an entity must recognise a provision for risks and charges:

- A present obligation towards a third party;
- An outflow of resources is probable in order to settle the obligation;
- The amount can be estimated reliably.

#### 1.6.10. Current and deferred taxes

The current income tax charge is calculated on the basis of the tax laws and tax rates in force in each country in which the Group has operations.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

A deferred tax liability is a tax which is payable at a future date. Deferred tax liabilities are recognised for all taxable temporary differences other than those arising on initial recognition of goodwill or on initial recognition of an asset or liability for a transaction which is not a business combination and which, at the time of the transaction, has not impact on profit either for accounting or tax purposes.

A deferred tax asset is a tax which is recoverable at a future date. Deferred tax assets are recognised for all deductible temporary differences and unused carry-forwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

The Group has opted to assess the probability of recovering deferred tax assets.

Deferred taxes assets are not recognised if the probability of recovery is uncertain. Probability of recovery is ascertained by the business projections of the companies concerned.

#### 1.6.11. Cash flow statement

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and the net balances of sight loans and deposits with credit institutions.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable debt instruments.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to subordinated debt, bonds and debt securities (excluding negotiable debt instruments).

# 1.6.12. Use of estimates in the preparation of the financial statements

Preparation of the financial statements requires managers of business lines and corporate functions to make assumptions and estimates that are reflected in the measurement of income and





expense in the income statement and of assets and liabilities in the balance sheet and in the disclosure of information in the notes to the financial statements.

This requires the managers in question to exercise their judgement and to make use of information available at the time of preparation of the financial statements when making their estimates.

The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates depending on market conditions. This may have a material impact on the financial statements.

Those estimates which have a material impact on the financial statements primarily relate to:

- Impairment (on an individual or collective basis) recognised to cover credit risks inherent in banking intermediation activities;

Other estimates made by the Group's management primarily relate to :

- Goodwill impairment tests;
- Provisions for employee benefits;
- The measurement of provisions for risks and charges.

#### II. NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2.1. NET INTEREST INCOME

This includes net interest income (expense) related to customer and interbank transactions, debt securities issued by the Group, the trading portfolio (fixed income securities, repurchase agreements, loan / borrowing transactions and debts securities), available for sale financial assets and held-to-maturity financial assets.

		dec 19		dec 18		
	Income	Expense	Net	Income	Expense	Net
Customer Items	10 682 959	2 842 525	7 840 434	10 818 793	2 830 855	7 987 938
Deposits, loans and borrowings	9 881 189	2 814 604	7 066 585	10 199 494	2 799 843	7 399 651
Repurchase agreements	0	27 921	-27 921	0	31 012	-31 012
Finance leases	801 770	0	801 770	619 299	0	619 299
Interbank Items	1 302 310	1 752 496	-450 186	1 289 625	1 464 925	-175 300
Deposits, loans and borrowings	1 050 914	1 376 191	-325 277	1 084 082	1 194 800	-110 718
Repurchase agreements	251 396	376 304	-124 909	205 543	270 125	-64 582
Borrowings issued by the Group		841 885	-841 885	0	956 969	-956 969
Instruments at fair value through equity			0			0
Debt instruments	3 365 659		3 365 659	2 826 498		2 826 498
TOTAL INTEREST INCOME/(EXPENSE)	15 350 928	5 436 906	9 914 022	14 934 916	5 252 749	9 682 167

(In thousand MAD)

# 2.2. NET FEE INCOME

	déc 19			déc 18		18	
	Income	Expense	Net	Income	Expense	Net	
Net fee on transactions	2 432 925	215 140	2 217 785	2 243 610	248 194	1 995 416	
With credit institutions			-			-	
With customers	1 680 163		1 680 163	1 537 760	-	1 537 760	
On custody	216 541	63 970	152 571	216 942	73 617	143 325	
On foreign exchange	536 221	151 170	385 051	488 908	174 577	314 331	
On financial instruments and off balance sheet			-			-	
Banking and financial services	807 560	314 096	493 464	746 935	229 147	517 788	
Income from mutual funds management			-			-	
Income from electronic payment services	418 497	95 724	322 773	388 448	88 300	300 148	
Insurance			-	-	-	-	
Other	389 063	218 372	170 691	358 487	140 847	217 640	
NET FEE INCOME	3 240 485	529 236	2 711 249	2 990 545	477 341	2 513 204	

(In thousand MAD)

Net fee income covers fees from interbank market and the money market, customer transactions, securities transactions, foreign exchange transactions, securities commitments, financial transactions derivatives and financial services.





#### 2.3. NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This entry includes all items of income (excluding interest income and expenses, classified under «Net interest income» as described above) relating to financial instruments managed within the trading book.

This covers gains and losses on disposals, gains and losses related to mark-to-market, as well as dividends from variable-income securities.

		dec 19			dec 18	
	Trading Book	Assets measured under the fair value option	Total	Trading Book	Assets measured under the fair value option	Total
Fixed income and variable income securities	474 042	9 531	483 573	199 404	-2 357	197 047
Derivative instruments	-130 314	0	-130 314	-60 772	0	-60 772
Repurchase agreements						
Loans						
Borrowings						
Remeasurement of interest rate risk hedged						
portfolios						
Remeasurement of currency positions						
TOTAL	343 728	9 531	353 259	138 632	-2 357	136 275
						(In thousand MAD)

(In thousand MAD)

# 2.4. NET GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	dec 19	dec 18
Remuneration of equity instruments recognised as non-recyclable equity instruments (Dividends)	211 707	226 865
TOTAL	211 707	226 865

# 2.5. NET INCOME FROM OTHER ACTIVITIES

		dec 19		dec 18			
	Income	Expense	Net	Income	Expense	Net	
Net income from insurance activities			0			0	
Net income from investment property	0	0	0	0	0	0	
Net income from assets held under operating leases	254 340	122 711	131 629	277 075	121 348	155 727	
Net income from property development activities	0	0	0	0	0	0	
Other banking income & expenses	694 425	378 380	316 046	486 955	325 604	161 351	
Other operating income	286 411	83 347	203 064	373 952	16 072	357 880	
TOTAL NET INCOME FROM OTHER ACTIVITIES	1 235 176	584 437	650 739	1 137 982	463 024	674 958	

(In thousand MAD)

# 2.6. GENERAL OPERATING EXPENSES

		1 40
	dec 19	dec 18
Staff expenses	3 896 797	3 779 625
Taxes	302 176	304 419
External expenses	2 671 462	2 970 647
Other general operating expenses	247 332	140 136
Allowances for depreciation and provisions of tangible and intangible assets	947 015	620 980
General Operating Expenses	8 064 782	7 815 807
		(1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

(In thousand MAD)

# 2.7. COST OF RISK

	dec 19	dec 18
Net allocations for depreciations	-694 114	-1 571 517
Bucket 1	-116 931	130 261
Including loans and receivables on EC and OA	-5 853	2 950
Including customer loans and receivables	37 726	48 024
Including off-balance-sheet commitments	-52 650	85 051
Including debt instruments	-96 154	-7 326
Including debt instruments accounted for by JV and recyclable CP	-	1 562
Bucket 2	-71 331	121 767
Including loans and receivables on EC and OA	-1 167	-1 303
Including customer loans and receivables	-68 815	82 405
Including off-balance-sheet commitments	-1 366	2 691
Including debt instruments	17	37 974
Including debt instruments accounted for by JV and recyclable CP	-	-
Bucket 3	-505 852	-1 823 545
Including loans and receivables on EC and OA	-40 169	360
Including customer loans and receivables	-454 464	-1 767 952
Including off-balance-sheet commitments	-17 783	-78 329
Including debt instruments	6 564	22 377
Including debt instruments accounted for by JV and recyclable CP		-
Amounts recovered from amortized loans	94 599	52 617
Losses on bad debt	-1 548 430	-365 896
Other	-48 490	51 417
Cost of risk	-2 196 435	-1 833 379

# 2.8. NET GAINS ON OTHER ASSETS

	dec 19	dec 18
PP&E and intangible assets used in operations	8 878	-17 398
Capital gains on disposals	15 796	
Capital losses on disposals	6 918	17 398
Others	-21 984	23 608
Net Gain/Loss on Other Assets	-13 106	6 210





# 2.9. INCOME TAX

# 2.9.1. Current and deferred tax

	dec 19	dec 18
Current tax	920 499	783 556
Deferred tax	1 767 563	1 615 532
Current and deferred tax assets	2 688 062	2 399 088
Current tax	1 396 103	769 014
Deferred tax	1 179 957	1 179 765
Current and deferred tax liabilities	2 576 060	1 948 779
		(In thousand MAD)

# 2.9.2. Net income tax expense

	dec 19	dec 18
Current tax expense	-1 238 767	-1 003 034
Net deferred tax expense	158 638	159 460
Net Corporate income tax expense	-1 080 129	-843 574
		(In thousand MAD)

# 2.9.3. Effective tax rate

	dec 19	dec 18
Net income	2 576 017	2 808 722
Net corporate income tax expense	-1 080 129	-843 574
Average effective tax rate	41.9%	30.0%
		(In thousand MAD)

# Analysis of effective tax rate

	dec 19	dec 18
Standard tax rate	37.0%	37.0%
Differential in tax rates applicable to foreign entities		
Reduced tax rate		
Permanent differences		
Change in tax rate		
Reportable deficit		
Other items	4.9%	-7.0%
Average effective tax rate	41.9%	30.0%

# FINANCIAL REPORT

# **III. SEGMENT INFORMATION**

BANK OF AFRICA Group is composed of four core business activities for accounting and financial information purposes:

- Banking in Morocco: BANK OF AFRICA's Moroccan business;
- Asset management and Investment banking: BMCE Capital, BMCE Capital Bourse and BMCE Capital Gestion
- Specialised financial services: Salafin, Maghrébail, Maroc Factoring, RM Experts and Acmar
- International activities: BMCE International Holding, Banque de Développement du Mali, La Congolaise de Banque, BOA Group.

# **3.1 EARNINGS BY BUSINESS LINE**

	dec 19						
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL	
Net interest Income	4 417 685	64 541	681 730	-5 929	4 755 996	9 914 022	
Net Fee income	1 200 251	159 570	21 665	-	1 3 2 9 7 6 3	2 711 249	
Net Banking Income	5 951 214	362 732	722 703	115 983	6 707 972	13 860 603	
General Operating Expenses & allowances for depreciation and amortization	-3 367 955	-306 697	-239 943	-98 892	-4 051 295	(8 064 782)	
Operating Income	2 583 259	56 035	482 759	17 091	2 656 677	5 795 821	
Corporate income tax	-544 388	-52 301	-153 086	-9 954	-320 399	(1 080 129)	
Net Income Attributable to shareholders of the parent	899 925	113 233	139 594	-6 450	775 208	1 921 510	

(In thousand MAD)

	dec 18						
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL	
Net interest Income	4 208 303	30 416	693 085	-14 454	4 764 817	9 682 167	
Net Fee income	1 153 827	160 521	23 045	-	1 175 811	2 513 204	
Net Banking Income	5 593 863	343 167	729 591	143 272	6 423 575	13 233 468	
General Operating Expenses & allowances for depreciation and amortization	-3 244 194	-295 744	-269 192	-100 197	-3 906 480	(7 815 807)	
Operating Income	2 349 669	47 423	460 399	43 075	2 517 095	5 417 661	
Corporate income tax	-380 412	-41 378	-113 199	-9 364	-299 221	( 843 574)	
Net Income Attributable to shareholders of the parent	665 151	98 154	112 808	6 159	948 898	1 831 170	

(In thousand MAD)





# 3.2. ASSETS AND LIABILITIES BY BUSINESS ACTIVITY

	dec 19						
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL	
TOTAL ASSETS	192 052 523	1 242 527	18 163 535	216 902	104 073 720	315 749 206	
ASSETS ITEMS							
Available for sale assets	2 763 938	10 470	20 768	20 621	3 298 671	6 114 467	
Customer loans	118 488 373	0	16 783 701	1	51 373 516	186 645 591	
Financial assets at fair value	29 913 430	110 161	861	0	683 273	30 707 725	
Held to maturity assets	4 410 000	0	0	0	25 632 750	30 042 750	
Liabilities & shareholders equity items							
Customer deposits	134 325 817	0	949 775	0	67 541 065	202 816 657	
Shareholder's Equity	18 597 007	399 863	1 669 895	( 168 950)	7 298 292	27 796 107	

(In thousand MAD)

	dec 18						
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL	
TOTAL ASSETS	178 593 133	863 975	17 876 020	200 249	98 014 015	295 547 392	
ASSETS ITEMS							
Available for sale assets	2 325 525	6 823	19 618	22 550	3 014 176	5 388 692	
Customer loans	112 536 900	70	16 132 363	0	50 633 541	179 302 874	
Financial assets at fair value	25 104 686	97 566	861	0	913 109	26 116 222	
Held to maturity assets	3 832 558	0	0	0	21 483 289	25 315 847	
Liabilities & shareholders equity items	0	0	0	0	0		
Customer deposits	128 441 420	0	895 925	0	63 136 860	192 474 205	
Shareholder's Equity	14 761 599	363 228	1 730 403	( 132 498)	7 118 779	23 841 511	

(In thousand MAD)

# IV. NOTES TO THE BALANCE SHEET AS OF 31 DECEMBER 2019

# 4.1. CASH, AMOUNTS DUE FROM CENTRAL BANKS, BANKS AND THE POST OFFICE

	dec 19	dec 18
Cash	4 281 536	4 283 818
CENTRAL BANKS	10 097 007	9 703 011
TREASURY	67 333	318 964
GIRO	4 715	4 761
CENTRAL BANKS, TREASURY, GIRO	10 169 055	10 026 736
Cash, Central Banks, Treasury, Giro	14 450 591	14 310 554

(In thousand MAD)

# 4.2. ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	dec 19				dec 18	
	Trading book	Assets designated at fair value throughprof- it or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
Financial assets at fair value through profit or loss			·			
Negotiable certificates of deposits	17 130 180	0	17 130 180	7 850 145	0	7 850 145
Treasury bills and other eligible for central bank refinancing	16 673 191		16 673 191	7 577 675		7 577 675
Other negotiable certificates of deposits	456 989		456 989	272 470		272 470
Bonds	2 425 052	0	2 425 052	1 432 273	0	1 432 273
Government bonds	1 285 666		1 285 666	999 176		999 176
Other bonds	1139 386		1139 386	433 096		433 096
Equities and other variable income securities	10 392 716	794 295	11 187 011	15 832 484	1 011 536	16 844 020
Repurchase agreements	-		-	-		-
Loans	-		-	-		-
To credit institutions			0			0
To corporate customers			0			0
To private individual customers			0			0
Trading Book Derivatives	-34 518	0	-34 518	-10 215	0	-10 215
Currency derivatives	-34 518		-10 215	-10 215		-10 215
Interest rate derivatives			0			0
Equity derivatives			0			0
Credit derivatives			0			0
Other derivatives			0			0
Total financial assets at fair value through profit or loss	29 913 430	794 295	30 707 725	25 104 686	1 011 536	26 116 222
Of which loaned securities						
Excluding equities and other variable-income securities						
Financial liabilities at fair value through profit or loss						
Borrowed securities and short selling						
Repurchase agreements						
Borrowings						
Credit institutions						
Corporate customers						
Debt securities						
Trading Book Derivatives						
Currency derivatives						
Interest rate derivatives						
Equity derivatives						
Credit derivatives						
Other derivatives						
Total financial liabilities at fair value through profit or						
loss						



# 4.3. FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	dec 19			dec 19 dec 18			
	Balance Sheet Value	Unrealized	Unrealized losses	Balance Sheet Value	Unrealized gains	Unrealized losses	
Debt instruments recognised at fair value through recyclable equity	1 667 868	5 756	-986	1 402 639	901	-17 345	
Equity instruments recognised at fair value through non-recyclable equity	4 446 599	1 624 365	-528 048	3 986 053	1 582 357	-545 052	

(In thousand MAD)

# 4.4. SECURITIES AT AMORTISED COST

	dec 19	dec 18
Treasury bills and other bills mobilisable with central banks	6 666 681	5 066 899
Treasury bills and other bills mobilisable with central banks	5 798 982	5 023 497
Other negotiable debt securities	867 699	43 402
Bonds	23 625 022	20 397 838
Government bonds	21 537 841	16 420 029
Other Bonds	2 087 182	3 977 809
Depreciations	-248 954	-148 889
TOTAL DEBT INSTRUMENTS VALUED AT AMORTISED COST	30 042 750	25 315 848

(In thousand MAD)

# 4.5. INTERBANK TRANSACTIONS, RECEIVABLES AND AMOUNTS DUE FROM CREDIT INSTITUTIONS

### LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

	dec 19	dec 18
Demand accounts	8 927 092	7 339 328
Loans	12 522 277	13 968 918
Including cash loans	1 162 815	304 165
Repurchase agreements	1 058 308	37 630
Total loans and receivables due from credit institutions, before impairment provisions	22 507 677	21 345 876
Provisions for impairment of loans and receivables due from credit institutions	-103 938	-95 482
Total loans and receivables due from credit institutions, net of impairment provisions	22 403 739	21 250 394

(In thousand MAD)

# Amounts due to credit institutions

	dec 19	dec 18
Demand accounts	3 722 868	2 905 998
Borrowings	28 000 311	28 317 243
Including cash borrowings	982 242	1 047 509
Repurchase agreements	13 348 666	12 501 969
TOTAL	45 071 844	43 725 210

(In thousand MAD)

# 4.6. LOANS, RECEIVABLES AND AMOUNTS DUE FROM CUSTOMERS

# LOANS AND RECEIVABLES DUE FROM CUSTOMERS

	dec 19	dec 18
Demand accounts	22 366 723	22 879 106
Loans to customers	149 857 647	145 939 070
Repurchase agreements	13 272 162	9 815 519
Finance leases	15 393 383	14 594 299
Total loans and receivables due from customers, before impairment provisions	200 889 916	193 227 994
Impairment of loans and receivables due from customers	-14 244 325	-13 925 121
Total loans and receivables due from customers, net of impairment provisions	186 645 590	179 302 874
		(In thousand MAD)

# BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	dec 19	dec 18
Activity in Morocco	118 488 373	112 536 900
Specialized Financial Services	16 783 701	16 132 363
International Activities	51 373 516	50 633 541
Investment Banking	0	70
Other Activities	1,00	-
Total	186 645 590	179 302 874
Allocated Debts		
Value at Balance sheet	186 645 590	179 302 874
		(In thousand MAD)

# BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	dec 19	dec 18
Morocco	135 272 075	128 669 333
Africa	47 463 182	46 281 694
Europe	3 910 334	4 351 847
Total	186 645 591	179 302 874
Allocated Debts		
Value at Balance sheet	186 645 591	179 302 874
		(In thousand MAD)

# BREAKDOWN OF LOANS & RECEIVABLES AND COMMITMENTS BY BUCKET

	dec 19							
	Rec	eivables and	l commitme	ents	Depreciation			
	<b>BUCKET 1</b>	<b>BUCKET 2</b>	BUCKET 3	TOTAL	<b>BUCKET 1</b>	<b>BUCKET 2</b>	BUCKET 3	TOTAL
Financial assets at fair value through equity	1 670 649	-	-	1 670 649	2 781	-	-	2 781
Debt instruments accounted for by JV at recyclable CP	1 670 649			1 670 649	2 781			2 781
Financial assets at amortized cost	221 226 961	15 371 015	17 091 320	253 689 296	1 516 007	2 301 870	10 779 341	14 597 218
Loans and receivables from credit institutions	22 452 542	0	55 134	22 507 676	42 491	0	61 447	103 938
Loans and receivables from customers	168 550 807	15 302 923	17 036 186	200 889 916	1 225 658	2 300 774	10 717 894	14 244 326
Debt instruments	30 223 612	68 092		30 291 704	247 858	1 096		248 954
Total assets	222 897 610	15 371 015	17 091 320	255 359 945	1 518 788	2 301 870	10 779 341	14 599 999
Total off-balance sheet	42 625 611	299 696	304 150	43 229 457	218 489	2 934	74 153	295 576

	dec 18							
	Rec	eivables and	d commitme	ents		Depreciation		
	<b>BUCKET 1</b>	<b>BUCKET 2</b>	<b>BUCKET 3</b>	TOTAL	<b>BUCKET 1</b>	<b>BUCKET 2</b>	BUCKET 3	TOTAL
Financial assets at fair value through equity	1 403 746	-	-	1 403 746	1 107	-	-	1 107
Debt instruments accounted for by JV at recyclable CP	1 403 746			1 403 746	1 107			1 107
Financial assets at amortized cost	206 823 803	17 375 491	15 839 314	240 038 608	1 441 164	2 235 683	10 492 645	14 169 492
Loans and receivables from credit institutions	21 282 989		62 887	21 345 876	32 606		62 876	95 482
Loans and receivables from customers	160 551 174	16 900 393	15 776 427	193 227 995	1 263 393	2 231 959	10 429 769	13 925 121
Debt instruments	24 989 640	475 097		25 464 737	145 165	3 724		148 889
Total assets	208 227 549	17 375 491	15 839 314	241 442 354	1 4 4 2 2 7 1	2 235 683	10 492 645	14 170 599
Total off-balance sheet	41 302 875	167 523	143 605	41 614 003	165 838	1 568	122 802	290 209





# AMOUNTS DUE TO CUSTOMERS

	dec 19	dec 18
On demand deposits	110 457 223	104 025 228
Term accounts	37 779 950	35 272 676
Savings accounts	38 630 433	36 360 381
Cash certificates	5 160 093	6 216 003
Repurchase agreements	841 915	914 037
Other items	9 947 043	9 685 880
TOTAL LOANS AND RECEIVABLES DUE TO CUSTOMERS	202 816 657	192 474 205
		(In thousand MAD)

# BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	dec 19	dec 18
Activity in Morocco	134 325 817	128 441 420
Specialized Financial Services	949 775	895 925
International Activities	67 541 065	63 136 860
Investment Banking	0	0
Other Activities	0	0
Total	202 816 657	192 474 205
Allocated Debts		
Value at Balance sheet	202 816 657	192 474 205
		(1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

(In thousand MAD)

# BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	dec 19	dec 18
Morocco	135 275 592	129 337 345
Africa	65 790 252	61 510 364
Europe	1 750 813	1 626 496
Total	202 816 657	192 474 205
Allocated Debts		
Value at Balance sheet	202 816 657	192 474 205
		(In thousand MAD)

# 4.7. DEBT SECURITIES, SUBORDINATED DEBT AND SPECIAL GUARANTEE FUNDS

	dec 19	dec 18
Other debt securities	16 346 393	13 582 981
Negotiable certificates of deposit	15 846 393	13 082 981
Bond issues	500 000	500 000
Subordinated debts	9 590 170	9 585 289
Subordinated debt	9 590 170	9 585 289
Redeemable subordinated debt	6 590 170	6 585 289
Undated subordinated debt	3 000 000	3 000 000
Subordinated Notes	0	0
Redeemable subordinated notes		
Undated subordinated notes	0	0
Public Funds and special guarantee funds		
Total	25 936 563	23 168 270

(In thousand MAD)

# 4.8. Current and deferred tax

	dec 19	dec 18
Current tax	920 499	783 556
Deferred tax	1767 563	1 615 532
Current and deferred tax assets	2 688 062	2 399 088
Current tax	1 396 103	769 014
Deferred tax	1 179 957	1 179 765
Current and deferred tax liabilities	2 576 060	1 948 779

(In thousand MAD)

# 4.9. ACCRUED INCOME AND EXPENSES, OTHER ASSETS AND LIABILITIES

	1	1 40
	dec 19	dec 18
Guarantee deposits and bank guarantees paid	144 667	144 340
Settlement accounts related to securities transactions	38 429	86 594
Collection accounts	429 990	405 489
Reinsurers' share of technical reserves		
Accrued income and prepaid expenses	817 509	811 606
Other debtors and miscellaneous assets	4 887 004	5 301 929
Inter-related Accounts	313 697	449 310
TOTAL ACCRUED INCOME AND OTHER ASSETS	6 631 296	7 199 268
Guarantee deposits received	9 252	20 444
Settlement accounts related to securities transactions	749 006	1 009 167
Collection accounts	1 332 305	1 410 897
Accrued expenses and deferred income	1 106 873	1 088 065
Other creditors and miscellaneous assets	7 181 970	5 821 451
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	10 379 405	9 350 024

(In thousand MAD)

# 4.10. INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

	déc 19	déc 18
Euler Hermes Acmar	26 029	21 586
Banque de Développement du Mali	570 719	537 969
Eurafric	-20 954	-20 949
Africa Morocco Link	-12 829	-9 600
Société Conseil Ingenierie et Développement	148 073	153 270
Bank Al Tamwil wal Inmaa	128 106	107 288
Inverstments in equity methods companies belonging to BOA	91 845	84 796
Investments in associates	930 990	874 360

# Financial data of the main companies accounted for under the equity method

	Total Assets	Net Banking Income or Net Revenues as of Dec 2019	Company Income	Contribution in Net Income attributable to the parent company as of Dec 2019
Acmar	600 180	194 580	22 216	4 443
Banque de Développement du Mali	14 552 231	649 346	230 856	74 842
Africa Morocco Link	287 056	267 839	2 170	1 107
Eurafric	226 451	249 718	5 021	-49
Société Conseil Ingenierie et Développement	652 705	233 585	1 681	654
Bank Al Tamwil wal Inmaa	516 994	8 043	-59 180	-30 182

(In thousand MAD)



# 4.11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS AND INVESTMENT PROPERTY

	dec 19			dec 18			
	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount	
PP&E	16 399 314	7 176 811	9 222 503	13 776 687	6 136 656	7 640 031	
Land and buildings	5 206 424	749 254	4 457 170	3 844 214	261 415	3 582 799	
Equipment, furniture and fixtures	4 738 934	3 036 637	1702 297	4 349 154	2 731 219	1 617 935	
Plant and equipment leased as lessor under operating leases	0	0	0	0	0	0	
Other PP&E	6 453 955	3 390 920	3 063 036	5 583 319	3 144 022	2 439 297	
Intangible Assets	2 510 479	1 431 323	1 079 156	2 083 805	1 096 234	987 571	
Purchased software	1 635 013	1 126 441	508 571	1 346 753	872 690	474 063	
Internally-developed software	0	0	0	0	0	0	
Other intangible assets	875 466	304 881	570 585	737 052	223 544	513 508	
Investment Property	3 926 892	126 668	3 800 224	3 822 825	92 447	3 730 378 In thousand MAD)	

# Change in property, plant and equipment

	dec 19	dec 18
Net value as of January 1st	7 640 031	7 302 800
Acquisition of the year	2 932 893	423 480
First time consolidations	-	-
Depreciation, Amortization of impaiment	(981 318)	(513 740)
Disposal of the year	(85 907)	(41 272)
Other variations	(283 195)	468 763
NET VALUE AT END OF PERIOD	9 222 503	7 640 031

# Change in intangible assets

	dec 19	dec 18
Net value as of January 1st	987 571	937 808
Acquisition of the year	395 318	221 397
First time consolidations	-	-
Depreciation, Amortization of impaiment	(100 490)	(86 885)
Disposal of the year	(31 675)	(77 046)
Other variations	(171 568)	(7 703)
NET VALUE AT END OF PERIOD	1 079 157	987 571

# Change in investment properties

	dec 19	dec 18
Net value as of January 1st	3 730 378	3 824 439
Acquisition of the year	157 190	70 141
First time consolidations		
Depreciation, Amortization of impaiment	(29 264)	(20 462)
Disposal of the year	(41 610)	(143 740)
Other variations	(16 469)	-
NET VALUE AT END OF PERIOD	3 800 225	3 730 378

# **CHARGES OF RENTAL CONTRACTS**

CHARGES OF RENTAL CONTRACTS	dec 19
Interest expense on rental debts	-54 400
Depreciation charges for user fees	-221 276

# **ASSET RELATED TO RIGHTS OF USE**

ASSET RELATED TO RIGHTS OF USE	dec 19	dec 18
Property, plant and equipment	9 222 503	7 640 031
Including rights of use	1 190 571	·

# LIABILITIES RELATED TO RENTAL DEBT

LIABILITIES RELATED TO RENTAL DEBT	dec 19	dec 18
Adjustment account and other liabilities	10 379 406	9 350 024
Including rental debt	1 199 456	

# 4.12. **GOODWILL**

	dec 19	dec 18
Gross value at start of period	1 032 114	852 310
Accumulated impairment at start of period		
Carrying amount at start of period	1 032 114	852 310
Acquisitions		
Cessions		
Impairment losses recognized during the period		
Translation adjustments		
Subsidiaries previously accounted for by the equity method		
Other movements		179 804
Gross value at end of period	1 032 114	1 032 114
Accumulated impairment at end of period		
Carrying amount at end of period	1 032 114	1 032 114
_ , <u>v</u> .		

(In thousand MAD)

# The following table provides a breakdown of goodwill:

	Net book	Net book
	value Dec 19	value Dec 18
Maghrébail	10 617	10 617
Banque de développement du Mali	3 588	3 588
SALAFIN	184 978	184 978
Maroc Factoring	1 703	1 703
BMCE CAPITAL BOURSE	2 618	2 618
BMCE INTERNATIONAL (MADRID)	3 354	3 354
BANK OF AFRICA	711 976	711 976
LOCASOM	98 725	98 725
CID	14 555	14 555
GROUP TOTAL	1 032 114	1 032 114

# Sensitivity to changes in assumptions

(In thousand MAD)	BANK OF AFRICA Group	LOCASOM
Cost of capital	18%	8.5%
Unfavorable change of 200 basis points	-1 615 624	-157 670
Favorable change of 200 basis points	2 085 999	337 902

# 4.13. PROVISIONS FOR CONTINGENCIES AND CHARGES

	dec 19	dec 18
Total provisions at start of period	1 039 395	1 087 637
Additions to provisions	293 296	109 315
Reversals of provisions	-165 979	-152 609
Effect of movements in exchange rates and other movements	5 862	-4 947
Total provisions at end of period	1 172 573	1 039 395

(In thousand MAD)	Legal and fiscal risks	Obligations for post- employment benefits	Loan commitments and guarantees	Onerous contracts	Other provisions	Total book value
Opening balance	23 484	441 583	295 711	0	278 617	1 039 395
Provisions	22 054	23 879	71 814	0	175 549	293 296
Amounts used	-5 751	0	-86 892	0	-73 336	-165 979
Other activity	-170	0	20 446	0	-14 414	5 862
Closing balance	39 617	465 462	301 079	0	366 416	1 172 574





# 4.14. FAIR VALUE

# **4.14.1.** Fair value of financial instruments carried at amortised cost

	dec		dec 18		
	Book value	Estimated market value	Book value	Estimated market value	
FINANCIAL ASSETS					
Loans and receivables due from credit institutions	22 403 739	22 412 197	21 250 394	21 264 422	
Loans and receivables due from customers	186 645 591	187 710 345	179 302 874	179 601 283	
Assets held to maturity	30 042 750	30 279 750	25 315 848	25 366 370	
Investment property	3 800 224	3 869 864	3 730 378	3 800 018	
FINANCIAL LIABILITIES					
Loans and receivables due to credit institutions	45 071 844	45 071 844	43 725 210	43 725 210	
Loans and receivables due to customers	202 816 657	202 816 657	192 474 205	192 474 205	
Debt securities	16 346 393	16 346 393	13 582 981	13 582 981	
Subordinated debts	9 590 170	9 590 170	9 585 289	9 585 289	

# 4.14.2. Breakdown by measurement method of financial instruments recognised at fair value presented in accordance with IFRS 7 recommendations

		dec	19	
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at-fair				
value through profit or loss held	30 707 725	-	-	30 707 725
for trading				
of which financial assets at-fair-	29 913 430			29 913 430
value through profit or loss	29 9 15 450			29 9 13 430
of which derivative financial	794 295			704 205
instruments	794 295			794 295
Financial instruments desi-				
gnated as at-fair-value through	1987 249	-	4 127 218	6 114 467
profit or loss				
Derivatives used for hedging	1 667 868			1 667 868
purposes	1007 000			1007 000
Available for sale financial	319 381		4 127 218	4 446 599
assets	313 301		4 127 210	4 440 333
FINANCIAL LIABILITIES				
Financial instruments at-fair-				
value through profit or loss held				
for trading				
Financial instruments desi-				
gnated as at-fair value through				
profit or loss				
Derivatives used for hedging				
purposes				

			dec	: 18	
	Level	1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Financial instruments at-fair					
value through profit or loss held	26 116 22	22	-	-	26 116 222
for trading					
of which financial assets at-fair-	25 104 68	36			25 104 686
value through profit or loss					
of which derivative financial instruments	1 011 53	36			1 011 536
Financial instruments desi-					
	1555 49			3 833 196	5 388 692
gnated as at-fair-value through	1555 45	15	-	3 833 196	5 388 692
profit or loss					
Derivatives used for hedging	1 402 63	88			1402 638
purposes Available for sale financial					
assets	152 85	57		3 833 196	3 986 054
FINANCIAL LIABILITIES					
Financial instruments at-fair-					
value through profit or loss held				-	-
for trading					
Financial instruments desi-					
gnated as at-fair value through				-	-
profit or loss					
Derivatives used for hedging					
purposes					

# **4.14.3.** Fair value hierarchy of assets and liabilities recognised at amortised cost

			dec 19	
(In thousand MAD)	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions			22 412 197	22 412 197
Loans and receivables due from customers			187 710 345	187 710 345
Held-to-maturity financial assets			30 279 750	30 279 750
LIABILITIES				
Due to credit institutions			45 071 844	45 071 844
Due to customers			202 816 657	202 816 657
Debt securities issued			16 346 393	16 346 393
Subordinated debt			9 590 170	9 590 170

			dec <b>18</b>	
(In thousand MAD)	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions			21 264 422	21 264 422
Loans and receivables due from customers			179 601 283	179 601 283
Held-to-maturity financial assets			25 366 370	25 366 370
LIABILITIES				
Due to credit institutions			43 725 210	43 725 210
Due to customers			192 474 205	192 474 205
Debt securities issued			13 582 981	13 582 981
Subordinated debt			9 585 289	9 585 289

# FINANCIAL REPORT

				dec 19							dec 18			
	From	D-Day to 3 months after	3 mon- ths to 1 year	1 to 5	5+ years	Non-fixed term	Total	From	D-Day to 3 months after	3 mon- ths to 1 year	1 to 5	5+ years	Non-fixed ferm	Total
Cash values, central banks, public treasury, postal check service	14 451						14 451	14 311						14 311
Financial assets at fair va- lue through profit or loss							0							0
Financial assets held for trading						29 913	29 913						25 104	25 104
Other financial assets held for trading						794	794						1 011	1011
Hedging derivatives							0							0
Financial assets at fair value through equity  Debt instruments ac-							0							0
counted for at fair value through recyclable equity	0	283	57	780	548	0	1 668			533	870			1403
Equity instruments ac- counted for at fair value through nonrecyclable equity						4 447	4 447						3 986	3 986
Securities at amortized cost		2 767	4 943	16 393	5 939		30 043		1 965	3 775	14 350	5 226		25 316
Loans and receivables from credit and similar institutions, at amortized cost	12 057	1897	1 517	3 518	0	3 415	22 404	8 900	1 812	1861	4 783	718	3 177	21250
Loans and receivables from customers at amortized cost	22 955	32 724	24 429	47 295	43 871	15 372	186 646	22 437	27 351	24 619	46 866	42 960	15 070	179 303
Fair value revaluation of portfolio hedge							0							0
Insurance businesses investments							0							0
Payable tax asset						920	920						784	784
Deferred tax asset Adjustment accounts and other assets						1 768 6 631	1 768 6 631						1 616 7 199	1 616 7 199
Interests in companies valued using the equity method						931	931						874	874
Investment properties						3 800	3 800						3 730	3 730
Tangible capital asset acquisitions						9 223	9 223						7 640	7 640
Intangible capital asset acquisitions						1 079	1 079						988	988
Goodwill	40.460	07.074	20.046	67.007	E0.0E0	1032	1032	45.645	24.427	20 700	66.666	40.005	1 032	1032
TOTAL ASSETS Central banks, public treasury, postal check	49 463	37 671	30 946	67 987	50 358	/9 325	<b>315 750</b>	45 647	31 127	30 788	66 869	48 905	72 211	<b>295 547</b>
service Financial liabilities at fair value through profit							0							0
or loss Amounts due to credit														
and similar institutions Amounts due to cus-	5 615	28 759	4 641	5 228	516	312		5 038	25 900	4 667	7 297	823		43 725
tomers  Debt securities issued	159 766	17 163 2 321	24 139 4 739	9 286	0	308	202 817 16 346	151 145	14 923	24 784 6 633	1 622 5 466	0	0	192 474 13 583
Payable tax liabilities  Deferred tax liabilities		2 321	. , , , ,	2 200		1 396 1 180	1 396		. 103		2 100		769	769 1180
Adjustment accounts and						10 379	1 180 10 379						1 180 9 350	9 350
other liabilities Provisions						1 173	1 173						1 039	1039
Subordinated debt and special guarantee funds		0	0	2 200	7 390	0	9 590		0	0	1 199	8 386	0	9 585
Equity						27 797	27 797						23 842	23 842
TOTAL LIABILITIES LIQUIDITY GAPS	165 381 -115 918	48 244 -10 573	33 519 -2 573	18 155 49 831	7 906 42 452	42 544 36 782		156 183 -110 536	42 308 -11 181	36 084 -5 296	15 583 51 286	9 209 39 696	36 180 36 031	295 547 0





# V. FINANCING ANG GUARANTEE COMMITMENTS

#### **5.1. FINANCIAL COMMITMENT**

	dec 19	dec 18
Financing commitments given	11 977 829	10 433 663
- To credit institutions	1 709 943	1 152 550
- To customers:	10 267 886	9 281 113
Confirmed letters of credit		
Other commitments given to customers		
Financing commitments received	1 307 891	2 518 082
From credit institutions	1 307 891	2 518 082
From customers	-	-

# » Financing commitments given to credit and similar institutions

This entry relates to commitments to make liquidity facilities available to other credit institutions such as refinancing agreements and back-up commitments on securities issuance.

# » Financing commitments given to customers

This entry relates to commitments to make liquidity facilities available to customers such as confirmed credit lines and commitments on securities issuance.

# » Financing commitments received from credit and similar institutions

This entry relates to financing commitments received from credit and similar institutions such as refinancing agreements and backup commitments on securities issuance.

#### **5.2. GUARANTEE COMMITMENTS**

	dec 19	dec 18
Guarantee commitments given	31 251 628	31 180 340
To credit institutions	10 465 226	10 742 293
To customers:	20 786 402	20 438 048
Sureties provided to tax and other authorities,		
other sureties		
Other guarantee commitments to customers		
Guarantee commitments received	87 615 861	97 549 646
From credit institutions	85 858 844	95 300 914
From the State and guarantee institutions	1 757 017	2 248 732

# » Guarantee commitments given to credit and similar institutions

This entry relates to commitments to assume responsibility for an obligation entered into by a credit institution if the latter is not satisfied with it. This includes guarantees, warranties and other guarantees given to credit and similar institutions.

# » Guarantee commitments given to customers

This entry relates to commitments to assume responsibility for an obligation entered into by a customer if the latter is not satisfied with it. This includes guarantees given to government institutions and real estate guarantees, among others, real estate guarantees, etc.

# » Guarantee commitments received from credit and similar institutions

This entry includes guarantees, warranties and other guarantees received from credit and similar institutions.

# » Guarantee commitments received from the State and other organisations

This entry relates to guarantees received from the State and other organisations.

#### **VI. SALARY AND EMPLOYEE BENEFITS**

#### **6.1. DESCRIPTION OF CALCULATION METHOD**

Employee benefits relate to long-service awards and end-of career bonuses.

The method used for calculating the liability relating to both these benefits is the "projected unit credit" method as recommended by IAS 19.

# » Caisse Mutualiste Interprofessionnelle Marocaine (CMIM) scheme

The Caisse Mutualiste Interprofessionnelle Marocaine (CMIM) is a private mutual insurance company. The company reimburses employees for a portion of their medical, pharmaceutical, hospital and surgical expenses. It is a post-employment scheme providing medical cover for retired employees.

The CMIM is a multi-employer scheme. As BANK OF AFRICA is unable to determine its share of the overall liability (as is the case for all other CMIM members), under IFRS, expenses are recognised in the year in which they are incurred. No provision is recognised in respect of this scheme.

# 6.2. SYNTHESIS AND DESCRIPTION OF PROVISIONS OF EXISTING SCHEMES

# 6.2.1. Provisions in respect of post-employment and other long-term benefits provided to employees

	dec 19	dec 18
Retirement allowances and equivalents	464 981	441 583
Special seniority premiums allowances		
Other		
TOTAL	464 981	441 583

NB: the provision for employee benefits measured in accordance with IAS 19 is recognised in the «Provisions for contingencies and charges» caption of the liabilities item.

# 6.2.2. Basic assumptions underlying calculations

An analysis of sensitivity to the two main actuarial assumptions used to calculate the cost of benefit plans (post-employment benefits, long service awards) at 31 December 2019 is presented in the following table :

End of career allowance	Rate variation -50 pb	Rate Variation +50 pb
Discount rate	-11 309	10 302
Wage growth rate	11 912	-13 039
Honoured Labour Medal	Rate variation	Rate Variation
Honoured Labour Medai	-50 pb	+50 pb
Discount rate	-13 337	12 395
Wage growth rate	16 691	-17 932

Economic assumptions	dec 19
Discount rate	3,30%
Long-term wage growth (inflation included)	3%
Social security contribution rate	
Demographic assumptions	Voluntary resignation
Retirement terms	60
Retirement age	PM 60/64 - PF 60/64
Mortality table	

The discount rate is based on secondary market Treasury benchmark bond yields - Duration: about 22 years.

# 6.2.3. Cost of post-employment plans

dec 19	dec 18
9 228	3 224
14 170	13 536
23 398	16 760
	9 228 14 170

# **6.2.4.** Changes in the provision recognised on the balance sheet

	dec 19	dec 18
Actuarial liability, beginning of the	441 583	424 824
period		
Normal cost	33 600	32 526
Interest cost	14 170	13 536
Experience gains/ losses	-	-
Other actuarial gains/ losses		-
Depreciation of net gains/losses		-
Paid benefits	-24 372	-29 302
Additional benefits	0	0
Other	-	-
Actuarial liability, end of the period	464 981	441 584
Whose relative cost to the assimilated		
retirement benefits		
Others		

# **VII. ADDITIONAL INFORMATION**

# 7.1. CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

# 7.1.1. Share capital transactions

	dec 19	dec 18
SHARE CAPITAL (IN MAD)	1998 205 000	1794 633 900
Number of common shares outstanding	199 820 500	179 463 390
during the year		
NET INCOME ATTRIBUTABLE TO THE	1 921 509 992	1 831 169 832
SHARHOLDER'S OF THE PARENT (IN		
MAD)		
BASIC ERNINGS PER SHARE (IN MAD)	9,62	10,20
DILUTED EARNING PER SHARE (IN MAD)	9,62	10,20

# 7.1.2. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to holders of ordinary share s by the weighted average number of ordinary shares outstanding during the period.

TRANSACTIONS ON CAPITAL	In number	Unit value	In MAD
Number of shares outstanding at 31 December 2016	179 463 390	10	1794 633 900
Number of shares outstanding at 31 December 2017	179 463 390	10	1794 633 900
Number of shares outstanding at 31 December 2018	179 463 390	10	1794 633 900
Number of shares outstanding at 31 December 2019	199 820 500	10	1 998 205 000

The Bank does not have any dilutive instruments for conversion into ordinary shares. As a result, diluted earnings per share equates to basic earnings per share.

#### **7.2. SCOPE OF CONSOLIDATION**

denomination	denomination Business line		% of	Consolida-
denomination	Dusiliess lille	control	interest	tion method
BANK OF AFRICA	Bank			Mère
BMCE CAPITAL	Investment Bank	100,00%	100,00%	I.G.
BMCE CAPITAL	Assets	100,00%	100,00%	I.G.
GESTION	Management	100,00%	100,00%	1.6.
BMCE CAPITAL	Stock Brokerage	100,00%	100,00%	I.G.
BOURSE	Slock blokelage	100,00%	100,00%	1.6.
MAROC FACTORING	Factoring	100,00%	100,00%	I.G.
MAGHREBAIL	Leasing	52,47%	52,47%	I.G.
SALAFIN	Consumer Loan	60,79%	60,79%	I.G.
BMCE	Financial	100,00%	100,00%	I.G.
EUROSERVICES	Institution	100,00%	100,00%	1.G.
LCB Bank	Bank	37,00%	37,00%	I.G.
BMCE BANK				
INTERNATIONAL	Bank	100,00%	100,00%	I.G.
HOLDING				
BOA GROUP	Banking Holding	72,41%	72,41%	I.G.
LOCASOM	Car Rental	100,00%	97,39%	I.G.
RM EXPERTS	Debt Collection	100,00%	100,00%	I.G.
OPERATION GLOBAL	Services Back-	100,00%	100,00%	I.G.
SERVICE	Office Bancaire	100,00%	100,00%	1.G.
FCP OBLIGATIONS	OPCVM	100,00%	100,00%	I.G.
PLUS	OPCVIVI	100,00%	100,00%	1.6.
BOA UGANDA	Bank	91,25%	77,65%	I.G.
BANQUE DE				
DEVELOPPEMENT	Bank	32,38%	32,38%	MEE
DU MALI				
EULER HERMES	Insurance	20,00%	20,00%	MEE
ACMAR	Insurance	20,00%	20,00%	MEE
EURAFRIC	IT System	41,00%	41,00%	MEE
INFORMATION	II System	41,00%	41,00%	IVI C C
CONSEIL				
INGENIERIE ET	Engineering	38,90%	38,90%	MEE
DEVELOPPEMENT				
AFRICA MOROCCO	Maritime	51,00%	51,00%	MEE
LINKS	Transport	31,0070	3 1,0070	IVI C C
BANK AL TAMWIL	Participating	51,00%	51,00%	MEE
WAL INMAA	Bank	31,0070	31,0070	IVI L L

BANK OF AFRICA holds 37% of La Congolaise de Banque's voting rights and has a controlling interest in this subsidiary as per the criteria outlined in IFRS 10.

Power: BANK OF AFRICA derives its effective rights from the management contract entrusted to it by the other shareholders. It has a majority on the Board of Directors with three directors followed by the Congolese State which has two directors.





Returns: BANK OF AFRICA is exposed, or has rights, to the profits generated by LCB pro-rata to its shareholding in the company.

Link between power and returns: BANK OF AFRICA is responsible for appointing LCB's senior management as well as being able to influence this entity's returns.

# 7.2.1. Related-party balance sheet items

Relationship between BANK OF AFRICA and consolidated companies and the Parent Company.

Naturally transactions with consolidated companies are fully eliminated with regard to the outstandings at the end of the period. Outstandings at end of period under transactions with companies consolidate under the equity method and the Parent Company are maintained in the consolidated financial statements.

# 7.3. Remuneration paid to the main directors

# 7.3.1 Remuneration paid to the main directors

	dec 19	dec 18
Short-term benefits	24 878	21 061
Post-employment benefits	1956	1 5 6 8
Other long-term benefits	6 383	6 179

Short-term employee benefits represent the fixed remuneration paid to directors for the year 2019, employers' social contributions included.

Post-employment benefits represent the remaining vacation days payed in the case of employee departure from the company. End of employment indemnities include end of career bonuses and work medals paid to employees upon their departure.

# 7.3.2 Loans granted to the main Executive Corporate Officers

	dec 19	dec 18
A. Consumer loans	56 019	37 492
B. Mortgage loans	17 764	12 965
TOTAL	73 783	50 457

# 7.3.3 Directors' fees paid to members of the board of directors

	dec 19			
	Gross amount	With holding	Net income	
		tax	paid	
Physical and legal per-	3 842	992	2 850	
sons resident in Morocco				
Physical and legal	3 235	485	2 750	
persons non resident in				
Morocco				
TOTAL	7 077	1 477	5 600	

	dec 18			
	Gross amount With holding		Net income	
		tax	paid	
Physical and legal per-	3 485	885	2 600	
sons resident in Morocco				
Physical and legal	3 823	573	3 250	
persons non resident in				
Morocco				
TOTAL	7 308	1 458	5 850	

# 7.4. Related party

# 7.2.2. Related party profit and loss items

	Parent company (Fi- nanceCom)	Sister com- panies	Companies consolidated according to the equity method	Companies consolidated through full integration
Asset				
Loans, advances and securities	1 519 233	4 525 782	48 251	11 143 448
Current accounts	1 519 233	2 675 762	18 952	973 471
Loans		566 694	29 299	10 169 977
Securities		1 283 325		-0
Capital lease				
Miscellaneous				19 347
assets				15 547
Total	1 519 233	4 525 782	48 251	11 162 795
Liability				
Deposits	-	2 182 656	8 193	10 950 630
Current accounts		2 182 656	8 193	973 465
Other borrowings				9 977 165
Debts represented				199 819
by a security				155 615
Miscellaneous liability				12 346
Total		2 182 656	8 193	11 162 795
Financing and guar-				
antee commitments				
Commitments given				1 630 205
Commitments				
received				1 630 205

#### 7.4.2. Related party profit and loss items

	Parent company (Fi- nanceCom)	Sister com- panies	Companies consolidated according to the equity method	Companies consolidated through full integration
Interest and similar income		-52 733	-2 866	-329 436
Interest and similar expenses				401 712
Fees (income)		-52 733		-345 963
Fees (expenses)				65 176
Services pro- vided				
Services pro- cured	41 871			
Lease income		-53 133	-8 527	-211 742
Other	•	88 073		420 247





# STATUTORY AUDITORS' GENERAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the attached financial statements of BANK OF AFRICA BMCE GROUP, comprising the balance sheet, the off-balance sheet statement, the income statement, the management accounting statement, the cash flow statement and the additional information statement for the financial year ended 31 December 2019. These financial statements show shareholders' equity and equivalent of MAD 29,435,162 K, including net income of MAD 1,371,848 K. These financial statements were drawn up by the Board of Directors 27 March 2020 against the evolving backdrop of the Covid-19 pandemic on the basis of the available information at that time.

#### Management's responsibility

It is Management's responsibility to draw up and present these financial statements to give a true and fair view of the company's financial position in accordance with the generally accepted accounting principles and procedures applicable in Morocco. This responsibility includes drawing up, implementing and maintaining internal control procedures regarding the drawing up and presentation of the financial statements to ensure that they free of material misstatement and for making accounting estimates that are reasonable under the circumstances.

# Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We carried out our audit in accordance with Moroccan accounting standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves implementing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures adopted depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements.

In making those risk assessments, the auditor takes into consideration the internal control procedures adopted by the entity regarding the drawing up and presentation of the financial statements so as to determine appropriate audit procedures under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the said procedures. An audit also consists of assessing whether the accounting policies adopted are appropriate and whether the accounting estimates made by senior management are reasonable, as well as assessing the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Opinion on the financial statements

BANK OF AFRICA BMCE GROUP possesses a stock of non-operating property assets that were acquired as dation-in-payment and valued at MAD 4.8 billion at 31 December 2019. Given the risks inherent in these property assets, particularly uncertainties about their resale value and the period of time required to liquidate them, we are therefore unable to give an opinion about the value of these assets at 31 December 2019.

Pending the outcome of the situation described above, in our opinion, the financial statements referred to above in the first paragraph give, in all material aspects, a true and fair view of the income from operations for the financial year ended 31 December 2019 and of the financial position of BANK OF AFRICA BMCE GROUP in accordance with the generally-accepted accounting principles and procedures applicable in Morocco.

# Specific checks and information

We also carried out specific checks required by law and we are satisfied that the Bank's financial statements are consistent with the information provided in the Board of Directors' management report for shareholders drawn up 27 March 2020.

As far as the events occurring after the balance sheet date as well as the information known in relation to the effects of the Covid-19 crisis are concerned, we have been informed by Management that these will be discussed at the Annual General Meeting convened to approve the financial statements.

Furthermore, in accordance with the provisions of Article 172 of Act 17-95 as amended and completed, we hereby inform you that, in 2019, the Bank:

- Acquired a 24.99% stake in BMCE CAPITAL REAL ESTATE for MAD 1,250 K
- Acquired a 47.41% stake in BOA UGANDA for MAD 137,410 K  $\,$

Casablanca, 28 April 2020

The Statutory Auditors

11, Avenue Bir Kacem, Scuissi - Rabat Telephone : 212 5 37 63 37 02 (à 06) Télécopie : 212 5 37 63 37 11 Fouad LAHGAZI

Fouad LAHGAZI Associé





# STATUTORY AUDITORS' SPECIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

As your company's statutory auditors, we hereby present to you our report on related party agreements in accordance with the provisions of Articles 56-59 of Act No. 17-95 as amended and completed by Act No. 20-05 and Act No. 78-12 and their application decrees.

It is our responsibility to present to you the main terms and conditions of the agreements that have been disclosed to us by the Chairman of the Board or ascertained when carrying out our assignment, without commenting on their relevance or substance or searching for any undisclosed agreements. Under the provisions of the above Act, it is your responsibility to determine whether these agreements should be approved.

We performed the procedures that we deemed necessary in accordance with Moroccan accounting standards. These procedures consisted of checking that the information given to us was consistent with the underlying documents.

# 1. AGREEMENTS ENTERED INTO DURING 2019

#### 1.1. Shareholders' agreement between CDC, FinanceCom, RMA, BANK OF AFRICA - BMCE Group and BOA Group

#### Person(s) concerned:

- Mr Othman BENJELLOUN is Chairman of RMA's Supervisory Board, Chairman and Chief Executive Officer of FinanceCom and also Chairman and Chief Executive Officer of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, Chief Executive Officer of RMA and a Director of FinanceCom, is also a Director of BANK OF AFRICA BMCE Group
- Mr Hicham EL AMRANI, Deputy Chief Executive Officer of FinanceCom and a Director of RMA, is also a Director of BANK OF AFRICA BMCE Group
- Mr Brahim BENJELLOUN-TOUIMI, a Director of RMA, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group.

#### Main terms and conditions:

With CDC Group acquiring a stake in BANK OF AFRICA - BMCE Group, a shareholder agreement was signed with CDC Group.

The Shareholders' Agreement primarily aims to bolster and/or broaden existing practices in social and environmental responsibility (CSR) and business integrity, consistent with international standards, while ensuring the equal treatment of shareholders.

The limited rights to which CDC is entitled as an investor comprise standard defensive rights affording it a minimum level of protection and ensuring that it is able to monitor the fundamental aspects of its investment without getting involved in the strategic, operational or day-to-day management decisions of BANK OF AFRICA - BMCE Group.

The Shareholders' Agreement does not therefore contain (i) a voting agreement between FinanceCom/RMA and CDC for the purpose of influencing the decisions of BANK OF AFRICA - BMCE Group, (ii) a power of veto benefiting CDC, (iii) a reinforced quorum or majority rule benefiting CDC, or (iv) an obligation to act in concert on financial markets to acquire or sell voting rights attached to BANK OF AFRICA - BMCE Group's shares. Similarly, FinanceCom / RMA will not be under any obligation to purchase the shares in BANK OF AFRICA - BMCE Group held by CDC. Lastly, no liquidity or profitability guarantee has been granted to CDC.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 1.2 Contract between BANK OF AFRICA – BMCE Group, O'Tower and Société Générale Marocaine de Banque to open a line of credit

#### Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman and Chief Executive Officer of BANK OF AFRICA BMCE Group, is also Chairman of O'Tower's Board
- Mr Zouheir BENSAID, Director of BANK OF AFRICA BMCE Group, is also a Director of O'Tower
- Mr Hicham EL AMRANI, Director of BANK OF AFRICA BMCE Group, is also a Director of O'Tower

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of O'Tower
- Mr Mounir CHRAIBI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of O'Tower

#### Main terms and conditions:

The purpose of this contract, entered into 21 January 2019, is to establish the terms and conditions by which SGMB will open a line of credit for O'Tower, secured by a first demand guarantee by BANK OF AFRICA – BMCE Group, amounting to MAD 830 million, incurring a 0.25% fee and 2% interest at maturity 30 September 2022.

O'Tower is responsible for paying annual fees which will debited from its account on a monthly basis. O'Tower expressly undertakes to constitute the relevant provision as soon as the said guarantee comes into force.

The amount of cash collateral constituted by the guarantee for SGMB must at all times cover the outstanding guarantee issued by the latter.

O'Tower undertakes to repay the amounts, comprising principal, fees, expenses and incidentals, called up in respect of the guarantees, prior to the date on which the letter of guarantee relating to the payment expires.

This Contract, which is for a fixed 4-year period, will take effect from the date that it is signed by the Parties.

#### Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 576 K for the period ended 31 December 2019.

# 1.3 Addendum to the subordinated loan contract between BANK OF AFRICA – BMCE Group and BMCE BANK INTERNATIONAL

#### Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Director of BMCE BANK INTERNATIONAL Plc, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Mohammed AGOUMI, Director of BMCE BANK INTERNATIONAL Plc, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Under the terms of this addendum entered into in May 2019, agreement was reached to extend the maturity date of the EUR 17,700,000 subordinated loan granted in 2010 by BANK OF AFRICA – BMCE Group to BBI.

The rate of interest will increase from 2% to 4% and repayment will occur on the sixteenth rather than thirteenth anniversary.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 5,447 K for the period ended 31 December 2019.

# 1.4. Financing agreement between BANK OF AFRICA – BMCE Group and BMCE Bank International

### Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Director of BMCE BANK INTERNATIONAL Plc, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Mohammed AGOUMI, Director of BMCE BANK INTERNATIONAL Plc, is also Delegated General Manager of BANK OF AFRICA BMCE Group

# Main terms and conditions:

Under the terms of this agreement signed in May 2019, BANK OF AFRICA – BMCE Group shall provide BBI with a financing line of up to USD 315 million, to be drawn down in one or more instalments. This funding will enable BBI to satisfy its internal needs as well as complying with regulatory capital requirements.

As far as remuneration is concerned, interest payable on the loans will be agreed by the parties based on market conditions.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 66,470 K for the period ended 31 December 2019





# 1.5. Addendum to the services contract between BANK OF AFRICA – BMCE Group and BMCE Euroservices (2018)

#### Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of BMCE EuroServices' Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Omar TAZI, Assistant Director of BMCE EuroServices, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Messrs Driss BENJELLOUN, Mohamed AGOUMI and Mounir CHRAIBI, Directors of BMCE EuroServices, are also Delegated General Managers of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

This addendum to the agreement between BANK OF AFRICA – BMCE Group and BMCE Euroservices, entered into 15 June 2018, provides the latter with the option of offering certain customers a higher rate of interest on their deposits compared to the standard rate offered by BANK OF AFRICA – BMCE Group. The resulting additional financial cost will be borne by BMCE Euroservices by way of a reduction in its remuneration.

#### Amount(s) recognised:

The impact from this agreement is included in the remuneration paid to BES (cf. 2.43).

# 1.6. Services agreement between BANK OF AFRICA - BMCE Group and RM Experts relating to debt recovery

#### Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of RM EXPERTS
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also Chairman and Chief Executive Officer of RM EXPERTS
- Mr Khalid LAABI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of RM EXPERTS

# Main terms and conditions:

In the wake of the changes made in June 2019 to RM Experts' governance, an agreement was entered into to establish the terms and conditions by which (i) BANK OF AFRICA - BMCE Group will mandate RM EXPERTS to manage recovery from its customers of non-performing loans either amicably or by taking legal action or by any other procedure deemed useful for recovering the amounts due (ii) RM EXPERTS will help BANK OF AFRICA - BMCE Group establish an efficient entity responsible for recovering non-performing loans from its customers.

This agreement, signed 13 February 2020, covers the costs incurred by RM Experts over the period from 13 June 2019 to 13 December 2019, when carrying out debt recovery on behalf of BANK OF AFRICA - BMCE Group.

The said agreement is for a fixed period ending 31 December 2019.

# Amount(s) recognised:

The impact from this agreement is included in the remuneration paid by BANK OF AFRICA – BMCE Group to RM EXPERTS (cf. 2.40).

# 2. AGREEMENTS ENTERED INTO IN PREVIOUS YEARS WHICH REMAINED IN FORCE DURING 2019

# 2.1. Management agreement between BANK OF AFRICA – BMCE Group and Maroc Factoring

# Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of Maroc Factoring's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of Maroc Factoring's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a member of Maroc Factoring's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Following on from the agreement entered into with Maroc Factoring in 2016, a management agreement was signed in March 2018 by which BANK OF AFRICA – BMCE Group shall fully and exclusively entrust Maroc Factoring with the management of its factoring business on its behalf.

As far as remuneration is concerned, Maroc Factoring shall receive a management fee based on a pre-set formula (receivables assigned, general operating expenses etc.). A minimum management fee has been agreed which will be no less than the total fees invoiced in 2017 i.e. MAD 14.7 million exclusive of taxes.

This agreement is for a 1-year period and may be automatically renewed by a further year.

#### Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 20,610 K for the period ended 31 December 2019.

# 2.2. Lease contract between BANK OF AFRICA - BMCE Group and RM Experts

#### Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of RM Experts
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of RM Experts

#### Main terms and conditions:

Under the terms of this contract, BANK OF AFRICA – BMCE Group shall lease to RM Experts mezzanine office space covering a total surface area of 86.40 m² and office space covering a total surface area of 243.87m² on the first floor of the Lina 250 building in Sidi Maarouf, Casablanca, whose land title number is No. 1,477/47.

The monthly rental payment is set at MAD 14,967.68 inclusive of taxes, including the communal services tax charged at a rate of 10.5% of the rental amount exclusive of taxes. This may be revised annually at a rate of 3.5% of the rental amount exclusive of taxes.

This lease contract is for a 3-year period and may be automatically renewed from 1 April 2018.

### Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 156 K for the period ended 31 December 2019.

# 2.3. Agency agreement between BANK OF AFRICA - BMCE Group and Damane Cash

# Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of Damane Cash, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Messrs M'Fadel EL HALAISSI and Omar TAZI, Directors of Damane Cash, are also Delegated General Managers of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Under the terms of this agency agreement entered into with Western Union Network for the purpose of offering Western Union-branded money transfer services in Morocco, Damane Cash is entitled to entrust the provision of these services to BANK OF AFRICA – BMCE Group.

BANK OF AFRICA – BMCE Group shall therefore undertake to offer a money transfer service across its entire network in compliance with applicable legislation and in accordance with the terms and conditions outlined in Western Union's fee schedules, International Service Reference Guide, policies and regulations.

As far as payment terms are concerned, BANK OF AFRICA – BMCE Group shall retrocede to Damane Cash the principal amount for each money transfer services transaction carried out via the Bank, as well as any fees or other charges invoiced in connection with the said transaction.

This agreement is for a 5-year period, taking effect on the date that it is signed. It may be automatically renewed for successive 1-year periods.

#### Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.





# 2.4. Shareholders' current account advance agreement between BANK OF AFRICA – BMCE Group and FARACHA IMMO

#### Person(s) concerned:

• Mr Mounir CHRAIBI, co-manager FARACHA IMMO, is also Delegated General Manager of BANK OF AFRICA - BMCE Group

#### Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BANK OF AFRICA – BMCE Group shall provide FARACHA IMMO with a shareholders' current account advance amounting to MAD 299,142 K net, repayable at the maximum statutory rate of interest rate applicable for shareholders' current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when FARACHA IMMO has repaid the advance to BANK OF AFRICA – BMCE Group in full.

#### Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.5. Shareholders' current account advance agreement between BANK OF AFRICA - BMCE Group and NEJIMI IMMO

#### Person(s) concerned:

Mr Mounir CHRAIBI, co-manager of NEJIMI IMMO, is also Delegated General Manager of BANK OF AFRICA - BMCE Group

#### Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BANK OF AFRICA – BMCE Group shall provide NEJIMI IMMO with a shareholders' current account advance amounting to MAD 60,217 K net, repayable at the maximum statutory rate of interest rate applicable for shareholders' current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when NEJIMI IMMO has repaid the advance to BANK OF AFRICA – BMCE Group in full.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised repayment of sums totalling MAD 60,217 K for the period ended 31 December 2019.

# 2.6. Shareholders' current account advance agreement between BANK OF AFRICA - BMCE Group and KRAKER IMMO

#### Person(s) concerned:

Mr CHRAIBI, co-manager of KRAKER IMMO, is also Delegated General Manager of BANK OF AFRICA – BMCE Group

#### Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BANK OF AFRICA – BMCE Group shall provide KRAKER IMMO with a shareholders' current account advance amounting to MAD 53,432 K net, repayable at the maximum statutory rate of interest rate applicable for shareholders' current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when KRAKER IMMO has repaid the advance to BANK OF AFRICA – BMCE Group in full.

#### Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised repayment of sums totalling MAD 53,432 K for the period ended 31 December 2019.

# 2.7. Amendment to the agreement between BANK OF AFRICA - BMCE Group and RM Experts

#### Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of RM Experts;
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of RM Experts

#### Main terms and conditions:

Entered into 24 December 2010, the agreement exclusively appoints RM EXPERTS to recover the non-performing loan dossiers entrusted to it by BANK OF AFRICA – BMCE Group.

Under the terms of this amendment, BANK OF AFRICA – BMCE Group shall appoint RM Experts to undertake any enquiry requested of it into the financial situation or assets of individuals, legal entities or companies or for any other information.

RM Experts must thereby provide BANK OF AFRICA – BMCE Group with all possible information, regardless of its nature, to enable BANK OF AFRICA – BMCE Group to gain an insight into the situation of such persons, prior to it granting the loan.

RM Experts is authorised by BANK OF AFRICA – BMCE Group to carry out any investigation that may be required to successfully carry out the assignment entrusted to it, either directly by its own means or by calling upon other service providers if needed.

The services will be priced on the basis of the region and type of asset in question.

### Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

#### 2.8. Services agreement between BANK OF AFRICA - BMCE Group and GNS Technologies

# Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of GNS Technologies' Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of GNS Technologies
- Mr Omar TAZI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of GNS Technologies

### Main terms and conditions:

The purpose of this services agreement, entered into in August 2017, is to define the contractual framework governing the relationship between BANK OF AFRICA – BMCE Group and GNS Technologies by clarifying the scope and terms and conditions for undertaking the services provided, as well as each party's obligations.

Under the terms of this agreement, GNS Technologies shall undertake to provide each of the services specified in the said agreement's annex.

As far as remuneration is concerned, it is agreed that GNS Technologies will receive an annual fee of MAD 100,000 exclusive of taxes, a fee of 6 dirhams exclusive of taxes per completed transaction in providing the Rapido service as well as fees in relation the card and payment business. BANK OF AFRICA – BMCE Group shall retrocede to GNS Technologies any fees relating to local and international prepaid card transactions.

This agreement is for a 3-year period. At the end of this initial period, the agreement may be automatically renewed from one year to the next.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.9. Agency agreement between BANK OF AFRICA – BMCE Group and Damane Cash, a money transfer company, relating to transactions carried out by credit institutions

# Person(s) concerned:

• Mr Mounir CHRAIBI, Chairman of the Board of Damane Cash, is also Delegated General Manager of BANK OF AFRICA – BMCE Group





- Mr M'Fadel EL HALAISSI, a Director of Damane Cash, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr Omar TAZI, a Director of Damane Cash, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

BANK OF AFRICA – BMCE Group shall entrust to Damane Cash, a wholly-owned indirect subsidiary of the Bank, an agency mandate relating to transactions carried out by credit institutions within the framework of marketing domestic and international prepaid bank cards to BANK OF AFRICA – BMCE Group customers and to approved partners within the Damane Cash network which shall undertake to comply with the Bank's vigilance and compliance requirements.

This is a five-year automatically renewable agreement.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

## 2.10. Sales and lease-back agreement financed by MAGHREBAIL in favour of BANK OF AFRICA - BMCE Group

## Person(s) concerned:

- Mr Azeddine GUESSOUS, Chairman of Maghrebail, is also a Director of BANK OF AFRICA BMCE Group
- Messrs Othman BENJELLOUN, Zouheir BENSAID and Brahim BENJELLOUN-TOUIMI, Directors of Maghrebail, are also respectively Chairman and Chief Executive Officer, Director and Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a Director of Maghrebail, is also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

Under the terms of the agreement, BANK OF AFRICA - BMCE Group shall enter into a sale and lease-back transaction with MAGHREBAIL relating to a series of IT programmes and solutions.

The agreement, entered into at end-December 2017, relates to equipment lease finance of MAD 561,938 K inclusive of taxes over a 60-month period, with the unitary rental payment set at MAD 8,794 K exclusive of taxes.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 109,965 K for the period ended 31 December 2019.

## 2.11. Agreement between BANK OF AFRICA - BMCE Group and BMCE Capital Bourse

# Person(s) concerned:

• Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA - BMCE Group

## Main terms and conditions:

Under the terms of this agreement entered into in February 2016, BMCE Capital Bourse shall delegate to BANK OF AFRICA – BMCE Group the operational and technical handling of its asset custody business.

In consideration, BMCE Capital Bourse shall pay an annual fee of MAD 50,000 exclusive of taxes. Furthermore, it shall remain liable to Maroclear for all membership fees and taxes.

This is a one-year automatically renewable agreement.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.12. Advisory mandate between BANK OF AFRICA – BMCE Group and BMCE Capital Titrisation relating to the securitisation of mortgage-backed securities

# Person(s) concerned:

• Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA – BMCE Group

#### FINANCIAL REPORT

- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA – BMCE Group
- Mr M'Fadel EL HALAISSI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Under the terms of this agreement, BANK OF AFRICA – BMCE Group shall entrust to BMCE Capital Titrisation the securitisation of the Group's mortgage-backed securities.

This agreement is for a 12-month period taking effect on the date that it is signed and may be automatically renewed by 3-month periods if required.

As far as remuneration is concerned, a flat-rate fee of MAD 1 million exclusive of taxes will be charged on the date that the agreement is signed and shall end as soon as the deal is completed.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.13. Mandate between BANK OF AFRICA - BMCE Group and BMCE Capital Titrisation to arrange a real estate asset securitisation deal

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group.

## Main terms and conditions:

In a context of optimising limited resources, BANK OF AFRICA – BMCE Group intends to manage its balance sheet as effectively as possible in relation to its sizeable real estate assets.

By transferring its real estate assets, BANK OF AFRICA – BMCE Group will be able to: (i) free up a portion of the capital mobilised on its balance sheet under liabilities in respect of these assets and (ii) generate fresh cash reserves by ceding these assets.

Under the terms of this agreement, BMCE Capital Titrisation is appointed as arranger for the Group's first real estate securitisation deal. This inaugural deal will be for a sum of between MAD 500 million and MAD 1 billion exclusive of taxes.

This agreement is for a 12-month period taking effect on the date that it is signed. It may be automatically renewed by additional 3-month periods, if required, and shall end as soon as the deal is completed.

As far as the structuring fee is concerned, a retainer fee of MAD 1 million exclusive of taxes will be charged on the date that the mandate is signed. A success fee of 0.4% exclusive of taxes will be paid in the event that the deal is completed successfully.

As far as the placing fee is concerned, remuneration of 0.2% exclusive of taxes of the total deal size will be paid at the delivery/ settlement date.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.





# 2.14. Addendum to the agreement relating to the management of financial market and custody operations

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

The purpose of this addendum, entered into 29 April 2016, is to amend the scope of delegated activities to enable BMCE Capital to provide to BANK OF AFRICA – BMCE Group with any type of specialised service or benefit in terms of research, analysis or financial appraisal.

This agreement is for an indefinite period.

The annual remuneration shall remain unchanged at 15% of the surplus, by comparison with MAD 100 million, of the gross operating income generated by BANK OF AFRICA – BMCE Group's capital market operations and will be between MAD 20 million and MAD 30 million.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 59,743 K in respect of the delegated management component and MAD 34,386 K in respect of the variable remuneration component for the period ended 31 December 2019.

# 2.15. Agreement between BANK OF AFRICA - BMCE Group and FinanceCom to provide assistance and services

## Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman of FinanceCom, is also Chairman and Chief Executive Officer of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID is a Director of both companies
- Mr Brahim BENJELLOUN-TOUIMI, a Director of FinanceCom, is also Group Executive Managing Director of BANK OF AFRICA
   BMCE Group

# Main terms and conditions:

Under the terms of the agreement entered into by BANK OF AFRICA – BMCE Group and FinanceCom, the latter shall undertake to provide BANK OF AFRICA – BMCE Group with assistance in drawing up its Strategic Plans, research, implementing partnerships in Morocco and overseas, generating commercial synergies and support.

This agreement is automatically renewable.

Remuneration shall amount to 0.3% of BANK OF AFRICA – BMCE Group's net banking income, in addition to re-invoicing for FinanceCom staff seconded to the Bank for a pre-determined period and any justifiable expenses incurred.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised a total expense of MAD 43,630 K for the period ended 31 December 2019.

# 2.16. Shareholders' current account advance agreement in favour of O'TOWER between FINANCECOM, BANK OF AFRICA – BMCE GROUP and RMA

# Person(s) concerned:

• Mr Othman BENJELLOUN, Chairman and Chief Executive Officer of BANK OF AFRICA – BMCE Group, is also Chairman of O TOWER's Board

- Mr Zouheir BENSAID, a Director of BANK OF AFRICA BMCE Group, is also a Director of O TOWER
- Mr Mounir CHRAIBI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of O TOWER

#### Main terms and conditions:

Under the terms of this agreement entered into 1 January 2015, BANK OF AFRICA – BMCE GROUP, FINANCECOM and RMA WATANYA, shareholders in O TOWER, with FINANCECOM holding a 15% stake, RMA WATANYA a 37% stake and BANK OF AFRICA – BMCE GROUP a 48% stake, shall accept to provide O TOWER with a shareholders' current account advance at 2.21% interest. The purpose of this current account advance is to provide temporary funding for O TOWER's operations.

This agreement has been entered into for a twelve-month (12) period beginning 1 January 2015. Subsequently, it may be automatically renewed by further one-year (1) periods on 31 December of each year.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group converted the sum of MAD 47,898 K from its shareholders' current account into O'TOWER shares.

# 2.17. Addendum to the agreement between SALAFIN and BANK OF AFRICA - BMCE GROUP relating to establishing a customer file recovery management system

## Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of SALAFIN's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Messrs Mamoun BELGHITI and Amine BOUABID, members of SALAFIN's Supervisory Board, are also Deputy Chief Executive Officers of BANK OF AFRICA BMCE Group
- Messrs Driss BENJELLOUN and Omar TAZI, members of SALAFIN's Supervisory Board, are also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

As part of the project for adopting a joint approach to loan recovery, BANK OF AFRICA – BMCE Group and Salafin entered into a framework agreement 15 September 2008, subsequently modified 5 June 2009, which shall define the terms for establishing a dedicated loan recovery system.

The revised loan recovery policy at the commercial level recommends that the banking network becomes involved by assuming responsibility for the first and second missed payments for all types of product.

The purpose of this amendment is to define the new terms and remit of each party.

As far as remuneration is concerned, since 1 July 2015, Salafin will intervene from the third missed payment and will invoice 13% of the amount recovered with a minimum payment of 60 dirhams exclusive of taxes per customer.

A customer file is managed on the Salafin system until all arrears have been recovered or transferred to those entities defined under the recovery strategy. In the event that the number of customers in arrears is halved, the remuneration will be 5% of the amount recovered with a minimum payment of 60 dirhams exclusive of taxes per customer.

Text messages are invoiced at the same rate as for customer files not managed by Salafin.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 11,866 K for the period ended 31 December 2019.

# 2.18. Deed of sale of the current account between ALLIANCES DARNA and BANK OF AFRICA - BMCE GROUP

## Person(s) concerned:

• Mr M'Fadel ELHALAISSI, Delegated General Manager of BANK OF AFRICA – BMCE Group, is also a Director of RIYAD ALNOUR

## Main terms and conditions:

Previously, ALLIANCES DARNA held a shareholders' current account with a balance of MAD 250,143 K against RIYAD ALNOUR, a real estate developer in which BANK OF AFRICA – BMCE Group acquired a holding as part of a sale with a buy-back option.

A deed of transfer was signed 21 July 2015 by Alliances Darna and BANK OF AFRICA – BMCE Group, as a result of which the latter became owner of the said shareholders' current account.





In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 5,630 K for the period ended 31 December 2019.

## 2.19. Services agreement between BANK OF AFRICA - BMCE GROUP and BMCE CAPITAL

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

BANK OF AFRICA – BMCE Group and BMCE Capital entered into a services agreement 27 November 2015 effective 1 January 2015.

This agreement shall provide for legal and regulatory assistance in carrying out specific transactions within BANK OF AFRICA – BMCE Group and the drawing up of deeds in BANK OF AFRICA – BMCE Group's name and on its behalf.

This is a one-year automatically renewable agreement.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.20. Shareholders' current account agreement between RIYAD ALNOUR and BANK OF AFRICA – BMCE GROUP

## Person(s) concerned:

Mr M'Fadel ELHALAISSI, Delegated General Manager of BANK OF AFRICA – BMCE Group, is also a Director of RIYAD ALNOUR

# Main terms and conditions:

Under the terms of this agreement entered into 22 December 2015, BANK OF AFRICA – BMCE Group shall agree to provide RIYAD ALNOUR with a shareholders' current account advance of MAD 221,500 K at 2.21% interest. The purpose of this advance is to enable RIYAD ALNOUR to entirely clear its debts towards BANK OF AFRICA – BMCE Group regarding short- and medium-term loans and overdrawn balances. The amount advanced under the shareholders' current account will be fully repaid in fine on exercising the buy-back option.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 4,986 K for the period ended 31 December 2019.

# 2.21. Addendum to the agreement between BANK OF AFRICA – BMCE GROUP and BMCE CAPITAL relating to financial market and custody operations

# Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, a Director of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board
- Mr Zouheir BENSAID, a Director of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board
- Messrs Driss BENJELLOUN and M'Fadel EL HALAISSI, Delegated General Managers of BANK OF AFRICA BMCE Group, are also Members of BMCE Capital's Supervisory Board

#### Main terms and conditions:

This addendum, entered into 18 December 2014, amends the terms and conditions for remunerating BMCE Capital in respect of its management of BANK OF AFRICA – BMCE Group's financial market and custody operations as stipulated in the initial contract of 1999 and in subsequent amendments.

This is a one-year automatically renewable addendum.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.22. Shareholders' current account advance agreement between BANK OF AFRICA – BMCE GROUP and BMCE IMMOBILIER (EX MABANICOM)

#### Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr Omar TAZI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Under the terms of this agreement entered into 13 February 2014, BANK OF AFRICA – BMCE Group shall agree to provide BMCE IMMOBILIER (ex MABANICOM) with a shareholders' current account advance in the total net sum of MAD 38,000,000 at 2.21% statutory interest in respect of the period ended 31 December 2013.

The advance has been agreed for a one-year renewable period and it will be repaid by appropriating income arising on the sale of property units acquired by means of the said advance to the company Pack Energy on a gradual basis.

Entered into for a renewable one-year period, the agreement shall expire when BMCE IMMOBILIER (ex MABANICOM) has repaid BANK OF AFRICA - BMCE Group in full.

## Amount(s) recognised:

In respect of this agreement, BMCE BANK OF AFRICA recognised income of MAD 855 K for the period ended 31 December 2019.

## 2.23. Cooperation agreement between BANK OF AFRICA - BMCE GROUP and BMCE IMMOBILIER

# Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr Omar TAZI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

Entered into 3 February 2014, the purpose of this agreement is to carry out the following assignments in consideration for remuneration on an individual assignment basis:

- Real estate brokerage services when requested or required by BANK OF AFRICA BMCE Group in respect of leasing, purchasing or selling real estate assets owned by or on behalf of BANK OF AFRICA BMCE Group and BMCE Group;
- · Collecting rents and lease payments due to BANK OF AFRICA BMCE Group and BMCE Group;
- Providing real estate valuation services, researching real estate projects, and notifying the customer of special conditions when requested or required in respect of valuing real estate assets on behalf of BANK OF AFRICA BMCE Group and BMCE Group;

This agreement is for a period of 3 years.





In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 15,095 K for the period ended 31 December 2019.

2.24. Draft agreement between BANK OF AFRICA - BMCE GROUP and MEDI TELECOM SA relating to establishing an operational partnership regarding the Mobile Money service

## Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman and Chief Executive Officer of BANK OF AFRICA BMCE Group, is also a Director of MEDI TELECOM
- Mr Zouheir BENSAID, a Director of MEDI TELECOM, is also a Director of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

This draft agreement entered into 26 June 2012, prior to establishing a definitive contract, shall establish the project's purpose, strategic guidelines and principles for doing business.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA - BMCE Group's financial statements for the period ended 31 December 2019.

2.25. Delegated responsibility agreement between BANK OF AFRICA – BMCE GROUP and BMCE INTERNATIONAL S.A.U relating to the management of BMCE EUROSERVICES

## Person(s) concerned:

- Mr Mohamed AGOUMI, Chairman of BMCE International SAU's Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group and a Director of BMCE EuroServices
- Messrs Azzedine GUESSOUS and Mohammed BENNANI are Directors of BANK OF AFRICA BMCE Group and of BMCE International SAU
- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of BMCE International SAU and Chairman of the Board of BMCE EuroServices

## Main terms and conditions:

The purpose of this contract, entered into 10 April 2012, is to formalise intra-Group relations between the parties regarding the responsibility assumed by BMCE INTERNATIONAL SAU in relation to services carried out by BMCE EuroServices, its wholly-owned subsidiary, under the orders of BANK OF AFRICA – BMCE Group, of which the former is indirectly a wholly-owned subsidiary.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.26. Management mandate between BANK OF AFRICA - BMCE GROUP and BOA France

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BOA Group's Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Azeddine GUESSOUS is a Director of BOA Group and of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, Chief Executive Officer of BOA Group, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a Director of BOA Group, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr Mohamed AGOUMI, a Director of BOA Group, is also Delegated General Manager of BANK OF AFRICA BMCE Group.

#### Main terms and conditions:

This agreement, entered into 6 June 2012 between BANK OF AFRICA – BMCE Group and BOA France, a subsidiary of BOA Group, establishes the terms and conditions by which BANK OF AFRICA – BMCE Group mandates BOA France, in consideration for the payment of fees, to handle on its behalf financial transactions for Moroccan customers living abroad. The contract shall also define the operating terms and conditions of the BANK OF AFRICA – BMCE Group account held in the ledgers of BOA France.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.27. Agreement between BANK OF AFRICA – BMCE GROUP and BMCE CAPITAL GESTION PRIVÉE to manage structured product margin calls

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BANK OF AFRICA BMCE Group

#### Main terms and conditions:

Under this agreement, entered into 29 June 2012, BMCE Capital Gestion Privée shall undertake to monitor the risk of fluctuation in the structured products contracted between the Parties by adopting a margin call system for the said structured products.

Remuneration for margin calls on behalf of BANK OF AFRICA – BMCE Group is based on dirham-denominated money market

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised a net expense of MAD 200 K for the period ended 31 December 2019.

## 2.28. Services contract between BANK OF AFRICA - BMCE GROUP and RMA

# Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman of RMA's Supervisory Board, is also Chairman and Chief Executive Officer of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID is Chairman of RMA's Supervisory Board and a Director of BANK OF AFRICA BMCE Group
- Mr Brahim BENJELLOUN-TOUIMI is a Member of RMA's Supervisory Board and is Group Executive Managing Director of BANK OF AFRICA BMCE Group

# Main terms and conditions:

Entered into in April 2012 effective 1 October 2011, this contract shall define general and specific terms and conditions regarding the provision of premises, miscellaneous services and equipment by BANK OF AFRICA – BMCE Group to RMA.

It also establishes the terms and conditions of use by the latter of the resources made available in consideration for a flat-rate payment.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 121 K for the period ended 31 December 2019.





## 2.29. Technical support agreement between BANK OF AFRICA - BMCE GROUP and AFH SERVICES

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BOA Group, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Driss BENJELLOUN, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of AFH Services

#### Main terms and conditions:

Under the terms of this one-year automatically-renewable agreement entered into in 2012, BANK OF AFRICA – BMCE Group shall provide intra-Group technical support to AFH aimed at providing BOA Group with business line expertise.

In consideration, AFH will be invoiced for these services on the basis of man days, at a rate of €1,200 exclusive of taxes per man day.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

## 2.30. Services agreement between BANK OF AFRICA - BMCE GROUP and BMCE CAPITAL

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Amine BOUABID, a Director of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board
- Mr Zouheir BENSAID, a Director of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board
- Mr Driss BENJELLOUN, Delegated General Manager of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also Member of BMCE Capital's Supervisory Board

# Main terms and conditions:

Entered into 20 November 2012 effective 1 January 2012, this one-year automatically-renewable agreement establishes the terms and conditions by which BANK OF AFRICA – BMCE Group shall remunerate BMCE Capital for technical support provided to BOA Group via its legal division.

Remuneration for the said services, invoiced on an annual basis, is calculated on the basis of man days, at a rate of €100 per man day.

# Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.31. Subordinated loan contract between BANK OF AFRICA – BMCE GROUP and BMCE BANK INTERNATIONAL (BBI)

# Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, a Director of BMCE BANK International Plc, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Mohammed AGOUMI, a Director of BMCE BANK International Plc, is also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

Under the terms of this agreement entered into 30 May 2010, BANK OF AFRICA – BMCE Group shall provide BBI with a subordinated loan in the euro equivalent sum of £15,000,000 at an annual fixed rate of 4% in respect of Tier 2 capital.

The loan's repayment date is ten years after the agreement's effective date under the terms of an amendment entered into 25 July 2012.

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 5,447 K for the period ended 31 December 2019.

## 2.32. Agreements between BANK OF AFRICA - BMCE GROUP and SALAFIN

## Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of SALAFIN's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Messrs Mamoun BELGHITI and Amine BOUABID are members of Salafin's Supervisory Board and Directors of BANK OF AFRICA BMCE Group
- Messrs Omar TAZI and Driss BENJELLOUN are members of Salafin's Supervisory Board and Delegated General Managers of BANK OF AFRICA BMCE Group
- Services contract between BANK OF AFRICA BMCE GROUP and SALAFIN

This three-year automatically-renewable services contract, entered into in 2009, shall define the terms and conditions by which BANK OF AFRICA – BMCE GROUP shall provide SALAFIN with a certain number of services and equipment as well as the terms governing usage.

BANK OF AFRICA – BMCE GROUP shall receive a flat royalty payment of MAD 1,000 inclusive of taxes per desk. Royalties are paid on a quarterly basis in advance.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 96 K for the period ended 31 December 2019.

- Agreement that SALAFIN establishes an on-demand credit compliance control system for BANK OF AFRICA - BMCE Group's customer files as well as hosting a management system on an ASP basis (via its ORUS subsidiary)

Entered into in 2011, the purpose of this agreement between BANK OF AFRICA – BMCE Group and SALAFIN is to establish a back-office system to ensure customer file compliance, send reminders to the network to correct non-compliant customer files and report on operational risks. The system also centralises and processes customer declarations of death and disability insurance subscriptions and digitises and archives customer loan files that have been transferred to an entity appointed by the Bank.

The agreement also relates to hosting, running and maintaining on a daily basis a customer file management system based on the Immédiat system which is interfaced with the Bank's information systems as well as providing BMCE BANK OF AFRICA with a maintenance centre.

The remuneration paid by BANK OF AFRICA – BMCE Group is calculated on the basis of the number of customer files actually processed by the system based on a pricing structure.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 213 K for the period ended 31 December 2019.

- Agreement between BANK OF AFRICA - BMCE Group and SALAFIN relating to services, technical support and application hosting

Entered into 15 January 2009, this agreement relates to the implementation of a recovery service by which SALAFIN shall undertake to carry out the assignments entrusted to it by BANK OF AFRICA – BMCE Group (recovery system support and set-up, provision of a user licence for the management module for attributing portfolios to agents and the telecommunications management module, development of interfaces with BANK OF AFRICA – BMCE Group's information systems, dedicated hosting and running of the recovery software solution on a daily basis and the provision of a maintenance centre).

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 1,088 K for the period ended 31 December 2019.

- Amendment to the agreement that SALAFIN establishes an on-demand credit compliance control system for BANK OF AFRICA BMCE Group's customer files
  - 2019 ANNUAL INTEGRATED REPORT | PAGE 190/191





Entered into 1 July 2011, this amendment to the agreement between BANK OF AFRICA – BMCE Group and SALAFIN modifies the remuneration terms, established by the distribution agreement entered into in 2006, by ensuring joint management by both Parties in respect of new consumer loans distributed to retail customers. As a result, interest income will be split as follows: 80% to the entity which bears the risk and 20% to the other entity. This amendment also specifies the services provided by SALAFIN for all outstandings managed by one or both Parties.

## Amount(s) recognised:

In respect of this agreement and its amendment, BANK OF AFRICA – BMCE Group recognised an overall expense of MAD 85,310 K and overall income of MAD 13,486 K for the period ended 31 December 2019.

## 2.33. Agreements between BANK OF AFRICA - BMCE GROUP and EURAFRIC INFORMATION (EAI)

- Draft agreement between BANK OF AFRICA - BMCE Group and Eurafric Information (EAI) relating to invoicing software licences and related services

Entered into 2 December 2011, the purpose of this agreement is for EAI to provide BANK OF AFRICA – BMCE Group with a certain number of licences as described in the contract (Briques GRC, E-Banking Cyber Mut, Poste Agence Lot 1) for use by the latter's employees.

In consideration, BANK OF AFRICA – BMCE Group must pay EAI the dirham equivalent of €4,800,370.40 for CRM services, €3,303,063.20 for CRM licences, €201,976.60 for the Poste Agence Lot 1 licence, €729.504 for Poste Agence Lot 1 services, €500,000 for E-Banking licences and €768,672 for E-Banking services. These amounts exclude taxes, to which must be added an additional 10% in respect of a government withholding tax deducted at source.

BANK OF AFRICA – BMCE Group must also pay licence maintenance costs including €545,004.80 for CRM maintenance, €105,694 for the Poste Agence Lot 1 contract and €162,801 for maintenance of E-banking Cyber Mut.

- Amendment No.2 APPENDIX III to the services contract between BANK OF AFRICA - BMCE GROUP and EAI

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of EAI's Supervisory Board, is also a Director of BANK OF AFRICA BMCE Group
- Mr Zouheir BENSAID, a Director of BANK OF AFRICA BMCE Group, is also a member of EAI's Supervisory Board
- Messrs Driss BENJELLOUN and Mounir CHRAIBI, Directors of EAI, are also Delegated General Managers of BANK OF AFRICA
   BMCE Group

# Main terms and conditions:

Entered into 10 March 2011 effective 1 January, this amendment modifies the services provided by EAI to BANK OF AFRICA – BMCE Group as well as the pricing structure and the terms and conditions of payment. The amendment offers the possibility of revising on an annual basis the man-hour rate applicable to services provided under the initial contract.

# Amount(s) recognised:

In respect of both these agreements entered into with EAI in 2011, BANK OF AFRICA – BMCE Group recognised the following amounts for the period ended 31 December 2019:

- Recurring services (expenses): MAD 69,934 K
- Maintenance (expenses): MAD 15,358 K
- Non-recurring services (SIBEA prepayments): MAD 100,734 K

# 2.34. Agreement between BANK OF AFRICA - BMCE GROUP and GLOBAL NETWORK SYSTEMS SA ("GNS") relating to Carte MPOST - PASSPORT

## Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Technologies, is also Delegated General Manager of BANK OF AFRICA BMCE Group.
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Managers of BANK OF AFRICA BMCE Group, are also Directors of GNS Technologies

# Main terms and conditions:

Entered into 1 February 2011, the purpose of this agreement is for BANK OF AFRICA - BMCE Group to provide GNS with prepaid

cards as well as determining the terms for recharging, personalising and using these cards.

For each card delivered, the Bank is credited an amount previously agreed by both Parties.

The cost of recharging the card is debited against the customer's bank account held with BANK OF AFRICA – BMCE Group. All other expenses are debited against the card's balance.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA Group's financial statements for the period ended 31 December 2019.

## 2.35. Services contract between BANK OF AFRICA - BMCE GROUP and EURAFRIC GED SERVICES

## Person(s) concerned:

• Mr Brahim BENJELLOUN-TOUIMI, Chairman of EAI's Supervisory Board, is also Group Executive Managing Director of BANK OF AFRICA – BMCE Group

## Main terms and conditions:

Entered into in 2011 for an initial three-month automatically-renewable period prior to establishing a definitive contract when authorisation is obtained from Bank Al Maghrib, the purpose of this contract is to define the terms and conditions by which BANK OF AFRICA – BMCE Group entrusts to Eurafric GED Services document digitisation services.

Monthly invoices are issued based on volume. The cost is 0.86 dirhams per digitised page, 0.68 dirhams per video-encoded document, 5 dirhams per document for the return of any previously unreturned document to the service provider, 3 dirhams per document communicating the index in the event that the document has been returned to BANK OF AFRICA – BMCE Group (prices quoted exclude taxes).

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an expense of MAD 1,228 K for the period ended 31 December 2019.

# 2.36. Partnership agreement between BANK OF AFRICA - BMCE GROUP and BMCE BANK INTERNATIONAL Plc (BBI) relating to sub-contracting clearing services

## Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, a Director of BMCE BANK International Plc, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Mohammed AGOUMI, a Director of BMCE BANK International Plc, is also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

Under the terms of this agreement entered into 4 October 2011, BMCE BANK International shall provide BANK OF AFRICA – BMCE Group with a number of banking services including:

- Cheques drawn on French- or foreign-domiciled banks
- Inter-bank transfers to BANK OF AFRICA BMCE Group or its customers
- International SWIFT transfers
- Bills of exchange domiciled with BANK OF AFRICA BMCE Group and payable in France
- Documentary credit confirmations

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA – BMCE Group's financial statements for the period ended 31 December 2019.

# 2.37 Agreement between BANK OF AFRICA – BMCE GROUP and BMCE CAPITAL GESTION to promote and market mutual funds via the BANK OF AFRICA – BMCE GROUP branch network

# Person(s) concerned:

• Mr Amine BOUABID, a Director of BMCE Capital Gestion, is also a Director of BANK OF AFRICA - BMCE Group





• Mr Driss BENJELLOUN, Delegated General Manager of BANK OF AFRICA – BMCE Group, is also a Director of BMCE Capital Gestion

## Main terms and conditions:

Entered into 1 March 2011 for an automatically-renewable 12-month period, the purpose of this agreement is to determine the terms and conditions for cooperation between the Parties relating to the marketing by BANK OF AFRICA – BMCE Group of a specific number of BMCE Capital Gestion products via the BANK OF AFRICA – BMCE Group branch network. In this regard, the Parties give a mutual undertaking to allocate the necessary human, material, technical and logistical resources to develop and promote the mutual funds.

BANK OF AFRICA – BMCE Group's remuneration is calculated on the basis of the volume of subscriptions/redemptions generated by the branch network with BMCE CAPITAL GESTION retroceding a share of the entry/exit fees at the rates set out in an appendix to the agreement.

# Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised income of MAD 1,856 K for the period ended 31 December 2019.

## 2.38. Agreements relating to leasing premises

These agreements relate to the leasing of premises or offices to the following companies:

Company	Date	Туре	Location	Amount 2019 (MAD K)	
BMCE Capital	01/10/2009	Office space	142, avenue Hassan II aux 4th, 7th and 8th floor, Casablanca	3,253 KMAD	
MEDITELECOM	01/08/2012	Building patio	Essaouira	109 KMAD	
BMCE Capital	01/07/2002	Office space	BANK OF AFRICA – BMCE Group Branch, Agadir Ville	37 KMAD	
EURAFRIC		279 m <sup>2</sup> apartment. TF		Néant	
	15/10/2009	No.36929/C, property	243 Bd Mohamed V, Casablanca	Contrat résilié le	
INFORMATION 15, 16, 2005		known as « GAMECOUR ».		30/09/16	
EURAFRIC	04/40/2046	Office space	Bouskoura Green City	4.257 KMAD	
INFORMATION	01/10/2016	Block A2 - 3,624m2	TF No.18827/47	4.357 KMAD	
EURAFRIC	04/40/2046	Office space	Bouskoura Green City	4 502 KMAD	
INFORMATION	01/10/2016	Block B2 – 3,822m2	TF No.18827/47	4.582 KMAD	
EURAFRIC INFORMATION	01/01/2017	DATA CENTER 1,735 M2	Bouskoura Green City TF No.18827/47	Not applicable Contract cancelled	
		.,,		30/09/16	
RM EXPERTS	01/10/2019	Office space	Casa SIDI MAAROUF LOTISSEMENT ATTAOUFIK	149 KMAD	
O.G.S.	01/01/2019	Office space	GREEN CITY BOUSKOURA	5.236 KMAD	

The leases will be renewed automatically.

# 2.39. Amendment to the BMCE EDIFIN agreement between BANK OF AFRICA – BMCE GROUP and GLOBAL NETWORK SYSTEMS GNS), now GNS TECHNOLOGIES SA

## Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Holding, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Manager of BANK OF AFRICA BMCE Group, are also Directors of GNS Holding

# Main terms and conditions:

Entered into 2 April 2010 and effective 1 January 2010, the purpose of this amendment, as part of the Bank's policy to extend BMCE EDIFIN services to all commercial relations and enhance profitability, is to revise the monthly payment for GNS' Value-Added Network services. In this regard, BANK OF AFRICA – BMCE Group shall assume the role of wholesaler as well responsibility for marketing the services acquired from GNS.

A second amendment, entered into 30 December 2011 and effective January 2012, sees the annual payment made by BANK OF AFRICA – BMCE Group to the service provider reduced to MAD 2,750,000 exclusive of taxes which corresponds to the minimum volume that it undertakes to acquire from 2,000,000 transaction entries.

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised an overall expense of MAD 3,187 K for the period ended 31 December 2019.

## 2.40. Services contract between BANK OF AFRICA - BMCE GROUP and RM EXPERTS relating to debt recovery

#### Person(s) concerned:

- Mr Mamoun BELGHITI, Chairman of the Board of RM EXPERTS, is also a Director of BANK OF AFRICA BMCE Group
- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BANK OF AFRICA BMCE Group, is also a Director of RM Experts
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BANK OF AFRICA BMCE Group, is also a Director of RM Experts

#### Main terms and conditions:

Entered into 24 December 2010 between RECOVERY INTERNATIONAL MANAGEMENT AND EXPERTISE (RM EXPERTS) and BANK OF AFRICA – BMCE Group, the agreement mandates RM EXPERTS on an exclusive basis to recover the non-performing loans entrusted to it by BANK OF AFRICA – BMCE Group.

The contract is for a five-year period which is automatically renewable in subsequent two-year periods.

BANK OF AFRICA – BMCE Group shall undertake to make available to the service provider, on a secondment basis, all staff working in the Remedial Management Division from the contract date. These employees will be paid directly by BANK OF AFRICA – BMCE Group.

BANK OF AFRICA – BMCE Group will invoice the service provider for these employees' salaries and other items of remuneration plus a 20% margin.

RM EXPERTS will invoice BANK OF AFRICA - BMCE Group for "managing its human resources".

As part of this agreement, for each customer file for which the amount to be recovered is less than two hundred thousand dirhams, BANK OF AFRICA – BMCE Group will be invoiced for the sum of five hundred dirhams exclusive of taxes in respect of related expenses. RM EXPERTS shall also receive from BANK OF AFRICA – BMCE Group success fees payable on a quarterly basis depending on the sums repaid or recovered.

In the event of non-recovery, BANK OF AFRICA – BMCE Group shall undertake to reimburse RM EXPERTS for all actual costs incurred by the latter.

# Amount(s) recognised:

BANK OF AFRICA – BMCE Group paid RM EXPERTS success fees of MAD 21,032 K and management fees of MAD 329 K for the period ended 31 December 2019.

## 2.41. Agreement between BANK OF AFRICA - BMCE GROUP and MAGHREBAIL

## Person(s) concerned:

- Mr Azeddine GUESSOUS, Chairman of Maghrebail, is a Director of BANK OF AFRICA BMCE Group
- Messrs Othman BENJELLOUN, Zouheir BENSAID and Brahim BENJELLOUN TOUIMI, Members of the Board of Maghrebail, are respectively Chairman, Directors and Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr M'Fadel EL HALAISSI, a Director of Maghrebail, is also Delegated General Manager of BANK OF AFRICA BMCE Group

## Main terms and conditions:

Entered into 8 May 2009, the purpose of this agreement is to determine the terms and conditions governing BANK OF AFRICA – BMCE Group's marketing of MAGHREBAIL's formatted lease products, the BMCE Bail product, the BMCE Immobail Entreprise product and standard leasing products, regardless of whether or not they are severally and jointly backed by BANK OF AFRICA – BMCE Group.

The terms and conditions of this agreement are as follows:

- MAGHREBAIL shall pay BANK OF AFRICA BMCE Group agency fees as set out in a price list
- MAGHREBAIL shall undertake to pay quarterly agency fees in respect of BANK OF AFRICA BMCE Group's remuneration.





- MAGHREBAIL shall undertake to pay annual success fees calculated on the basis of achieving sales targets that are independently confirmed by a steering committee.
- MAGHREBAIL shall undertake to remunerate BANK OF AFRICA BMCE Group for its guarantee at the annual rate of interest in respect of formatted products. The rate of interest charged on the guarantee is determined on a case-by-case basis in respect of standard leasing products, regardless of whether or not they are severally and jointly backed; it is calculated annually on the amount of MAGHREBAIL's financial outstandings guaranteed by BANK OF AFRICA BMCE Group (financial outstandings x proportion of bank guarantee).

In respect of this agreement, BANK OF AFRICA – BMCE Group recognised overall income of MAD 14,096 K for the period ended 31 December 2019.

## 2.42. Partnership agreement between BANK OF AFRICA - BMCE GROUP and BUDGET LOCASOM

## Person(s) concerned:

• Messrs Driss BENJELLOUN and M'Fadel EL HALAISSI, Delegated General Managers of BANK OF AFRICA – BMCE Group and Mr Azzedine GUESSOUS, a Director of BANK OF AFRICA – BMCE Group, are also Directors of Budget Locasom.

#### Main terms and conditions:

Entered into 29 May 2009, the purpose of this agreement is to determine the terms and conditions governing marketing by BANK OF AFRICA – BMCE Group of LOCASOM's BMCE LLD product (a vehicle leasing product for acquiring and managing a fleet of vehicles). Under this agreement, BANK OF AFRICA – BMCE Group will steer its customers towards this product while LOCASOM will follow up with interested customers by providing the necessary support. This product will be marketed via the BANK OF AFRICA – BMCE Group branch network.

The terms and conditions of this agreement are as follows:

- BANK OF AFRICA BMCE Group shall solely undertake to encourage BMCE LLD customers to make regular lease payments (by directly debiting the customer's account etc.)
- BANK OF AFRICA BMCE Group shall receive a fee ranging from 0.15% to 0.40% calculated on the basis of the vehicle's budgeted amount and the lease period.

## Amount(s) recognised:

This agreement did not have any impact on BANK OF AFRICA - BMCE Group's financial statements for the period ended 31 December 2019.

## 2.43. Services contract between BANK OF AFRICA - BMCE GROUP and BMCE EUROSERVICES

# Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of the Board of BMCE EuroServices, is also Group Executive Managing Director of BANK OF AFRICA BMCE Group
- Mr Omar TAZI, Assistant Director of BMCE EuroServices, is also Delegated General Manager of BANK OF AFRICA BMCE Group
- Messrs Driss BENJELLOUN, Mohamed AGOUMI and Mounir CHRAIBI, Directors of BMCE EuroServices, are also Delegated General Managers of BANK OF AFRICA BMCE Group

## Main terms and conditions:

The purpose of this contract, entered into in 2013, is to clarify the underlying terms and conditions by which BANK OF AFRICA – BMCE Group will pay half-yearly fees to the Service Provider in consideration for the latter developing the Moroccans living abroad customer segment in Morocco.

Remuneration of Head Office and Branch Offices will be based on two criteria: a percentage of the net banking income earned by BANK OF AFRICA – BMCE Group in the Moroccans living abroad segment and a percentage of the funds transferred to BANK OF AFRICA – BMCE Group accounts in Morocco.

In respect of this agreement, BANK OF AFRICA - BMCE Group recognised an expense of MAD 167,591 K for the period ended 31 December 2019.

## 2.44. Commercial lease contract between BANK OF AFRICA- BMCE GROUP and GNS TECHNOLOGIES

## Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Technologies, is also Delegated General Manager of BANK OF AFRICA -**BMCE** Group
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Managers of BANK OF AFRICA BMCE Group, are also Directors of GNS Technologies

## Main terms and conditions:

Under the terms of this agreement, effective 1 January 2013 for an automatically-renewable 3-year period, BANK OF AFRICA -BMCE Group shall lease to GNS Technologies office space on the 2nd floor of a building located at 239 Boulevard Mohammed V in Casablanca whose land title number is No.36.829/C with a surface area of 276 m<sup>2</sup> whose land title number is in turn No.75.965/C, a property known as "GAMECOUR 4".

The monthly rental payment relating to this office space is set at MAD 16.6 K for the first year, MAD 19.3 K for the second year and MAD 22 K for the third year. To that is added a local council tax of 10.5% payable monthly as well as rental charges to maintain and manage the building's common areas which are invoiced pro-rata to the surface area rented.

## Amount(s) recognised:

In respect of this agreement, BANK OF AFRICA - BMCE Group recognised income of MAD 322 K for the period ended 31 December 2019.

Casablanca, 28 April 2020

The Statutory Auditors

**ERNST & YOUNG** 

Abdeslam BERRADA ALLAM

95.79.00 - Fax: (212-2) 2 39.02.26

Associé

enue Bir K phone: 212 5 37 63 87 02 (à 06) Télécopie : 212 5 37 63 37 11

Fouad LAHGAZI Associé





## 1 - FUNDAMENTAL ACCOUNTING PRINCIPLES

- 1.1- Credit institutions are obliged to publish financial statements each financial year which give a true and fair view of their assets, financial position and results.
- 1.2- Providing a true and fair view will necessarily depend on compliance with seven fundamental accounting principles recommended under General Accounting Standards.
- 1.3- When transactions, events and positions are accounted for in compliance with fundamental accounting principles and recommendations from Accounting Standards for Credit Institutions, the financial statements are presumed to give a true and fair view of the credit institution's assets, financial position, assumed risks and results.
- 1.4- In the event that, after applying these principles, the financial statements do not give a true and fair view, the credit institution is obliged to provide all necessary information in the additional information statement so as to be able to give a true and fair view.
- 1.5- In the exceptional event that, after strictly applying one of these principles or recommendations, the financial statements do not give a true and fair view, the credit institution is obliged to depart from established accounting principles.

Any eventual departure must be mentioned in the additional information statement and must be duly justified. It must also indicate the impact on the credit institution's assets, financial position, assumed risks and results.

1.6- The main fundamental accounting principles adopted are listed hereafter:

Going concern principle

- Consistency principle
- Historical cost principle
- Time period principle
- Prudence principle
- Objectivity principle
- Materiality principle

## 2.1. PRESENTATION

The financial statements comprise:

- Head office accounts
- The accounts of domestic branches
- The accounts of overseas branches and representative offices (Paris branch, Tangier Offshore)

Any transactions or balances between group entities are eliminated on consolidation.

## 2.2. GENERAL PRINCIPLES

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of BANK OF AFRICA's financial statements complies with Accounting Standards for Credit Institutions.

# 2.3. AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS AND SIGNATURE LOANS

## General presentation of amounts due

- Amounts due from credit institutions and customers are classified on the basis of their initial maturity or economic purpose:
- Demand or term deposits in the case of credit institutions;
- Operating loans, equipment loans, consumer loans, property loans and other loans in the case of customers.
- Off-balance sheet signature loans relate to irrevocable funding commitments and guarantees.
- Repurchase agreements involving securities are recognised under the relevant receivables entry (credit institutions, customers).
- Values awaiting collection, which are only credited to the remitter on actual receipt or after a contractual period, are not recognised on the balance sheet but are accounted for materially.
- Accrued interest on these receivables is recognised under "Related receivables" through the income statement.

Non-performing customer loans

- Non-performing customer loans and advances are recognised and measured in accordance with applicable banking regulations.
- The main applicable provisions can be summarised as follows:
- Non-performing loans and advances are, depending on the level of risk, classified as "substandard", "doubtful" or "irrecoverable".
- After deducting the proportion of the guarantee required under current legislation, provisions are recognised as follows:
- 20% in the case of substandard loans;
- 50% in the case of doubtful loans;
- 100% in the case of irrecoverable loans.

Impairment provisions for credit risks on assets are deducted from the assets' carrying amount.

• On downgrading healthy loans and advances as nonperforming loans, interest thereon is no longer calculated and recognised. It is only recognised as income when received.

- Losses on irrecoverable loans are recognised when the possibility of recovering non-performing loans is deemed to be nil.
- Provision write-backs for non-performing loans are recognised when the latter undergo an improvement, are effectively repaid or restructured with partial or total loan repayment.

# 2.4. AMOUNTS OWING TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts owing to credit institutions and customers are classified in the financial statements on the basis of their initial maturity or type:

- Demand or term deposits in the case of credit institutions;
- Demand accounts in credit, savings accounts, term deposits and other customer accounts in credit.

Included under these various headings, depending on the category of counterparty, are repurchase agreements involving securities or movable assets.

Interest accrued on these payables is recognised under "Related payables" through the income statement.

## 2.5. SECURITIES PORTFOLIO

# 2.5.1 General presentation

Securities transactions are recognised and measured in accordance with the provisions of the Credit Institutions Accounting Plan.

Securities are classified according to their legal type (debt security or equity security) as well as the purpose for which they were acquired (trading securities, available-for-sale securities, held-to-maturity securities and long-term investment securities).

# 2.5.2 Trading securities

Securities are considered to be Trading securities if they are:

- Bought or sold with the express intention of selling them or repurchasing them in the near future to make a profit;
- Held by the credit institution in the context of its role as market-maker, their classification as trading securities being conditional on them seeing significant trading volume as a function of market conditions;
- Acquired or sold in the context of specialised portfolio management activity comprising derivative instruments, securities or other instruments managed together with recent evidence that a short-term profit-taking approach has been adopted;
- The subject of a sales undertaking in the context of arbitrage activity.

Trading securities are recognised at cost less dealing charges plus accrued interest, where applicable. Dealing charges are recognised directly through the income statement. Securities that have been sold are valued on the basis of the same rules.

## 2.5.3 Available-for-sale securities

Fixed income or floating rate securities are considered to be Available-for-sale securities if they are acquired with a view to being held for an indefinite period and that the institution may decide to sell them at any time.

By default, this category includes securities that fail to satisfy the criteria for recognition under another category of securities.

Available-for-sale securities are recognised at cost plus charges and accrued interest.

Securities transferred from the "Portfolio securities" and "Equity securities and Investments in related companies" categories are valued either prior to or at the time of transfer based on the rules relating to their original category. They are reclassified under Available-for-sale securities on the basis of this carrying amount.

Securities transferred from the "Held-to-maturity securities" category are reclassified at their net carrying amount at the time of transfer.

## 2.5.4 Held-to-maturity securities

Held-to-maturity securities are debt securities which are acquired or which have been transferred from another category of securities for the purpose of being held until maturity in order to generate regular income over the long-term.

These securities are recognised ex-coupon at the time of acquisition.

At each balance sheet date, the securities are valued at cost, regardless of their market value. Accordingly, unrealised profit or loss is not recognised.

# 2.5.5 Long-term investment securities

This category comprises securities whose long-term ownership is deemed useful to the Bank. These securities are categorised according to the provisions established by Accounting Standards for Credit Institutions as follows:

- Equity securities;
- Investments in related companies;
- Portfolio securities
- Other similar assets.

At each balance sheet date, they are valued on the basis of generally-accepted criteria such as utility value, share of net assets, future earnings prospects and share price performance. Impairment provisions are booked for unrealised losses on a case by case basis.

# 2.5.6 Repurchase agreements

Securities delivered under repurchase agreements are recognised on the balance sheet. The amount received, which represents the liability to the transferee, is recognised on the balance sheet under liabilities.





Securities received under reverse repos are not recognised on the balance sheet, although the amount received, which represents the receivable due from the transferor, is recognised on the balance sheet under assets.

# 2.6 FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Receivables, amounts owing and signature loans denominated in foreign currencies are translated into dirhams at the average exchange rate prevailing at the balance sheet date.

Foreign currency differences on contributions from overseas branches and on foreign currency borrowings hedged against exchange rate risk are recorded on the balance sheet under other assets or other liabilities as appropriate. Any translation gains and losses arising from the translation of non-current securities acquired in a foreign currency are recorded as translation differences under the category of securities in question.

Foreign currency differences on other accounts held in foreign currencies are recognised through the income statement.

Income and expenses in foreign currency are translated at the exchange rate prevailing on the day they are recognised.

# 2.7. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

The 'closing rate' method is used to translate financial statements denominated in foreign currencies.

## Translation of balance sheet and off-balance sheet items

All assets, liabilities and off-balance sheet items of the foreign entity (Paris Branch) are translated based on the exchange rate prevailing at the closing date.

Shareholders' equity (excluding net income for the financial year) is measured at different historical rates (additional charges) and constitutes reserves. The difference arising from this correction (closing rate less historical rate) is recorded under "Translation differences" under shareholders' equity.

Translation of income statement items except for depreciation and amortisation expenses and provisions, which are translated at the closing rate, are translated at the average exchange rate for the financial year. However, income statement items have been translated at the closing rate since this method does not result in any material difference by comparison with the average exchange rate method.

# 2.8. GENERAL RISK PROVISIONS

These provisions are booked, at the discretion of the management, to address future risks relating to banking operations which cannot be currently identified or accurately measured.

Provisions booked are added back for taxation purposes.

# 2.9. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are recognised on the balance sheet at cost less accumulated amortisation and depreciation, calculated using the straight line method over the estimated life of the assets in question.

Intangible assets are categorised under operating and nonoperating non-current assets and are amortised over the following periods:

Category	Amortisation period
Lease rights	Non-amortisable
Patents and brands	For the period under patent protection
Research & development assets	1 year
IT software	5 years
Other goodwill items	Non amortisable

Plant, property and equipment are categorised under operating and non-operating non-current assets and are amortised over the following periods:

Category	Amortisation period
Land	Non amortisable
Operating premises:	
Built before 1986	20 years
Built after 1986	40 years
Office furniture	10 years
IT hardware	5 years
Vehicles	5 years
Fixtures, fittings and equipment	10 years
Shares in non-profit companies	Non amortisable

## 2.10. DEFERRED CHARGES

Deferred charges comprise expenses which, given their size and nature, are likely to relate to more than one financial year.

# 2.11. STATUTORY PROVISIONS

Statutory provisions, particularly those relating to taxation, are booked in application of statutory or regulatory requirements. The decision as to whether or not to book such provisions is effectively a management decision motivated, in particular, by a desire to derive a tax benefit.

If the criteria for booking and utilising such provisions are met and they have been booked to be able to benefit from a definite tax break, statutory provisions, with the exception of accelerated amortisation reserves, are treated as tax-free reserves.

# 2.12. RECOGNITION OF INTEREST INCOME AND FEE INCOME ON THE INCOME STATEMENT

## Interest income

Income and expenditure earned on capital actually lent or borrowed are considered as interest income.

Income and expenditure earned on an accruals basis, which remunerates risk, are considered as interest equivalent. This category includes fees on guarantee and financing commitments (guarantees, collateral etc.).

Interest accrued on capital actually lent or borrowed is recognised under related receivables and payables accounts through the income statement.

Interest equivalent is immediately recognised through the income statement upon invoicing.

## Fee income

Income and expenditure, calculated on a flat-rate basis, which remunerate a service provided, are recognised as fees upon invoicing.

# 2.13. NON-RECURRING INCOME AND EXPENDITURE

This consists exclusively of income and expenditure arising on an exceptional basis. Such items are rare, in principle, as they are unusual by nature and occur infrequently.

# 2.14. RETIREMENT OBLIGATIONS

Retirement obligations (Wissam AI Choghl, compensation payments for early retirement) not covered by pension schemes and managed by external independent providers (non-mandatory) are not provisioned.





# DOMESTIC ACTIVITY BALANCE SHEET

ASSETS	31/12/19	31/12/18
Cash, central banks, treasury, giro accounts	5 110 572	5 625 922
Loans to credit institutions and equivalent	22 149 097	20 645 443
. Demand	7 698 907	5 076 685
. Time	14 450 190	15 568 758
Loans and advances to customers	116 625 100	109 721 074
. Cash and consumer loans	35 594 227	33 015 606
. Equipment loans	22 104 094	21 811 901
. Mortgage loans	40 527 424	40 456 856
. Other loans	18 399 355	14 436 711
Advances acquired by factoring	2 283 749	2 515 204
Transaction and marketable securities	30 005 813	25 180 944
. Treasury bonds and equivalent securities	10 154 073	8 643 121
. Other debt securities	506 783	610 039
. Title deeds	19 267 730	15 832 484
. Sukuks Certificates	77 227	95 300
Other assets	3 459 599	4 205 962
Investment securities	4 375 064	3 770 452
. Treasury bonds and equivalent securities	2 125 081	1 453 364
. Other debt securities	2 249 983	2 317 088
. Sukuks Certificates	-	-
Equity investments and equivalent uses	10 691 682	10 719 322
. Investments in joint ventures	8 630 476	8 121 778
. Other equity securities and similar assets	2 061 206	2 597 544
. Moudaraba and Moucharaka securities	-	-
Subordinated loans	192 807	198 469
Placed investment deposits	-	-
Leased and rented fixed assets	191 147	151 266
Ijara leased assets	-	-
Intangible fixed assets	410 050	232 960
Tangible fixed assets	5 470 550	5 143 410
TOTAL ASSETS	200 965 233	188 110 428
		(in thousand MAD)

(in thousand MAD)

LIABILITIES	31/12/19	31/12/18
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	22 630 542	19 869 938
. Demand	1 932 813	1 4 4 1 4 4 2
. Time	20 697 729	18 428 496
Customer deposits	134 441 241	128 759 406
. Demand deposits	79 783 847	74 862 064
. Savings deposits	24 562 835	23 519 703
. Time deposits	23 723 341	23 982 912
. Other deposits	6 371 218	6 394 727
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	9 372 817	8 595 966
. Negotiable debt securities	8 872 817	8 095 966
. Bond loans	500 000	500 000
. Other debt securities issued	-	-
Other liabilities	3 968 135	4 727 486
Provisions for liabilities and charges	1 117 336	863 291
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	9 590 170	9 584 871
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	16 474 865	12 571 143
Capital	1 998 204	1 794 634
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	75	37
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	1 371 848	1 343 654
TOTAL LIABILITIES	200 965 233	188 110 428

BALANCE SHEET	31/12/19	31/12/18
Given commitments	19 446 241	22 457 705
Financing commitments on behalf of credit institutions and equivalent	182 309	628 306
Financing commitments on behalf of customers	6 217 752	4 828 204
Guarantee commitments given to credit institutions and equivalent	2 742 845	3 587 105
Guarantee commitments given to customers	10 132 584	10 295 288
Securities repos purchased	78 357	78 357
Other securities to be delivered	92 394	3 040 445
Received commitments	13 300 541	18 181 253
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	11 315 888	16 072 674
Guarantee commitments received from the State and various guarantee bodies	1 984 260	1892 562
Securities repos sold	-	-
Other securities to be received	393	216 017
Moucharaka and Moudaraba securities to be received	-	-

# **STATEMENT OF INCOME AND EXPENSES**

	31/12/19	31/12/18
BANK OPERATING INCOME	11 145 100	10 594 778
Interests and assimilated revenues on transactions with credit institutions	761 414	702 881
Interests and assimilated revenues on transactions with customers	5 467 179	5 625 747
Interests and assimilated revenues on debt securities	511 501	501 987
Revenue from property securities (1) and Sukuks certificates	658 083	699 212
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	16 627	16 190
Revenue from leased assets (Ijara)	-	-
Fees on provided services	1 265 476	1 189 821
Other banking revenues	2 464 820	1 858 940
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	4 668 371	4 575 473
Interests and assimilated expenses on transactions with credit institutions	1 279 079	993 554
Interests and assimilated expenses on transactions with customers	1 282 212	1 450 090
Interests and assimilated expenses on debt securities issued	255 028	396 364
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	13 568	10 466
Expenses from leased assets (Ijara)	-	-
Other banking expenses	1838 484	1724 999
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	6 476 731	6 019 302
Non-banking operating revenues	190 578	239 596
Non-banking operating expenses	63 685	11 573
GENERAL OPERATING EXPENSES	3 645 941	3 594 893
Staff expenses	1 631 096	1 603 716
Tax expenses	117 836	105 306
External expenses	1 617 320	1 627 598
Other general operating expenses	8 994	9 538
Allowances for depreciation and provisions for intangible and tangible fixed assets	270 695	248 735
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	2 122 518	1 119 460
Allowances for non performing loans and commitments	858 615	941 496
Loan losses	930 178	24 656
Other allowances for provisions	333 725	153 308
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	1 212 727	330 158
Provision write-backs on non performing loans and commitments	1 171 684	291 902
Recovery on amortised debts	30 543	31 156
Other provision write-backs	10 500	7 100
CURRENT INCOME	2 047 889	1 863 133
Non-current revenues	-	-
Non-current expenses	35 100	
PRE-TAX EARNINGS	2 012 789	1 863 133
Corporate tax	640 941	519 477
NET EARNINGS FOR THE YEAR	1 371 848	1 343 654



# **EARNINGS FORMATION TABLE**

EARNINGS FORMATION TABLE	31/12/19	31/12/18
(+) Interests and equivalent revenues	6 740 094	6 830 615
(-) Interests and equivalent expenses	2 816 318	2 840 009
NET INTEREST INCOME	3 923 776	3 990 606
(+) Revenues from leased and rented fixed assets	-	-
(-) Expenses on leased and rented fixed assets	-	-
INCOME FROM ON PARTICIPATIVE FUNDING	-	-
(+) Profit from leasing and renting operations	16 627	16 190
(-) Expenses from leasing and renting operations	13 568	10 465
Income from leasing and rental operations	3 059	5 725
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	1 570 234	1 450 018
(-) Fees paid	404 709	357 368
Fee income (1)	1 165 525	1 092 650
(+) Income from trading securities	743 976	262 796
(+) Income from investment securities	-14 934	-63 377
(+) Income from payload operations	394 452	361 350
(+) Income from by-product operation	-130 313	-60 770
Income from market transactions (1)	993 181	499 999
(+/-) Income from Moudaraba and Moucharaka securities	-	-
(+) other banking products	658 083	699 212
(-) other banking expenses	266 893	268 890
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	6 476 731	6 019 302
(+) Income from financial asset operations (2)	17 104	-12 304
(+) Other non-banking operating revenues	168 460	239 376
( -) Other non-banking operating expenses	62 874	11 152
( -) General operating expenses	3 645 941	3 594 893
Gross operating income	2 953 480	2 640 329
(+) Allowances for non performing loans and commitments (net of write-backs)	-586 567	-643 094
(+) Other allowances net of provision write-backs	-319 024	-134 105
Current income	2 047 889	1 863 130
Non-current income	-35 100	-
(-) Corporate tax	640 941	519 477
Net earnings for the year	1 371 848	1 343 654

(in thousand MAD)

EARNINGS FORMATION TABLE	31/12/19	31/12/18
(+) Net earnings for the year	1 371 848	1 343 654
(+) Allowances for depreciation and provisions for intangible and tangible fixed assets	270 695	248 735
(+) Allowances for provisions for equity investments depreciation	4 720	12 665
(+) Allowances for provisions for general risks	295 747	131 850
(+) Allowances for regulated provisions	-	-
(+) Non-current allowances	-	-
(-) Provision write-backs	518	562
(-) Capital gains on disposals of intangible and tangible fixed assets	47 797	163 331
(+) Capital losses on disposals of intangible and tangible fixed assets	-	-
(-) Capital gains on disposals of equity investments	22 117	220
(+) Capital losses on disposals of equity investments	811	421
(-) Write-backs of investment subsidies received	-	-
(+) Financing	1 873 390	1 573 211
(-) Dividends distributed	-	-
(+) Cash-flow	1 873 390	1 573 211

# FINANCIAL REPORT

STATEMENT OF CASH FLOW	31/12/19	31/12/18
(+) Operating income received from banking operations	10 452 239	9 845 282
(+) Recovery of amortised debts	30 543	31 156
(+) Non-banking revenues received	190 578	239 596
(-) Banking operating expenses paid	4 940 728	5 272 231
(-) Non-banking operating expenses paid	63 685	11 573
(-) General operating expenses paid	3 375 246	3 346 158
(-) Corporate tax paid	640 940	519 477
I.Net Cash Flows from the Income Statement	1 652 761	966 595
Change in:		
(+) Loans to credit institutions and equivalent	-1 503 654	4 664 605
(+) Loans to customers	-6 672 571	5 864 886
(+) Debt and marketable securities	-4 824 869	8 709 160
(+) Other assets	876 455	-1 513 397
(-) Moudaraba and Moucharaka securities	-	-
(+) Leasing and renting operations	-39 881	-48 147
(+) Ijara operations	-	-
(+) Investments placed through credit institutions and equivalent	-	-
(+) Amounts owed to credit institutions and equivalent	2 760 604	-612 330
(+) Customer deposits	5 681 835	-7 055 739
(+) Customer borrowings on participatory financing	-	-
(+) Debt securities issued	776 851	-3 969 945
(+) Other liabilities	-717 718	-4 283 400
II.Balance of changes in operating assets and liabilities	-3 662 948	1 755 693
III.Net cash flows from operating activities (I + II)	-2 010 187	2 722 288
(+) Revenues from equity investments (1) (4)	432 351	200 175
(+) Revenues from disposals of intangible and tangible fixed assets (4)	179 800	465 442
(-) Acquisitions of equity investments (1)	1 328 397	723 594
(-) Acquisitions of intangible and tangible fixed assets	942 301	467 860
(+) Interests received	250	94 095
(+) Dividends received	575 280	611 817
IV.FLUX DE TRESORERIE NETS PROVENANT DES ACTIVITES D'INVESTISSEMENT	-1 083 017	180 076
(+) Subsidies, public funds and guarantee funds received	-	-
(+) Issues of subordinated debts	5 299	
(+) Received investment deposits	-	
(+) Stock issues	2 970 415	
(-) Repayment of shareholders equity and equivalent	-	1 862 311
(-) Reimbursed investment deposits (2)	-	
(-) Interests paid	397 860	395 426
(-) Rémunérations versées sur dépôts d'investissement (3) (4)	-	
(-) Dividends paid	-	897 317
V.Net Cash Flows from Financing Activities	2 577 854	-3 155 054
VI.Net Change In Cash (III + IV + V)	-515 350	-252 690
VII.Cash & Cash Equivalent at Beginning of Year	5 625 922	5 878 612
VIII.Cash & Cash Equivalent at Year-end	5 110 572	5 625 922
·		(in thousand MAD)





# STATEMENT OF ADDITIONAL INFORMATION

# MAIN VALUATION METHODS APPLIED

VALUATION METHODS APPLIED BY BANK OF AFRICA

non applicable

LOANS TO CREDIT INSTITUTIONS AND EQUIVALENT							
"Bank Al Maghrib, Trea- sury	Banques au Maroc	Autres étab- lissements de crédit et assimilés au Maroc	Etablisse- ments de crédit à l'étranger	Total 31 / 12 / 2019	Total 31 / 12 / 2018		
and giro	225 880	1 093 212	6 041 432	10 664 369	10 668 714		
accounts"	"Banks	-	-	1 029 412	23 148		
in Morocco"	"Other credit	-	-	1 029 412	-		
institutions	-	-	-	-	23 148		
and equivalent	1 038 373	2 900 827	2 381 110	6 320 310	4 906 563		
in Morocco"	"Foreign	19 186	-	1 057 559	-		
credit institu- tions"	"TOTAL	2 881 641	2 381 110	5 262 751	4 906 563		
31 / 12 / 2019"	"TOTAL	4 406 945	187 033	5 841 192	7 566 819		
31 / 12 / 2018"	349 719	-	118 885	3 364 364	3 080 642		
-	29 203	6 235	4 580	40 017	25 474		
-	-	4	-	4	5		
6 199 606	3 919 800	8 407 223	8 733 039	27 259 669	26 271 365		
	"Bank Al Maghrib, Treasury  and giro accounts" in Morocco" institutions and equivalent in Morocco" credit institutions" 31/12/2019" 31/12/2018"	"Bank Al Maghrib, Treasury Sury Banques au Maroc Sury 225 880  accounts" "Banks "Other credit institutions and equivalent 1 038 373 in Morocco" "Foreign credit institutions" "TOTAL 11/12/2019" "TOTAL 31/12/2018" 349 719  - 29 203	"Bank Al Maghrib, Treasury Banques au Maroc de crédit et assimilés au Maroc accounts" "Banks on Morocco" "Other credit on institutions on and equivalent of credit institutions" "TOTAL of the credit on the credit	"Bank Al Maghrib, Treasury         Banques au Maroc         Autres établissements de crédit et assimilés au Maroc         Etablissements de crédit à l'étranger           and giro accounts"         225 880         1 093 212         6 041 432           accounts"         "Banks         -         -           in Morocco"         "Other credit         -         -           institutions         -         -         -           and equivalent in Morocco"         "Foreign         19 186         -           credit institutions"         "TOTAL         2 881 641         2 381 110           31/12/2019"         "TOTAL         4 406 945         187 033           31/12/2018"         349 719         -         118 885           -         29 203         6 235         4 580           -         -         4         -	"Bank Al Maghrib, Treasury         Banques au Maroc         Autres établissements de crédit et assimilés au Maroc         Etablissements de crédit à l'étranger         Total 31/12/2019           and giro         225 880         1 093 212         6 041 432         10 664 369           accounts"         "Banks         -         -         1 029 412           in Morocco"         "Other credit         -         -         1 029 412           in Morocco"         "Other credit         -         -         -           and equivalent         1 038 373         2 900 827         2 381 110         6 320 310           in Morocco"         "Foreign         19 186         -         1 057 559           credit institutions"         "TOTAL         2 881 641         2 381 110         5 262 751           31/12/2019"         "TOTAL         4 406 945         187 033         5 841 192           31/12/2018"         349 719         -         118 885         3 364 364           -         29 203         6 235         4 580         40 017           -         -         4         -         4		

(in thousand MAD)

LOANS TO CUSTOMERS								
	Public Sector	Private Sector			TOTAL	TOTAL		
Claims		Financial companies	Non-financial companies	Other customers	TOTAL 31 / 12 / 2019	TOTAL 31 / 12 / 2018		
Short-term loans	409 839	2 128 580	22 106 461	2 416 894	27 061 774	23 799 428		
- Deposit accounts in debit	369 226	2 128 580	12 471 603	1744 545	16 713 954	16 165 784		
- Commercial loans in Morocco	18 746	-	3 354 649	109 291	3 482 686	3 476 205		
- Export loans	-	-	583 764	467 767	1 051 531	324 597		
- Other cash loans	21 867	-	5 696 445	95 291	5 813 603	3 832 842		
Consumer loans	-	-	-	8 162 481	8 162 481	8 830 232		
Equipment loans	5 083 177	535 775	14 785 231	1 413 575	21 817 758	21 569 962		
Mortgage loans	4 773	-	10 047 117	30 388 847	40 440 737	40 372 880		
Other loans	-	13 447 547	1 770 216	46 479	15 264 242	11 974 241		
Advances acquired by factoring	1 977 072	-	306 677	-	2 283 749	2 515 204		
Receivables accrued interest	73 484	45 299	472 208	152 003	742 995	711 861		
Non performing loans	130	-	1 694 527	1 429 392	3 135 112	2 462 470		
- Substandard loans	-	-	3 422	516 590	520 012	396 723		
- Doubtful loans	-	-	778 864	287 110	1 065 974	634 094		
- Loss loans	130		923 304	625 692	1 549 126	1 431 653		
TOTAL	7 548 475	16 157 201	51 182 437	44 009 671	118 908 849	112 236 278		

<b>BREAKDOWN OF TRANSACTION &amp; N</b>	MARKETABLE SE	CURITIES AN	ID INVESTME	NT SECURITIE	S BY CATEGOR	Y OF ISSUER
	"Credit Institutions	Public	PRI\ ISSUERS	/ATE	Total	Total
	and Equivalent"	Issuers	Financial companies	Non-financial companies	31 / 12 / 2019	31 / 12 / 2018
Quoted securities	6 709	4 156 001	19 245 740	31 830	23 440 279	28 766 368
- Treasury bonds and equivalent securities	-	2 867 631	-	-	2 867 631	10 022 245
- Bonds	-	1 288 369	-	19 687	1 308 057	2 450 467
- Other debt securities	-	-	-	-	-	369 304
- Title deeds	6 709	-	19 245 740	12 143	19 264 591	15 829 053
Certificats de Sukuks						95 300
Titres non côtés	618 393	9 621 521	53 325	647 360	10 940 599	196 092
- Treasury bonds and equivalent securities	-	9 312 684	-	-	9 312 684	-
- Bonds	298 808	25 000	50 000	624 400	998 208	-
- Other debt securities	314 664	-	-	14 271	328 935	-
- Title deeds	-	-	-	-	-	-
Certificats de Sukuks	-	77 227	-	-	77 227	-
Accrued interest	4 920	206 609	3 325	8 690	223 545	196 092
TOTAL	625 102	13 777 521	19 299 065	679 190	34 380 877	28 962 460
						(in thousand MAD)

	Gross book value	Current value	Redemption price	Unrealised capital gains	Unrealised capital losses	Provisions
Transaction securities	27 852 089	27 852 089	-	-	-	
Treasury bonds and equivalent securities	8 143 976	8 143 976	-	-	_	
Bonds	84 400	84 400	-	-	-	
Other debt securities	381 526	381 526	-	-	-	
Title deeds	19 164 959	19 164 959	-	-	-	
Sukuks certificates	77 227	77 227	-	-	-	
Marketable securities	2 196 686	2 153 724	2 196 686	-	42 962	42 962
Treasury bonds and equivalent securities	2 053 058	2 010 096	2 053 058	-	42 962	42 962
Bonds	-	-	-	-	-	
Other debt securities	40 858	40 858	40 858	-	-	
Title deeds	102 770	102 770	102 770	-	-	
Investment securities	4 375 455	4 375 064	4 223 950	-	390	
Treasury bonds and equivalent securities	2 125 082	2 125 082	1 996 277	-	-	
Bonds	2 222 255	2 222 255	2 199 556	-	-	
Other debt securities	28 118	27 728	28 118	-	390	
TOTAL	34 424 230	34 380 877	6 420 637	-	43 352	42 962

DETAIL OF OTHER ASSETS	31 / 12 / 2019	31 / 12 / 2018
Optional instruments	-59 121	-13 033
Miscellaneous transactions on securities	276 293	303 697
Other Debtors	1 066 599	945 775
- Sums due by the state	912 464	811 721
- Sums due by provident companies	-	-
- Receivables from staff	107 590	90 641
- Receivable for non-banking services	-	-
Other debtors	46 545	43 413
Other securities and assets	9 403	9 405
Adjustment accounts	2 166 424	2 960 119
Off-balance sheet adjustment accounts	54 670	57 172
Currency discrepancy accounts	54 670	57 172
Derivatives discrepancy accounts	-	-
Securities discrepancy accounts	-	-
Currency and securities Goodwill	-	-
Income on hedging transactions	-	-
Deferred expenses	176 716	138 188
Liaison accounts between the head office, subsidiaries and branches in Morocco	313 697	449 310
Accrued income and prepayment	330 432	320 266
Accrued income	321 662	303 356
Prepayment	8 770	16 910
Transitory accounts	-	-
Other adjustment accounts	1 290 909	1 995 183
Non performing loans on miscellaneous transactions	-	-
TOTAL	3 459 599	4 205 962
		(in thousand MAD)

# FINANCIAL REPORT

4	

Fauity of the issuing company	Sector of activity	Number of shares	Share capital	Equity holding as %	Overall acquisi- tion price	Provisions Ne	Net book value
RADIO MEDITERRANEE	Media	708 260	196 650 000	36.02	70807		70 877
CASARI ANCA FINANCE CITY ALITHORITY	Casablanca Financial Center Management	500 000	400 000 000	12,50	50 000		50 000
TANGER MED ZONES		640 577	706 650 000	90'6	64 058		64 058
EMAT	Holding Company	80 473	8 047 300	100,00	30 365	30 365	
FONCIERE EMERGENCE	Real Estate	338 436	372 172 274		33 844		33 844
ECOPARC DE BERRECHID	Development company	120 000	55 000 000	21,82	12 000		12 000
CENTRE MONETIQUE INTERBANCAIRE	Electronic payment management	109 990	98 200 000		11 000		11 000
FONDS DE GARANTIE DE LA COMMANDE PUBLIQUE	Investment funds	100 000	100 000 000	10,00	10 000		10 000
MOROCAN INFORMATION TECHNO PARC CIE	Real estate management	26 500	46 000 000	12,28	2 650		5 650
BMCE Capital Real Estate	Real estate management	12 495	5 000 000	24,99	1250		1250
MARTKO (MAGHREB ARAB TRADING C°)	Financial institution	12 000	900 000 OSD	20,00	971	971	'
AFRICA CO-DEVELOPMENT GROUP	Insurance	20 001	10 000 000	20,00	200	1 (	200
MIIC CAPITAL	Fund MINF	4 000	2 000 000	70,00	400	400	
STERECOURS	Debt collection	3 750	2 500 000	15,00	3/5		
511 Equity Athliates					291 238	32 110	259 128
Securities related companies			1	1			
BOA GROUP	Foreign credit institution	435 192	93 154 535	72,41	2 914 961		2 914 961
BBI	Foreign credit institution	157 659 285	157 659 285	100,00	1 993 759		1 993 759
STE SALAFIN	Consummer credit	1 790 432	294 507 400	60,79	628 635	1	628 635
LITTORAL INVEST	Leasing	26 000	2 600 000	100,00	450 000		450 000
MAGHREBAIL	Leasing	726 220	138 418 200	52,47	370 770		370 770
LOCASOM	Long Term Car Rental	784 768	83 042 900	94,50	336 882	-	336 882
AFRICA MOROCCO LINKS	Maritime transport	1 632 000	320 000 000	51,00	163 200	30 000	133 200
O TOWER	Development company	000 009 6	2 000 000 000	48,00	675 003		675 003
BANK ALTAMWEEL WA ALINMA - BTI	Participative Bank	2 040 000	400 000 000	51,00	204 000		204 000
BOA UGANDA	Foreign credit institution		46 775 206 000 UGX	47,41	137 410		137 410
BANOUE DE DEVELOPPEMENT DU MALI	Foreign credit institution	121 726	25 000 000 000 FCFA	32,38	135 773		135 773
HANOUTY	Distribution	76 486	16 767 900	45,60	121 815	121 815	
BMCE CAPITAL	Investment Bank	100 000	100 000 000	100,00	100 000		100 000
STE CONSEIL INGENIERIE ET DEVELOPPEMENT	Study Office	155 437	40 000 000	38.85	90 192		90 192
CONGOLAISE DES BANOLIES	Foreign credit institution	370 000	10 000 000 0CE	3700	75 621		75 671
BIYAD AI NOITR	Hotel Communication	000 %	000 008	00'001	78 357		78 357
COCIETE D'AMENAGEMENT TANGER TECH - CA-TT	Development company	4 000 000	000 000 005	80,00	62 500		62 500
MAROC EACTORING	Fortoring	450 000	45 000 000	10000	51 817		51 817
GLOBAL METWORK SYSTEMS HOLDING	Data processing	116 000	11 600 000	100,001	46 591		46 591
FIROSERVICES	Service company	3 768	4 831 000	78,00	40 561		40 561
BMCF IMMOBILIER		200 000	000 000 02	100.00	002 62		29 700
RM EXPERT	Debt collection	200 000	20 000 000	100.00	20 000		20 000
DOCUPRINT (STA)	Service company	20 000	000 000 \$	10000	19 000		19 000
ACMAR	Service company	100 000	50 000 000	20,00	10 001		10 001
SONORMA	Real estate	009	100 000	00'09	8 280	8 280	1
BMCE CAPITAL BOURSE (MAROC INTER TITRES)	Stock brokerage	67 500	10 000 000	67,50	6 750		6 750
STE FINANCIERE Italie	Financial institution	000 009	600 000 EURO	100,00	6 4 5 9	6 459	
BMCE CAPITAL GESTION (MARFIN)	Mutual fund management	250 000	25 000 000	100,00	6 443		6 443
Eurafric Informatique	Service company	41 000	10 000 000	41,00	4 100		4 100
BMCE ASSURANCES	Insurance	15 000	1 500 000	100,00	3 025	1	3 025
OPERATION GLOBAL SERVICES SA OGS	Sces Back-office	20 000	5 000 000	100,00	2 000		2 000
IT International service	⊢	3 100	31 000 EURO	100,00	334		334
AKENZA IMMO	Real estate	100	10 000	100,00	10		10
SAISS IMMO NEJMA	Real estate	100	10 000	100,00	10		10
SUX HILL PRIMERO	Real estate	100	10 000	100,00	10		10
SUX HILL SECONDO	Real estate	100	10 000	100,00	10		10
SUX HILL TERCIO	Real estate	100	10 000	100,00	10		10
NOUACER CITY IMMO	Real estate	100	10 000	100,00	10		9
MOHII IMMO	Keal estate	100	10 000	100,00	10		20,
ZAKACIA IMMO	Real estate	007	10,000	00,001	0 6		2 6
NAMAT TILLA	Dool octate	000	70000	00,001	200		
וואואון וונורט	ואכמו באומוב	-		> >/> >	,		>

# FINANCIAL REPORT

PROPARCO	International credit institution	1 082 935	693 079 200 EUR	2,50	172 711		172 711
E.S.F.G.	Foreign credit institution	923 105	207 075 338 EUR	0,45	171 633	171 633	
S.I	Foreign credit institution	467 250	500 400 000 EUR	0,93	147 748	147 748	1
3AE ARAB ITALIAN BANK	Foreign credit institution	63 032	159 860 800 EUR	4,34	71 308	-	71 308
AMETHIS FINANCE Luxembourg	Investment company in risk capital	4 503	214 778 488 EUR	2,10	48 465		48 465
AMETHIS II	Investment company in risk capital	1125	84 618 000 EUR	1,33	12 266		12 266
BOURSE DE CASABLANCA	Stock exchange	310 014	387 517 900	8,00	31373		31373
MAROC NUMERIC FUND	Investment fund	150 000	75 000 000	20,00	15 000	7 566	7 434
MAROC NUMERIC FUND II	Investment fund	78 431	40 000 000	19,61	3 922		3 922
SEAF MOROCCO GROWTH FUND		000 09	84 120 000	7,13	4 854		4 854
ANQUE MAGHREBINE D'INVEST ET DU COMMERCE EXT	Credit institution	000 9	150 000 000 USD	4,00	28 780	'	28 780
FONDS D'INVESTISSEMENT DE L'ORIENTAL	Investment fund	107 500	150 000 000	7,17	10 750	5 395	5 355
INMAA SA	Service company	53 333	20 000 000	26,67	5 333	2 323	3 010
AFREXIM BANK (AFRICAN IMPORT EXPORT)	Credit institution/foreign	30	506 300 000 USD	0,059	2 959		2 959
FONDS MONETAIRE ARABE (ARAB TRADE FINANCING PROGRAM)	Financial institution	50	987 920 000 USD	0,03	2 878		2 878
FIROGEST	Investment fund	2 500	2 000 000	12,50	250		250
SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE BANCAIRE	Guaranteee funds	288	1 000 000	5,88	59	' 100	59
515 SECURITIES/ACTIVITIES OF THE PORTFOLIO					/30 288	334 665	395 622
OTHER							
CFG GROUP	Investment Bank	285 065	442 817 300	6,44	103 997		103 997
Mutandis SCA	Investment fund	832 458	799 673 700	10,41	96 807		96 807
Mutandis AUTO MOBILE SCA	Automobile distribution	846 892	630 000 000	13,44	91359	4 240	87 120
ROYAL RANCHES MARRAKECH	Real Estate and tourism	106 667	800 000 000	13,33	000 09		000 09
VIGEO	Financial advisory	94 000	14 362 235 EUR	3,27	8 935	3 8/5	5 059
SOGEROS	Development company	46 2 16	35 000 000	13,20	4 622	י ממת	4 077
CA CELLOLOSE DO MANOC SMAEX	has irance and service	32 884 22 584	20 000 000	4.51	1 690	0	1 690
FRUMAT	Agri-industry	4 000	13 000 000	3.08	1450	1450	
STE IMMOBILIERE SIEGE GPBM	Real Estate	12 670	19 005 000	6,67	1267		1267
STE D'AMENAGEMENT DU PARC INDUSTRIE	Real Estate	10 000	60 429 000	1,65	1 000	,	1 000
MAROCLEAR	Central custodian	803	100 000 000	4,02	803		803
STE IPE	Editin & printing	8 013	10 000 000	8,01	801		801
CASABLANCA PATRIMOINE S.A	Local development	5 000	31 000 000	7,67	200	1 00	200
GECUIEA SOCIETE ALLICOM MAROC	Industry	000 8	000 000 02	0,00	2000	200	
DAR ADDAMANE	Guarantee bodies	1922	75 000 000	0.64	481	481	'
PORNET	Service company	1800	11 326 800	1,59	180		180
SINCOMAR	Agribusiness	494	37 440 000	0,13	49	49	
SWIFT	Service company	23	434 020 000 EUR	0,01	23		23
DYAR AL MADINA	Real Estate	640	20 000 000	0,32	o		6
RMA WATANYA	Insurance	to (	1 796 170 800	0,00	2 2		2 2
KISM/A MEDI 1 TV	Jourism	01.	1432 694 700 199 245 600	3,000	7 0		7 0
SAG-9 OTHER FOLLITY INVESTMENT	Pare in the control of the control o	t	000 000	00/0	378 371	14.488	363 882
יייי דיייי דייייי דיייייי דייייייייייי							
Associates current account					0		1
RYAD ENNOUR					471643		4/1 643
FARACHA IMMO					301 026	,	301026
II INETRATIONAL SELVICE II IS					016/0		516/0
AKENZA IMIMO					46 931		46 931
SON HILL SECONDO SAISS IMMO NEIMA					36 481		36 481
BMCE IMMOBILIER					38 000		38 000
SUX HILL PRIMERO					25 780		25 780
SUX HILL TERCIO					15 522		15 522
MARTCO					1500	1 500	' ('
SIESE G.P.B.IM.					7.23	557	123
HANOUTY					1615	1	1615
MOHITIMMO					3 850		3 850
NOUACER CITY IMMO					20		20
Others					1044626	2 052	1 042 574
					C11 55C 55	010 011	2000





SUBORDINATED DEBTS						
		Amou	nt		Included li related Co	
	31/12/19 31/12/18				31/12/19	31/12/18
	Gross	Provisions	Net	Net	Net	Net
Subordinated loans to credit institutions and similar	190 532	-	190 532	193 859	190 532	193 859
Subordinated loans to customers	-	-	-	-	-	-
TOTAL	190 532	-	190 532	193 859	190 532	193 859

FIXED ASSETS ON	<b>LEASING</b>	, WITH O	PTION TO	PURCH	ASE, AND	WITH SI	MPLE LEA	SE			
						Depre	ciation		Provisions		
Immobilisations	Gross amount begin- ning of the year	Acquisi- tions of the year		Reallo- cation	Gross Amount year ended	Depreci- ation	Total Depreci- ations	Provi- sions	Write- backs	Total Provisions	Net Amount year end- ed
<b>Fixed Leasing Assets</b>	172 197	206 241	152 679	-113	225 646	13 568	34 499	-	-		191 147
Leasing on intangible assets	6 572	-	-	-113	6 459	-	-	-	-	-	6 459
Furniture leasing	86 933	-	-	-12 933	74 000	10 466	31 397	-	-	-	42 603
- In progress	-	-	-	-	-	-	-	-	-	-	-
- Leased	86 933	-	-	-12 933	74 000	10 466	31 397	-	-		42 603
- Non Leased after termination	-	-	-	-	-	-	-	-	-		-
Real estate leasing	74 774	202 668	145 188	12 933	145 188	3 102	3 102	-	-	-	142 086
- In progress	74 774	57 480	145 188	12 933	0	-	-	-	-	-	0
- Leased	-	145 188	_	-	145 188	3 102	3 102	-	_	-	142 086
- Non leased after termination	-	-	_	-	-	-	-	-	-	-	-
Leased to perceive	3 918	3 573	7 492	-	-	-	-	-	-	-	_
Restructured leases	-	-	_	-	_			-	-	-	-
Non paid leases	_	-	_	-	_			-	-	-	_
Non performing loans	-	-	_	-	_			-	_	-	_
Fixed assets given on simple lease	-	-	_	-	-	-	-	-	-	-	-
Furniture given on simple lease	-	-	-	-	-	-	-	-	-	-	-
Real-estate given on simple lease	-	-	-	-	-	-	-	-	-	-	-
Leases to perceive	-	-	_	-	-	-	-	-	-	-	_
Restructured leases	-	-	-	-	-	-	-	-	-	-	_
Non paid leases	-	-	-	-	-	-	-	-	-	-	_
Non performing loans	-	-	-	-	-	-	-	-	-	-	-
TOTAL	172 197	206 241	152 679	-113	225 646	13 568	34 499	-	-		191 147

							epreciatio	on and/or	<b>Provisior</b>	าร	
	Gross amount at the begin- ning of the year	Gross reclassi- fication of the year	Acquisi- tions of the year	Disposals or withdrawls of the year	Gross amount at the end of the year	Depreciation and/or provisions at the beginning of the year	Reclassi- fication of the year	Allow- ances for the year	Depreci- ation on fixed assets with- drawn	Total	Net amount at the end of the year
Intangible fixed	735 319	-364	315 163	98 784	951 333	502 359	-153	39 077	_	541 283	410 050
assets						302 333					
Leasehold rights	97 091	-18	-	-	97 073	-	-	-		-	97 073
Investment in research and development	-	-	-	-	-	-	-	-	-	-	
Other operating intangible fixed assets	638 228	-346	315 163	98 784	854 260	502 359	-153	39 077	-	541 283	312 977
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	-	-	
Tangible fixed assets	9 073 898	-10 870	684 679	123 705	9 624 001	3 930 488	-5 120	231 618	3 535	4 153 451	5 470 550
Operating buildings	1343 952	-1 616	269 416	354	1 611 397	406 807	-850	33 115	-	439 071	1 172 326
Operating land	185 362	-284	53 862	-	238 940	-	-	-	-	-	238 940
Operating buildings offices	1 158 589	-1 332	215 554	354	1372 457	406 807	-850	33 115	-	439 071	933 386
Operating buildings. Staff housing	-	-	-	-	-	-	-	-	-	-	
Operating furniture and equipment	1865 071	-50	189 914	80 689	1 974 246	1 618 309	-27	57 402	2 463	1 673 220	301 025
Operating office furniture	509 596	-	126 915	80 591	555 920	376 495	-	18 414	2 365	392 544	163 376
Operating office equipment	213 935	-50	3 179	-	217 064	187 022	-11	9 145	-	196 155	20 908
Computer equipment	980 028	-	38 540	-	1 018 568	932 336	-16	17 881	-	950 201	68 367
Operating vehicles	54 397	-	20 906	-	75 303	35 725	-	8 849	-	44 574	30 729
Other operating equipment	107 115	-	375	98	107 392	86 731	-	3 113	98	89 746	17 645
Other operating tangible fixed assets	2 127 861	-5 420	73 816	-	2 196 257	1 628 385	-46	104 056	-	1732 396	463 86
Non operating tangible fixed assets	3 737 014	-3 784	151 533	42 663	3 842 102	276 987	-4 197	37 045	1 071	308 764	3 533 338
Non-operating land	3 031 550	284	32 958	26 481	3 038 311	-	-	-	-	-	3 038 31
Non-operating buildings	566 287	-4 068	108 390	16 181	654 427	168 995	-4 197	30 950	1071	194 677	459 750
Non-operating furniture and equipment	63 691	-	5 336	-	69 027	48 624	-	2 997	-	51 622	17 405
Other non-operating tangible fixed assets	75 487		4 850	-	80 337	59 368	-	3 097	-	62 465	17 87
TOTAL	9 809 217	-11 234	999 842	222.400	10 575 335	4 422 047	-5 273	270 695	2.525	4 694 735	F 000 COC





DISPOSAL (	OF TANGIBLE AND INTANGIBLE FIXED ASSET	S					
Sale or withdrawal date	Nature	Gross book value	Accumulated depreciation and/or provisions	Net book value	Reve- nues from disposals	Capital gain on dispos- als	Capital loss on disposal
14/01/19	PARC CYCLES	90	90	-	9	9	
22/03/19	OFFICE FURNITURE	1 581	1 581	-	119	119	
04/06/19	PARC CYCLES	8	8	-	1	1	
30/06/19	LAND	22 436	-	22 436	69 000	46 564	
18/07/19	OFFICE FURNITURE	784	784	-	59	59	
18/10/19	OFFICE SPACES	1 577	666	911	1200	289	
27/11/19	VILLA	18 650	406	18 244	19 000	756	
		45 126	3 535	41 591	89 387	47 797	-

DEBTS TO CREDIT INSTI	TUTIONS AND E	QUIVALENT				
Debts	Bank Al- Maghrib, Treasury and giro current account	Banks in Morocco	Other credit institutions and equivalent in Morocco	Credit institu- tions abroad		Total 31/12/2018
Ordinary credit accounts	-	30 877	387 808	854 223	1 272 908	851 441
Securities pledged	12 000 048	1 347 617	-	-	13 347 665	12 501 789
- Overnight	-	-	-	-	-	
- Time	12 000 048	1 3 4 7 6 1 7	-	-	13 347 665	12 501 789
Cash Borrowings	-	122 000	2 997 697	2 252 527	5 372 224	4 211 147
- Overnight	-	67 000	38 373	554 531	659 904	590 000
- Time	-	55 000	2 959 324	1 697 996	4 712 320	3 621 147
Financial borrowings	-	58 716	1 417 104	-	1 475 820	1 772 134
Other debts	9 212	399	56 024	1 074 437	1 140 072	506 730
Payable accrued interests	939	565	11 496	8 852	21 852	26 698
TOTAL	12 010 199	1 560 174	4 870 129	4 190 039	22 630 542	19 869 938
						(' .I I.44B)

(in thousand MAD)

CUSTOMER DEPOSITS						
Deposits	Public sector	Financial companies	Private sector Non financial companies	Other companies	Total 31/12/2019	Total 31/12/2018
Demand acredit accounts	3 238 644	1079 335	17 588 326	57 866 802	79 773 107	73 361 105
Saving accounts	-	-	-	24 486 071	24 486 071	24 129 793
Time Deposits	1584 239	7 185 229	1127 891	13 461 237	23 358 596	23 482 126
Other credit accounts (*)	2 935 683	449 204	2 266 566	719 766	6 371 219	7 308 764
Payable accrued interests	25 445	109 968	19 897	296 938	452 248	477 617
TOTAL	7 784 011	8 823 736	21 002 680	96 830 814	134 441 241	128 759 405

Type of securities	Starting date	Maturity date	" Characteristics	Volume
Nominal unit value "	Rate	29/03/20	2,80%	250 000,00
CD BANK OF AFRICA- BMCE GROUP	23/11/19	23/11/20	2,79%	134 000,00
CD BANK OF AFRICA- BMCE GROUP	18/12/17	18/12/20	3,00%	120 000,00
CD BANK OF AFRICA- BMCE GROUP	09/03/18	09/03/20	2,82%	200 000,00
CD BANK OF AFRICA- BMCE GROUP	29/03/18	29/03/20	2,75%	440 000,00
CD BANK OF AFRICA- BMCE GROUP	17/04/18	17/04/20	2,75%	185 000,00
CD BANK OF AFRICA- BMCE GROUP	28/12/18	28/12/20	2,90%	60 000,00
CD BANK OF AFRICA- BMCE GROUP	28/03/19	26/03/20	2,59%	655 000,00
CD BANK OF AFRICA- BMCE GROUP	28/03/19	28/03/21	2,76%	340 000,00
CD BANK OF AFRICA- BMCE GROUP	16/04/19	14/04/20	2,61%	255 000,00
CD BANK OF AFRICA- BMCE GROUP	16/04/19	16/04/21	2,74%	805 000,00
CD BANK OF AFRICA- BMCE GROUP	30/04/19	30/04/21	2,71%	365 000,00
CD BANK OF AFRICA- BMCE GROUP	08/05/19	06/05/20	2,59%	316 000,00
CD BANK OF AFRICA- BMCE GROUP	08/05/19	08/05/21	2,68%	15 000,00
CD BANK OF AFRICA- BMCE GROUP	29/05/19	27/05/20	2,60%	250 000,00
CD BANK OF AFRICA- BMCE GROUP	27/06/19	25/06/20	2,63%	500 000,00
CD BANK OF AFRICA- BMCE GROUP	02/08/19	31/07/20	2,60%	70 000,00
CD BANK OF AFRICA- BMCE GROUP	02/08/19	02/08/21	2,70%	160 000,00
CD BANK OF AFRICA- BMCE GROUP	09/09/19	09/03/20	2,45%	30 000,00
CD BANK OF AFRICA- BMCE GROUP	09/09/19	07/09/20	2,58%	125 000,00
CD BANK OF AFRICA- BMCE GROUP	09/09/19	09/09/21	2,68%	50 000,00
CD BANK OF AFRICA- BMCE GROUP	09/09/19	09/09/22	2,76%	225 000,00
CD BANK OF AFRICA- BMCE GROUP	10/10/19	08/10/20	2,57%	200 000,00
CD BANK OF AFRICA- BMCE GROUP	15/10/19	14/01/20	2,45%	400 000,00
CD BANK OF AFRICA- BMCE GROUP	15/10/19	13/10/20	2,57%	388 000,00
CD BANK OF AFRICA- BMCE GROUP	15/10/19	15/10/22	2,79%	765 000,00
CD BANK OF AFRICA- BMCE GROUP	03/12/19	02/06/20	2,55%	252 300,00
CD BANK OF AFRICA- BMCE GROUP	03/12/19	01/12/20	2,58%	244 000,00
CD BANK OF AFRICA- BMCE GROUP	03/12/19	03/12/21	2,67%	350 000,00
CD BANK OF AFRICA- BMCE GROUP	03/12/19	03/12/22	2,75%	615 000,00
			TOTAL	8 764 300

DETAIL OF OTHER LIABILITIES		
LIABILITIES	31/12/2019	31/12/2018
Provisions, deducted from assets, on :	-37 162	-2 172
Loans to credit institutions and equivalent	187 427	1 025 665
Loans and advances to customers	1 590 158	1 345 519
Doubtful interest	1 232 875	1 0 2 4 0 0 3
Marketable securities	45 153	54 221
Equity investments and equivalent assets	178 784	159 063
Leased and rented fixed assets	12	3 674
Other assets	418	12 973
Provisions Recorded under liabilities	132 916	91 585
Provisions for risks of fulfilment of commitments	2 227 712	2 358 474
Contingent liabilities	2 578	14 893
Provisions for general risks	-	-
Provisions for retirement pensions and similar obliga-	-	-
tions	290 130	303
Other contingent liabilities (E.C)	281 298	308 871
Regulated provisions	1 653 706	2 034 407
TOTAL	3 968 135	4 727 486





PROVISIONS	Amount 31/12/18	Allowances	Write back	Other changes	Outstanding 31/12/19
Provisions, deducted from assets, on:	6 205 240	1 001 317	1 138 204	5 876	6 062 477
Loans to credit institutions and equivalent	58 616		7 000		51 616
Loans and advances to customers	5 557 148	857 823	1 120 394	243	5 294 334
Doubtful interest	27 502	95 812	10	-	123 304
Marketable securities	10 149	42 962	10 282	-133	42 962
Equity investments and equivalent assets	550 908	4 720		5 758	549 870
Leased and rented fixed assets	-	-	-		-
Other assets	916	-	518	8	390
Provisions Recorded under liabilities	863 291	308 318	54 270	4	1 117 335
Provisions for risks of fulfilment of commitments	55 985	792	44 289		12 488
Contingent liabilities	-	-	-	-	-
Provisions for general risks	778 855	295 747	-	-	1 074 602
Provisions for retirement pensions and similar obli-	_	_			
gations					
Other contingent liabilities (E.C)	28 451	11 779	9 981	4	30 245
Regulated provisions	-	-	-	-	-
TOTAL	7 068 531	1 309 635	1 192 474	5 880	7 179 812

Currency	Debt amount	closing exchange rate	Interest rate	Term	Conditions for anticipated reimbursement, subordinated and convertibility	Debt amount in thousands MAD
DH	150 000	1	6,95%	Perpetual		150 000
DH	850 000	1	4,44%	Perpetual		850 000
DH	950 000	1	3,37%	Perpetual		950 000
DH	50 000	1	5,30%	Perpetual		50 000
DH	160 000	1	6,18%	10 years		160 000
DH	50 000	1	6,18%	10 years		50 000
DH	790 000	1	3,63%	10 years		790 000
DH	154 500	1	5,64%	10 years		154 500
DH	845 500	1	3,51%	10 years		845 500
DH	626 000	1	4,74%	10 years		626 000
DH	1 374 000	1	3,46%	10 years		1 374 000
DH	447 200	1	3,74%	10 years		447 200
DH	78 900	1	3,74%	10 years		78 900
DH	1 473 900	1	3,28%	10 years		1 473 900
DH	200 000	1	7,05%	Perpetual		200 000
DH	800 000	1	5,62%	Perpetual		800 000
DH	400 000	1	3,29%	5 years		400 000
						9 400 000

# FINANCIAL REPORT

SHAREHOLDER'S EQUITY	Amount 31/12/2018	Allocation of earning	Other changes	Outstanding 31/12/2019
REVALUATION RESERVE	-	-	-	-
Additional paid-in capital	12 571 143	446 300	3 457 422	16 474 866
Legal reseve	460 306	-	-	460 306
Other reserves	7 204 419	446 300	-3 280	7 647 439
Issuance, merger and contribution premiums	4 906 418	-	3 460 702	8 367 120
Capital	1 794 634	-	203 571	1 998 205
Called-up capital	1794 634	-	203 571	1 998 205
Uncalled capital	-	-	-	-
Investment certificates	-	-	_	-
Allowance fund	-	-	-	-
Shareholders. Unpaid-up capital	-	-	-	-
Retained earnings (+/-)	37	38	-	75
Net earnings being appropriated (+/-)	-	-	-	-
Net earnings for fiscal year(+/-)	1 343 654	-1 343 654	-	1 371 848
TOTAL	15 709 468	-897 316	3 660 993	19 844 993
				(In thousand MAD)





	a de la	2.122.122
FINANCING AND GUARANTEE COMMITMENTS	31/12/19	31/12/18
Financing and guarantee commitments given	19 275 490	19 338 903
Financing commitments on behalf of credit institutions and equivalent	182 310	628 306
- Import letters of credit	_	
- Payment acceptances or commitments		-
- Opening of confirmed credit	182 310	628 306
- Substitution commitments on issuing of securities		-
- Irrevocable leasing commitments	-	-
- Other financing commitments given	-	-
Financing commitments on behalf of customers	6 217 752	4 828 204
- Import letters of credit	2 538 217	1 966 305
- Payment acceptances or commitments	766 203	482 908
- Opening of confirmed credit	1 539 861	1 246 318
- Substitution commitments on issuing of securities	-	-
- Irrevocable leasing commitments	6 859	67 437
- Other financing commitments given	1 366 613	1 065 235
Guarantee commitments for credit institutions and equivalent	2 742 845	3 587 105
- Confirmed export letters of credit	3 942	19 098
- Payment acceptances or commitments	3 503	3 096
- Credit guarantees given	_	
- Other securities, endorsments and guarantees given	492 334	285 906
- Non performing commitments	2 243 066	3 279 005
Guarantee commitments for customers	10 132 583	10 295 288
- Credit guarantees given		-
- Securities and guarantees given on behalf of the public administration	6 321 773	6 313 050
- Other securities and guarantees given	3 810 810	3 982 238
- Non performing commitments		
Financing and guarantee commitments received	13 300 148	17 965 237
Financing commitments received from credit institutions and equivalent	_	-
- Opening of confirmed credit		-
- Substitution commitments on issuing of securities		-
- Other financing commitments received	-	-
Guarantee commitments received from credit institutions and equivalent	11 315 888	16 072 674
- Credit guarantees	2 285 546	2 304 661
- Other guarantees received	9 030 342	13 768 013
Guarantee commitments received from the state and other guarantee institutions	1 984 260	1 892 563
- Credit guarantees	1 135 773	655 773
- Other guarantees received	848 487	1 236 790
		(In thousand MAD)

COMMITMENTS ON SECURITIES	MONTANT
Given commitments	170 751
Securities repos purchased	78 357
Other securities to be delivered	92 394
Received commitments	393
Securities repos sold	-
Other securities to be received	393
	(In the compatible of the AMAD)

FORWARD EXCHANGE TRANSACTIONS AND	Holding tra	nsaction	Other transaction	
COMMITMENTS ON DERIVATIVES	31/12/19	31/12/18	31/12/19	31/12/18
Forward exchange transactions	26 050 310	22 776 744	-	
Currency to be received	8 991 084	5 364 223	-	
Currency to be delivered	5 506 159	2 265 582	-	
Dirhams to be received	7 485 710	9 069 748	-	
Dirhams to be delivered	4 067 357	6 077 191	-	
Of which financial currency swaps		-	-	
Commitments on derivatives	2 593 504	2 747 533	-	
Commitments on regulated interest rate markets	-	-	-	
Commitments on OTC interest rate markets	1 512 474	1 545 629	-	
Commitments on regulated exchange rate markets	-	-	-	
Commitments on OTC exchange rate markets	-	162 029	5 001	
Commitments on regulated markets for other instruments	-	-	-	
Commitments on OTC markets for other instruments	1 081 030	1 039 875	-	

SECURITIES RECEIVED AND GIVEN AS COLLATERAL						
Securities received as collateral	Net book value	Loans or given committments posted to assets or to off balance sheet	Amount of loans and given commitments			
Treasury bills and equivalent	10 689 746					
Other securities	6 578 493					
Mortgages	94 246 843					
Other securities received as collateral	231 586 205					
TOTAL	343 101 287					
Securities given as collateral	Net book value	Loans or given committments posted to assets or to off balance	Amount of loans and given			
		sheet	commitments			
Treasury bills and equivalent	12 000 048	BDT donnés en pension				
Other securities	776 934	DD1 doffiles eff perision				
Mortgages						
Other securities received as collateral	·	- Autres valeurs données en pension				
TOTAL	12 776 982					





BREAKDOWN OF USES AND RESOURCES ACCORDING TO RESIDUAL MATURITIES						
	D < 1 month	1 month < D < 3 months	3 months < D < 1 year	1 year < D < 5 years	D > 5 years	TOTAL
ASSETS						
Loans to credit institutions and equivalent	2 486 882	4 716 219	2 464 782	3 556 938	1 185 672	14 410 492
Loans and advances to customers	23 473 320	8 540 028	11 678 966	37 276 516	34 913 275	115 882 105
Debt securities	2 225 611	15 130		26 592		2 267 333
Subordinated loans	2 678 858	93 001	4 161 479	5 965 530	2 214 280	15 113 148
Leasing and equivalent	-	-	-	-	190 532	190 532
TOTAL	30 864 670	13 364 378	18 305 227	46 825 576	38 503 758	147 863 610
LIABILITIES						
Liabilities to credit institutions and equivalent	13 536 648	4 587 491	2 235 118	309 279	7 340	20 675 876
Debts to customers	5 330 470	6 358 536	10 289 994	1 262 412	117 185	23 358 597
Debt securities issued	-	630 000	4 264 300	3 870 000	500 000	9 264 300
Subordinated borrowings	-	-	-	-	9 400 000	9 400 000
TOTAL	18 867 118	11 576 026	16 789 413	5 441 691	10 024 525	62 698 773

CONCENTRATION OF RISK ON THE SAME BENEFICIARY					
	Amount of risk by passing 5% of capital				
Number	Total amount of risks	Operating loans	Contracting loans	Amount of securities held in the capital of the beneficiary	
13	34 238 786	26 887 901	2 867 186	535 674	

(In thousand MAD)

BREAKDOWN OF TOTAL ASSETS, LIABILITIES AND OFF-BALANCE SHEET IN FOREIGN CURRENCY	AMOUNT
ASSETS	35 567 049
Cash, central banks, treasury, giro accounts	266 354
Loans to credit institutions and equivalent	16 906 071
Loans and advances to customers	7 932 205
Transaction, marketable and investment securities	4 712 865
Other assets	142 094
Equity investments and equivalent uses	5 340 406
Subordinated loans	190 532
Fixed assets leased and rented	73 673
Intangible and tangible fixed assets	2 849
LIABILITIES	27 968 933
Central banks, treasury, giro accounts	-
Liabilities to credit institutions and equivalent	20 730 221
Customer deposits	6 623 146
Debt securities issued	595 419
Other liabilities	20 147
Subordinated debts	-
Subsidies, assigned public funds and special guarantee funds	-
OFF-BALANCE SHEET	-
Given commitment	5 434 850
Received commitment	1 680 054
	(In thousand MAD)

## FINANCIAL REPORT

NET INTEREST INCOME	31/12/19	31/12/18
Interest received	6 740 094	6 830 615
Interest and similar income on transactions with credit institutions	761 414	702 881
Interest and similar income on transactions with customers	5 467 179	5 625 747
Interest and similar income on debt securities	511 501	501 987
Interest paid	2 816 319	2 840 008
Interest and similar fees on transactions with credit institutions	1 279 079	993 554
Interest and similar fees on transactions with customers	1 282 212	1 450 090
Interest and similar fees on debt securities	255 028	396 364

(In thousand MAD)

NON-PERFORMING LOANS TO SOCIAL	31/1	31/12/19		31/12/2018	
CUSTOMERS	Credit lines	Provisions for credit lines	Credit lines	Provisions for credit lines	
Pre-doubtful loans	583 342	63 330	446 206	49 482	
Non performing loans	2 123 458	1 057 483	1 423 937	789 843	
Doubtful debts	5 897 572	4 348 445	6 235 597	4 803 940	
TOTAL	8 604 372	5 469 259	8 105 740	5 643 265	

(In thousand MAD)

REVENUES FROM INVESTMENT SECURITIES	31/12/19	31/12/18
Equity Securities	14 630	10 596
Equity in affiliates	561 465	595 686
Equity in portfolio	2 914	5 535
Other securities	79 074	87 395
TOTAL	658 083	699 212





COMMISSIONS	31/12/19	31/12/18
Fees received	1 570 234	1 450 018
On transactions with credit institutions		-
On transactions with customers	446 240	454 438
Concerning operations on the primary securities markets	304 758	260 197
On derivatives	45 575	43 829
On transactions on securities under management and custody	_	-
On means of payment	23 963	24 458
On consulting and assistance	417 736	387 641
On sales of insurance products	-	-
On other services	52 733	41 101
Fees paid	279 229	238 354
On transactions with credit institutions	404 709	357 368
On transactions with customers		-
Concerning operations on the primary securities markets		-
On derivatives	137 641	143 362
On transactions on securities under management and custody		-
On means of payment	13	19
On consulting and assistance	15 278	126 154
On sales of insurance products	95 220	87 833
On other services		-
On sales of insurance products		-
On other services	156 557	_
		(in thousand MAD)

INCOME FROM MARKET TRANSACTIONS	31/12/19	31/12/18
Revenues	2 160 064	1 598 741
Gains on transactions securities	1 058 990	550 621
Capital gains on disposals of marketable securities	21 993	6 328
Provision write-backs on depreciation of marketable securities	10 282	5 151
Gains on derivatives	112 851	107 139
Gains on exchange transactions	955 948	929 502
Expenses	1 166 882	1 098 741
Losses on transaction securities	315 014	287 824
Capital losses on disposals of marketable securities	4 246	64 550
Provisions for depreciation of marketale securities	42 962	10 306
Losses on derivatives	243 165	167 909
Losses on exchange transactions	561 495	568 152
Earning	993 181	500 000
		(in thousand MAD)

GENERAL OPERATING EXPENSES	31/12/19	31/12/18
Staff expenses	1 631 096	1 603 716
Taxes	117 836	105 306
External expenses	1 626 313	1 637 136
Allowances for depreciation and provision for intangible and tangible fixed assets	270 695	248 735
		(! th

OTHER REVENUES AND EXPENSES	31/12/19	31/12/18
Revenues and expenses		
Other banking revenues and expenses	626 336	133 941
Other banking revenues	2 464 820	1 858 940
Other banking expenses	1838 484	1724 999
Non-banking operating revenues and expenses	126 892	228 023
Non-banking operating revenues	190 578	239 596
Non-banking operating expenses	63 685	11 573
Other expenses		
Allowances for provisions and loan losses	2 122 518	1 119 460
Other revenues		
Provision write-backs and recoveries on amortised debts	1 212 727	330 158
		(in thousand MAD)

FROM NET BOOK EARNINGS TO NET FISCAL EARNINGS	
I- Net book earning	
Net gain	1 371 848
Net loss	
II- Tax reintegration	1 445 035
1- Current	163 155
Non-deductible expenses	57 312
Provision for general risks	105 843
2- Non-current	640 940
Corporate taxes	640 940
III- Tax deductions	586 420
1- Current	
Dividendes	586 420
2- Non-current	
VI- Net income tax	2 230 463
Corporate taxes	640 940
VI- Net income tax	
Provisions Write-backs for investments	

DETERMINATION OF CURRENT EARNINGS AFTER-TAX	Montant
Current earnings according to the income statement	2 047 890
(+) Tax reintegration to current transactions	163 155
(-) Tax deductions on current transactions	586 420
(=) Current earnings theoretically taxable	1 624 625
(-) Theoretical tax on current earnings	601 111
(=) Current earnings after tax	1 4 4 6 7 7 9
II. Indications of the tax system and the incentives Granted by the investment codes or by specific provisions	
	(in thousand MAD)





DETAIL ON VALUE ADD TAX				
CATEGORY	Balance at the begin- ning of the fiscal year 1	Accounting operations of the fiscal year 2	VAT claims for the fiscal year 3	VAT claims for the end of the fiscal year (4=1+2-3)
A. VAT Collected	100 013	643 693	646 483	97 223
B. VAT to be Recovered	53 030	441 098	442 020	52 107
* On expenses	44 815	397 820	393 447	49 189
* On fixed assets	8 214	43 278	48 573	2 919
C. T.V.A = (A - B)	46 983	202 595	204 463	45 116

## DISTRIBUTION OF THE SHARE CAPITAL

Amount of the capital :1 998 204 600 Amount of the uncalled committed capital:-

Nominal value: 10,00

		Number	of shares	(%) of	(%) of
Name of the main shareholders	Address	Preivous year	Current year	capital held	voting rights
A- Moroccan shareholders					
ROYALE MAROCAINE D'ASSURANCES	83, avenue de l'Armée Royale 20000 - Casablanca	53 600 192	55 964 419	28,01%	28,01%
HOLDING BENJELLOUN MEZIAN	67-69, avenue de l'Armée Royale 20000 - Casablanca	-	1 111 218	0,56%	0,56%
SOCIETE FINANCIERE DU CREDIT DU MAGHREB	67-69, avenue de l'Armée Royale 20000 - Casablanca	1 159 205	1 746 960	0,87%	0,87%
FINANCECOM	81-83, avenue de l'Armée Royale 20000 - Casablanca	10 453 351	11 580 100	5,80%	5,80%
CAISSE INTERPROFESSIONNELLE MA- ROCAINE DE RETRAITES	100, Boulevard Abdelmoumen-20340- Casablanca	7 371 263	7 803 996	3,91%	3,91%
CAISSE DE DEPOT ET DE GESTION	Place Moulay El Hassan - ex Piétri -BP 408 - Rabat	15 638 328	16 556 383	8,29%	8,29%
Groupe MAMDA/MCMA	Angle Avenue Mohammed VI et rue Houmane El Fatouaki - Rabat	9 395 940	9 947 519	4,98%	4,98%
PERSONNEL BANK OF AFRICA - BMCE GROUP		2 452 440	2 258 693	1,13%	1,13%
SBVC ET DIVERS		32 363 617	33 154 821	16,59%	16,59%
TOTAL (1)		132 434 336	140 124 109	70,13%	70,13%
B- Foreigh shareholders					
BANQUE FEDERATIVE DU CREDIT MUTUEL	4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg - France	47 029 054	48 972 796	24,51%	24,51%
CDC GROUP PLC	123, Victoria Street, Londres SW1E 6DE, Royaume-Uni	-	10 723 555	5,37%	5,37%
TOTAL (2)		47 029 054	59 696 351	29,87%	29,87%
TOTAL		179 463 390	199 820 460	100%	100%

<sup>\*</sup> Including RMA mutual funds \*\* Following CDG confirmation dated on 12/05/2014

ALLOCATION OF EARNINGS THAT OCCURED DURING THE FISCAL YEAR			
A- Origin of the earnings allocated	Amount	B- Income allocation	Montant
Decision of: 28 May 2019			
Retained earnings	37	Legal reserves	-
Net earnings being allocated	-	Dividends	897 317
Net earnings for the fiscal year	1 343 654	Other allocations	446 374
Withdrawals from earnings	-		
Other withdrawals	-		
TOTAL A	1 343 691	TOTAL B	1 343 691
			(1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1

EARNINGS AND OTHER ELEMENTS OF THE LAST THREE FISCAL YEARS	31/12/19	31/12/18	31/12/17
Equity capital and equivalent	29 435 162	25 294 339	26 683 739
Operations and earnings for the fiscal year			-
1- Net banking income	6 476 729	6 019 305	6 208 130
2- Pre-tax earnings	2 012 790	1 863 133	1938 774
3- Corporate tax	640 940	519 477	608 137
4- Dividends distributed	897 317	897 317	897 317
5- Earnings not distributed	446 300	590 800	427 700
Earnings per share (in MAD)		-	-
Net earnings per share	6,87	7,49	8,29
Earnings distributed per share	5	5	5
Staff		-	-
Gross remunerations for the year	1 631 096	1 603 716	1 611 041
Average number of staff employed during the fiscal year	5 099	5 328	5 370
			(in thousand MAD)

DATING AND SUBSEQUENT EVENTS	
I- DATING	
Date of the end of the fiscal year (1)	31 décembre 2019
Date of financial statements performance (2)	
(1) Justification in case of a change in the date of the end of the fisc	al year
(2) Justification in case of an overrun on the statutory period of three	ee months allowed for drawing up the financial statements
	SCAL YEAR NOT CHARGED TO THIS YEAR AND KNOWN BEFORE THE
1ST EXTERNAL DISCLOSURE OF THE FINANCIAL STATEMENTS	S
Dates Event's Indication	
. Favorable	
. Unfavorable	





STAFF NUMBERS	31/12/19	31/12/18
Staff remunerated	5 099	5 328
Staff employed	5 099	5 328
Equivalent full time staff	5 099	5 328
Administrative and technical staff (full-time equivalent)	-	-
Staff assigned to banking tasks (full-time equivalent)	-	-
Executives (full-time equivalent)	4953	5 147
Employees (full-time equivalent)	94	181
Of which employees working abroad	52	51

SECURITIES AND OTHER ASSETS UNDER	Number of accounts		Amounts	
MANAGEMENT OR UNDER CUSTODY	31/12/19	31/12/18	31/12/19	31/12/18
Securities of which the institution is custodian	38 343	37 091	227 531 051	216 069 197
Securities managed under mandate		-		-
Mutual funds of which the institution is custodian	92	88	108 546 820	101 381 421
Mutual funds managed under mandate	-	-	-	-
Other assets of which the institution is custodian	-	-	-	-
Other assets managed under mandate	-	-	-	-

NETWORK	31/12/19	31/12/18
Permanent branches	735	736
Temporary branches	-	-
ATMs	887	883
Main branches and branches abroad	41	41
Representative offices abroad	5	5
		(In number)

NUMBER OF CUSTOMER ACCOUNTS	31/12/19	31/12/18
Customer accounts	122 624	118 211
Current accounts	238 666	285 455
Check accounts excluding Moroccan expatriates	1 317 982	1 274 498
Moroccan expatriates accounts	-	-
Factoring accounts	832 251	931 516
Savings accounts	9 016	9 606
Time deposits	1549	1 563
Interest-bearing notes	-	-
-		<i>(</i> , , , )

(In number)

The following statements post "non applicable" mention for the 2019 fiscal year:

- Derogatory statements
- ▶ Summary of changing methods
- ▶ Subsidies, assigned public funds and special guarantee funds





# **TANGIER OFFSHORE**

Cash, central banks, treasury, giro accounts         2 332         1 917           Loans to credit institutions and equivalent         5 894 899         5 29 273           Demand         928 663         583 840           .Time         4 966 236         4 635 433           Loans and advances to customers         3 910 009         2 563 111           Cash and consumer loans         673 805         157 581           Equipment loans         3 236 204         2 405 530           Mortgage loans         -         -           Other loans         -         -           Advances acquired by factoring         -         -           .Treasury bonds and equivalent securities         1 959 53         1 237 791           .Treasury bonds and equivalent securities         1 887 787         1 065 446           .Other debt securities         1 887 787         1 065 446           .Other assets         1 887 787         1 065 446           .Other assets         1 816 648         1 82 445           .Sukuks Certificates         1 812 903         1 704 611           .Treasury bonds and equivalent securities         1 321 903         1 704 611           .Treasury bonds and equivalent securities         1 321 903         1 704 611 <t< th=""><th>ASSETS</th><th>31/12/2019</th><th>31/12/2018</th></t<>	ASSETS	31/12/2019	31/12/2018
Demand         928 663         583 840           Time         4 966 236         4 635 438           Loans and advances to customers         3 910 009         2 563 111           Cash and consumer loans         673 805         157 581           Equipment loans         673 805         157 581           Equipment loans         3 236 204         2 405 530           Mortgage loans         -         -           Other loans         -         -           Advances acquired by factoring         -         -           Transaction and marketable securities         1995 953         1237 791           Treasury bonds and equivalent securities         1887 787         1065 446           Ofther debt securities         18 816         152 345           Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1321 903         1704 611           Treasury bonds and equivalent securities         1 321 903         1704 611           Investment securities         1 321 903         1704 611           Sukuks Certificates         1 321 903         1704 611           Other debt securities         1 321 903         1704 611	Cash, central banks, treasury, giro accounts	2 332	1 917
Time         4 966 236         4 635 433           Loans and advances to customers         3 910 009         2 563 111           Cash and consumer loans         673 805         157 581           Equipment loans         3 236 204         2 405 530           Mortgage loans         -         -           Other loans         -         -           Advances acquired by factoring         -         -           Transaction and marketable securities         1 995 953         1 237 791           Treasury bonds and equivalent securities         1 887 787         1 065 446           Other debt securities         1 08 166         152 345           Sukuks Certificates         -         -         -           Other assets         505 802         356 423           Investment securities         1 321 903         1 704 611           Treasury bonds and equivalent securities         1 321 903         1 704 611           Treasury bonds and equivalent securities         1 321 903         1 704 611           Sukuks Certificates         1 321 903         1 704 611           Sukuks Certificates         1 321 903         1 704 611           Sukuks Certificates         1 321 903         1 704 611           Univestments in joint vent	Loans to credit institutions and equivalent	5 894 899	5 219 273
Loans and advances to customers         3 910 009         2 563 111           .Cash and consumer loans         673 805         157 581           .Equipment loans         3 236 204         2 405 530           .Mortgage loans         -         -           .Other loans         -         -           Advances acquired by factoring         -         -           .Transaction and marketable securities         1 995 953         1 237 791           .Treasury bonds and equivalent securities         1 887 787         1 065 446           .Other debt securities         1 887 787         1 065 446           .Title deeds         1 80 166         152 345           .Sukuks Certificates         -         -         -           .Sukuks Certificates         505 802         356 423           .Treasury bonds and equivalent securities         1 321 903         1704 611           .Treasury bonds and equivalent securities         1 321 903         1704 611           .Sukuks Certificates         1 32 903         1 61           .Sukuks C		928 663	583 840
. Cash and consumer loans         673 805         157 581           . Equipment loans         3 236 204         2 405 530           . Mortgage loans         -         -           . Other loans         -         -           Advances acquired by factoring         -         -           Transaction and marketable securities         1995 953         1237 791           . Treasury bonds and equivalent securities         1887 787         1065 446           . Other debt securities         1887 787         1065 446           . Sukuks Certificates         -         -           . Other assets         505 802         356 423           Investment securities         1321 903         1704 611           . Treasury bonds and equivalent securities         1         -           . Other debt securities         1         -         -           . Sukuks Certificates         -         -         -           . Sukuks Certificates         -         -         -           . Sukuks Certificates         - <td></td> <td>4 966 236</td> <td>4 635 433</td>		4 966 236	4 635 433
Equipment loans         3 236 204         2 405 530           Mortgage loans         -         -           Other loans         -         -           Advances acquired by factoring         -         -           Transaction and marketable securities         1 995 953         1 237 791           Treasury bonds and equivalent securities         1 887 787         1 065 446           Other debt securities         1 08 166         152 345           Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1 321 903         1704 611           Treasury bonds and equivalent securities         1 321 903         1704 611           Treasury bonds and equivalent securities         1 321 903         1704 611           Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           Investments in joint ventures         -         -           Investments in joint ventures         -         -           Other equity securities and similar assets         -         -           Investment deposits         -         -           Subordinated loans         -         - <tr< td=""><td></td><td>3 910 009</td><td></td></tr<>		3 910 009	
. Mortgage loans         -			
Other loans         -         -           Advances acquired by factoring         -         -           Transaction and marketable securities         1995 953         1237 791           Treasury bonds and equivalent securities         1887 787         1065 446           Other debt securities         -         20 000           Tille deeds         108 166         152 345           Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1 321 903         1704 611           Treasury bonds and equivalent securities         -         -           Other debt securities         1 321 903         1 704 611           Sukuks Certificates         1 321 903         1 704 611           Equity investments and equivalent uses         -         -           Equity investments and equivalent uses         -         -           Investments in joint ventures         -         -           Other equity securities and similar assets         -         -           Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Leased and rented fixed assets         -         -		3 236 204	2 405 530
Advances acquired by factoring         -         -           Transaction and marketable securities         1995 953         1237 791           .Treasury bonds and equivalent securities         1887 787         1065 446           .Other debt securities         108 166         152 345           .Sukuks Certificates         -         -           .Sukuks Certificates         505 802         356 423           Investment securities         505 802         356 423           Investment securities         1321 903         1704 611           .Treasury bonds and equivalent securities         1321 903         1704 611           .Other debt securities         1321 903         1704 611           .Sukuks Certificates         -         -           .Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           .Investments in joint ventures         -         -           .Other equity securities and similar assets         -         -           .Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         7			
Transaction and marketable securities         1995 953         1237 791           .Treasury bonds and equivalent securities         1 887 787         1 065 446           .Other debt securities         20 000           Title deeds         108 166         152 345           .Sukuks Certificates         -         -           .Other assets         505 802         356 423           Investment securities         1 321 903         1704 611           .Treasury bonds and equivalent securities         1 321 903         1704 611           .Treasury bonds and equivalent securities         3 1321 903         1704 611           .Sukuks Certificates         -         -           .Other debt securities         -         -           .Investments in joint ventures         -         -           .Other equity securities and similar assets         -         -           .Moudaraba and Moucharaka securities         -         -           .Bubordinated			_
Treasury bonds and equivalent securities         1 887 787         1 065 446           Other debt securities         -         20 000           Title deeds         108 166         152 345           Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1 321 903         1 704 611           Treasury bonds and equivalent securities         -         -           Other debt securities         1 321 903         1 704 611           Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           Investments in joint ventures         -         -           Other equity securities and similar assets         -         -           Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         812         1124			_
Other debt securities         -         20 000           Title deeds         108 166         152 345           Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1321 903         1704 611           Treasury bonds and equivalent securities         -         -           Other debt securities         1 321 903         1704 611           Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           Investments in joint ventures         -         -           Other equity securities and similar assets         -         -           Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Igara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124		1 995 953	
Title deeds       108 166       152 345         Sukuks Certificates       -       -         Other assets       505 802       356 423         Investment securities       1 321 903       1704 611         Treasury bonds and equivalent securities       -       -         Other debt securities       1 321 903       1704 611         Sukuks Certificates       -       -         Equity investments and equivalent uses       -       -         Investments in joint ventures       -       -         Other equity securities and similar assets       -       -         Moudaraba and Moucharaka securities       -       -         Subordinated loans       -       -         Placed investment deposits       -       -         Leased and rented fixed assets       73 673       19 505         Ijara leased assets       73 673       19 505         Ilarangible fixed assets       2 037       2 463         Tangible fixed assets       812       1124		1 887 787	
Sukuks Certificates         -         -           Other assets         505 802         356 423           Investment securities         1321 903         1704 611           Treasury bonds and equivalent securities         -         -           Other debt securities         1321 903         1704 611           Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           Investments in joint ventures         -         -           Other equity securities and similar assets         -         -           Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         73 673         19 505           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1124		-	
Other assets         505 802         356 423           Investment securities         1321 903         1 704 611           . Treasury bonds and equivalent securities         -         -           . Other debt securities         1321 903         1 704 611           . Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           . Investments in joint ventures         -         -           . Other equity securities and similar assets         -         -           . Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1124		108 166	152 345
Investment securities         1321 903         1704 611           . Treasury bonds and equivalent securities         -         -           . Other debt securities         1321 903         1704 611           . Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           . Investments in joint ventures         -         -           . Other equity securities and similar assets         -         -           . Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1124			_
Treasury bonds and equivalent securities       -       -         Other debt securities       1321903       1704 611         Sukuks Certificates       -       -         Equity investments and equivalent uses       -       -         .Investments in joint ventures       -       -         .Other equity securities and similar assets       -       -         .Moudaraba and Moucharaka securities       -       -         Subordinated loans       -       -         Placed investment deposits       -       -         Leased and rented fixed assets       73 673       19 505         Ijara leased assets       -       -         Intangible fixed assets       2 037       2 463         Tangible fixed assets       812       1124			
Other debt securities         1321903         1704 611           Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           .Investments in joint ventures         -         -           .Other equity securities and similar assets         -         -           .Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 1124		1 321 903	1 704 611
.Sukuks Certificates         -         -           Equity investments and equivalent uses         -         -           . Investments in joint ventures         -         -           . Other equity securities and similar assets         -         -           . Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			
Equity investments and equivalent uses Investments in joint ventures Other equity securities and similar assets Moudaraba and Moucharaka securitiesSubordinated loansPlaced investment depositsLeased and rented fixed assets73 67319 505Ijara leased assetsIntangible fixed assets2 0372 463Tangible fixed assets8121 124		1 3 2 1 9 0 3	1 704 611
. Investments in joint ventures Other equity securities and similar assets Moudaraba and Moucharaka securitiesSubordinated loansPlaced investment depositsLeased and rented fixed assets73 67319 505Ijara leased assetsIntangible fixed assets2 0372 463Tangible fixed assets8121 124			
Other equity securities and similar assets Moudaraba and Moucharaka securitiesSubordinated loansPlaced investment depositsLeased and rented fixed assets73 67319 505Ijara leased assetsIntangible fixed assets2 0372 463Tangible fixed assets8121 124			
. Moudaraba and Moucharaka securities         -         -           Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			
Subordinated loans         -         -           Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			
Placed investment deposits         -         -           Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			_
Leased and rented fixed assets         73 673         19 505           Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			-
Ijara leased assets         -         -           Intangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124			
Intrangible fixed assets         2 037         2 463           Tangible fixed assets         812         1 124		73 673	19 505
Tangible fixed assets 812 1 124	1		-
TOTAL ASSETS 13 707 423 11 106 218			
	TOTAL ASSETS	13 707 423	11 106 218

(In thousand MAD)

LIABILITIES	31/12/2019	31/12/2018
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	11 342 536	8 912 750
. Demand	524 440	278 659
. Time	10 818 096	8 634 091
Customer deposits	1 646 838	1 489 600
. Demand deposits	1 267 308	1 164 887
. Savings deposits	-	-
. Time deposits	335 204	274 211
. Other deposits	44 326	50 502
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	-	-
. Negotiable debt securities	-	-
. Bond loans	-	-
. Other debt securities issued	-	-
Other liabilities	462 790	379 135
Provisions for liabilities and charges	565	568
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	-	-
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	112 079	112 170
Capital	4 797	4 783
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	-	-
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	137 819	207 212
TOTAL LIABILITIES	13 707 423	11 106 218
		(In thousand MAD)

BALANCE SHEET	31/12/2019	31/12/2018
BALANCE SILET	91/12/2019	31/12/2010
Given commitments	658 167	1 313 822
Financing commitments on behalf of credit institutions and equivalent	_	-
Financing commitments on behalf of customers	7 869	65 438
Guarantee commitments given to credit institutions and equivalent	544 923	656 734
Guarantee commitments given to customers	105 375	24 221
Securities repos purchased	_	-
Other securities to be delivered	_	567 429
Received commitments	1 620 849	1 559 081
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	1 082 837	686 024
Guarantee commitments received from the State and various guarantee bodies	538 012	657 065
Securities repos sold	-	-
Other securities to be received	-	215 992
Moucharaka and Moudaraba securities to be received	-	_
		(1 -1   11115)

INCOME STATEMENT	31/12/2019	31/12/2018
BANK OPERATING INCOME	736 859	793 399
Interests and assimilated revenues on transactions with credit institutions	278 044	267 861
Interests and assimilated revenues on transactions with customers	129 645	103 464
Interests and assimilated revenues on debt securities	125 448	145 756
Revenue from property securities (1) and Sukuks certificates	1573	2 102
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	777	793
Revenue from leased assets (liara)	-	-
Fees on provided services	9 579	13 200
Other banking revenues	191 793	260 223
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	482 349	462 247
Interests and assimilated expenses on transactions with credit institutions	285 835	172 860
Interests and assimilated expenses on transactions with customers	12 171	9 714
Interests and assimilated expenses on debt securities issued	-	-
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	1279	-
Expenses from leased assets (liara)	-	-
Other banking expenses	183 064	279 673
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	254 510	331 152
Non-banking operating revenues	-	122
Non-banking operating expenses	10	-
GENERAL OPERATING EXPENSES	6 230	6 351
Staff expenses	3 520	3 662
Tax expenses	-	-
External expenses	1 687	1546
Other general operating expenses	-	-
Allowances for depreciation and provisions for intangible and tangible fixed assets	1023	1 143
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	21 524	12
Allowances for non performing loans and commitments	-	-
Loan Josses	44	12
Other allowances for provisions	21 480	-
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	518	562
Provision write-backs on non performing loans and commitments	-	-
Recovery on amortised debts	-	-
Other provision write-backs	518	562
CURRENT INCOME	227 264	325 473
Non-current revenues	-	
Non-current expenses	7 991	-
PRE-TAX EARNINGS	219 273	325 473
Corporate tax	81 456	118 261
NET EARNINGS FOR THE YEAR	137 819	207 212
		(In thousand MAD)



EARNINGS FORMATION TABLE	31/12/2019	31/12/2018
(+) Interests and equivalent revenues	533 136	517 081
(-) Interests and equivalent expenses	298 006	182 574
NET INTEREST INCOME	235 130	334 507
(+) Revenues from leased and rented fixed assets	-	-
(-) Expenses on leased and rented fixed assets	-	-
INCOME FROM ON PARTICIPATIVE FUNDING	-	-
(+) Profit from leasing and renting operations	777	793
(-) Expenses from leasing and renting operations	1 279	-
Income from leasing and rental operations	-502	793
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	10 076	13 557
(-) Fees paid	1 551	1 3 5 9
Fee income (1)	8 525	12 198
(+) Income from trading securities	-17 647	20 161
(+) Income from investment securities	-14 934	-63 377
(+) Income from payload operations	32 879	26 512
(+) Income from by-product operation	9 693	-1 743
Income from market transactions (1)	9 991	-18 447
(+/-) Income from Moudaraba and Moucharaka securities	-	-
(+) other banking products	1 574	2 102
(-) other banking expenses	206	-
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	254 510	331 152
(+) Income from financial asset operations (2)	518	562
(+) Other non-banking operating revenues	-	122
( -) Other non-banking operating expenses	10	-
( -) General operating expenses	6 230	6 351
Gross operating income	248 790	325 486
(+) Allowances for non performing loans and commitments (net of write-backs)	-44	-13
(+) Other allowances net of provision write-backs	-21 480	-
Current income	227 266	325 473
Non-current income	-7 991	-
(-) Corporate tax	81 456	118 261
Net earnings for the year	137 819	207 212
		(In thousand MAD)

CASH FLOW	31/12/2019	31/12/2018
(+) Net earnings for the year	137 819	207 212
(+) Allowances for depreciation and provisions for intangible and tangible fixed assets	1 023	1 143
(+) Allowances for provisions for equity investments depreciation	-	-
(+) Allowances for provisions for general risks	-	-
(+) Allowances for regulated provisions	-	-
(+) Non-current allowances	-	-
(-) Provision write-backs	518	562
(-) Capital gains on disposals of intangible and tangible fixed assets	-	-
(+) Capital losses on disposals of intangible and tangible fixed assets	-	-
(-) Capital gains on disposals of equity investments	-	-
(+) Capital losses on disposals of equity investments	-	-
(-) Write-backs of investment subsidies received	-	-
(+) Financing	138 324	207 793
(-) Dividends distributed	-	-
(+) Cash-flow	138 324	207 793
		(1 -1 11115)

#### **BANK OF AFRICA**

BP 20 039 Casa Principale Tel: 05 22 20 04 92 / 96 Fax: 05 22 20 05 12

Capital: 1 998 204 600 dirhams

Swift: bmce ma mc Telex: 21.931 - 24.004 Trade register: casa 27.129

PO Checking account: Rabat 1030 Social security number: 10.2808.5

Fiscal ID N°: 01085112 Trading license: 35502790

## **Governance and Development Group - Financial Communication**

Tel: 05 22 49 80 03 / 05 22 46 28 06

Fax: 05 22 26 49 65

E-mail: relationsinvestisseurs@bankofafrica.ma

#### **BANK OF AFRICA WEBSITE**

www.bankofafrica.ma www.ir-bankofafrica.ma www.notremondeestcapital.com

#### INTERNATIONAL TRADE WEBSITE

www.bmcetrade.com

## **INVESTMENT BANK WEBSITE**

www.bmcecapital.com





