HALF YEAR FINANCIAL REPORT
30 JUNE 2020

BANK OF AFRICA

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30 June 2020

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Trading tax: 35502790

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BMCE CAPITAL PORTAIL: www.bmcecapital.com

Summary

ir-bankofafrica.ma

BANK OF AFRICA
BMCE GROUP

HALF-YEAR RESULTS

30 JUNE 2020

A RESILIENT FIRST HALF PERFORMANCE IN A CONTEXT MARKED BY THE COVID-19 PANDEMIC

BANK OF AFRICA – BMCE Group's Board of Directors, chaired by Mr Othman BENJELLOUN, met Friday 25 September 2020 at the Bank's head office in Casablanca. It reviewed the business activity of the Bank and of the Group for first half 2020 and drew up the financial statements for the period in question.

The first half 2020 financial report is published on the Bank's website www.ir-bankofafrica.ma

RESULTS DEMONSTRATING RESILIENCE DESPITE THE HEALTH CRISIS

- **BANK OF AFRICA Group's business activity proved resilient with consolidated net banking income up by a modest 1%** to MAD 7 billion at 30 June 2020, due to a **4.3% increase in net interest income and income from market operations,** despite a fall in the other income sources.

- **The Bank's net banking income rose by 3.4% to MAD 3.6 billion** due to a combination of (i) strong momentum by market operations in first half 2020 against a backdrop of lower interest rates, resulting in a 42% increase in income from market operations (ii) **2.7% growth in net interest income,** due to a reduction in the cost of funding.

- **Strong momentum at the commercial level with consolidated outstanding loans rising by 5%** to MAD 195.5 billion at 30 June 2020. Excluding resales to customers, customer loans rose by 3% to MAD 178 billion at 30 June 2020.

    - **The increase in loans from Banking in Morocco** was primarily due to the performance of **corporate loans, up 4.4%.**

    - **BANK OF AFRICA's share of the loan market,** which was 12.28% at 31 December 2019, rose to 12.53% at 30 June 2020, an improvement of 25 basis points.

- **Ongoing improvement in operational efficiency with good control of operating costs (-2%) for the Bank in first half 2020, resulting in a cost-to-income ratio of 47.6% at 30 June 2020** versus 50.2% at 30 June 2019, an improvement of 2.6 percentage points.

- **55% fall in the Bank's net income from MAD 1,059 million to MAD 476 million.**

- **Fall in profits with net income attributable to shareholders of the parent company down 68%** to MAD 373 million at 30 June due to a combination of:

    (i) **Incorporating the entire MAD 1 billion donation to the COVID-19 special fund.**

    (ii) **A 68% increase in the consolidated cost of risk to MAD 1.5 billion at 30 June 2020** versus MAD 872 million at 30 June 2019, after factoring in the anticipated impact from the health crisis based on a dynamic and forward-looking loan-loss provisioning model.

- **15% increase in the contribution from African operations** to net income attributable to shareholders of the parent company -excluding donation- from MAD 404 million at 30 June 2019 to MAD 465 million at 30 June 2020, accounting for 46% of **net income attributable to shareholders of the parent company, including a 37% contribution from BOA Group.**

- Extraordinary General Meeting of 23 June 2020 authorising BANK OF AFRICA to carry out a **capital increase by opting to convert the total or partial 2019 dividend entitlement into shares,** up to a **maximum total amount of 999,102,229 dirhams,** inclusive of issue premium.

BANK FULLY MOBILISED IN SUPPORT OF A COVID-19-IMPACTED ECONOMY

- Under Chairman Othman Benjelloun's leadership, BANK OF AFRICA has contributed **MAD 1 billion to the COVID-19 pandemic management fund established by His Majesty King Mohammed VI,** an initiative which reflects the Group's strong commitment to the national cause during this period.

- **Helping customers and other citizens to manage the impact from the COVID-19 health crisis** by (i) **extending loan maturities** with fee and late payment penalty waivers, (ii) **extending maturities on home loans and consumer loans** for retail customers suffering the economic consequences of the pandemic, (iii) **automatically deferring** repayments for customers with **FOGARIM-backed housing loans.**

- **Mobilising support for customers by launching two new products** guaranteed by the Caisse Centrale de Garantie – ***Damane Oxygène,*** enabling COVID-19-stricken small businesses to finance current and operating expenses and ***Damane Relance,*** helping business customers with their recovery.

- Launching **Crédit Entrepreneurs Covid-19, an amortised loan repaid in equal instalments, enabling entrepreneurs encountering difficulties to meet current expenses.**

- Strongly supporting the economy by participating wholeheartedly in **Maroc PME's Imtiaz and Istitmar programmes,** enabling small businesses to increase production capacity through **investment in technology** or in product manufacturing, with the aim of countering the negative impact from the health crisis on the domestic economy.

- **Partnering the European Bank for Reconstruction and Development (EBRD) in a EUR 145 million finance facility,** the first of its kind in the forty or so countries in which this multilateral financial institution has operations, offered within the framework of the EBRD's 'resilience framework', established in response to the global health crisis.

- **Two agreements signed in support of Moroccan SMEs:** (i) a tripartite agreement with the EIB benefiting the textile sector through a EUR 105 million funding line, to support customers affected by the health crisis, and (ii) amending the Public Sector Contract Guarantee Fund agreement with Finèa, to support those SMEs awarded public contracts by guaranteeing investment loans and short-term loans.

ACCELERATED DIGITAL TRANSFORMATION BENEFITING CUSTOMERS

BANK OF AFRICA is a **'bank which is connected to the future',** offering customers a **simpler, digitised experience in the form of online, practical, secure, and accessible solutions,** enabling them to carry out banking transactions in a simple and fast way, with free-of-charge transfers and withdrawals via BMCE Direct and free money transfers and cardless cash withdrawals via *Dabapay.*

Digitisation strategy ramped up in first half 2020 by (i) implementing the project to **redesign the online account opening process on the *Agence Directe* website, (ii)** digitising **home loan applications,** (iii) introducing **preferential pricing for transactions on *BMCE Direct,*** (iv) introducing a **virtual agent chatbot on the Bank's website** to answer questions and requests for assistance, (v) introducing a **callbot solution,** enabling voice messages to be delivered to customers and (vi) developing **remote banking facilities and services accessible via *BMCE Direct.***

Credit Business *Online* launched, a dynamic and interactive platform enabling **business customers** to initiate loan applications and renew or consult credit lines.

Assisting Moroccan residents stranded abroad following the closure of borders during the period of confinement, by providing customers, as decided by the *Office des Changes,* with a simple means of **accessing the exceptional tourism allowance,** up to the foreign currency equivalent sum of MAD 20,000 per adult.

Empathising with customers through the Customer Relations Centre and *Agence Directe* by establishing specific credit lines for (i) persons benefiting from RAMED aid, (ii) *Agence Directe* customers, and (iv) small business customers.

A SUSTAINABLE AND RESPONSIBLE GROWTH TRAJECTORY

A series of measures implemented aimed at **supporting the domestic economy and helping to save jobs** by assisting companies and households encountering difficulties, consistent with the Group's **values as a socially responsible organisation promoting solidarity, in particular, by mobilising branch networks and ATMs to distribute government aid to hundreds of thousands of citizens in Morocco.**

As well as **topping the rankings in the 'Retail & Specialised Banks – Emerging Markets' category in the 6 Environmental, Social and Governance (ESG) performance domains,** BANK OF AFRICA was ranked **first among 95 institutions within the emerging markets' banks sector,** second among 851 companies within the region and 47th in the world (65th in 2019).

In first half 2020, **Group Corporate Social Responsibility Charter implemented by 15 BOA subsidiaries,** incorporating goals, action plans and monitoring indicators.

Women in Business programme launched, a **EUR 20 million** funding and assistance programme promoting female entrepreneurship in Morocco, making it easier for women to access funding and technical assistance.

Sustainable financing lines extended and relaxed – ***Cap Valoris,*** in partnership with the EIB and the FMO and ***Cap Bleu,*** in partnership with the AFD; in addition to BANK OF AFRICA's funding package for the first phase of construction of the Taza wind farm.

BANK OF AFRICA, in partnership with the EBRD, contributing to the strategy of the **Climate Action in Financial Institutions initiative and the European Union's new Sustainable Finance Strategy** as well as **publishing the Morocco Map** of priority financing needs relating to SDGs, the **first of its kind within the framework of UNEP FI's Positive Impact Initiative.**

Dr Leïla Mezian-Benjelloun, BMCE Bank Foundation's Chair, awarded the Officer medal of France's *Légion d'honneur* in March 2020 in Rabat.

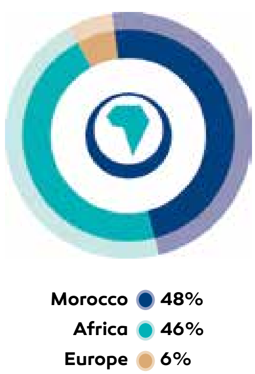
Partnership agreements entered into between BMCE Bank Foundation and the Paris Education Authority and the French Institute of Morocco aimed at (i) enhancing the quality of teaching across the Medersat.com network, (ii) supporting the training of supervisors, (iii) improving the French language skills of teachers in BMCE Bank Foundation schools, and (iv) promoting staff enrolment in distance learning training courses.

Partnership with **Teach For Morocco,** a member of Teach For All, a New York-based international NGO, which will see **TFM provide preschool education (2nd and 3rd years of kindergarten) in eighteen network schools.**

An improvement in the average pass rate (97.69%) of Medersat.com network schools, despite the educational, technical and social constraints experienced as a result of the current pandemic.

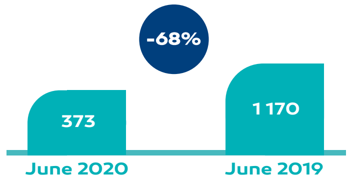
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

AT 30 JUNE 2020 BY GEOGRAPHICAL REGION (EXCLUDING DONATION)

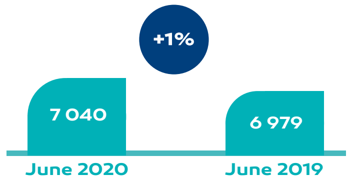


CONSOLIDATED BUSINESS ACTIVITY -MAD MILLIONS-

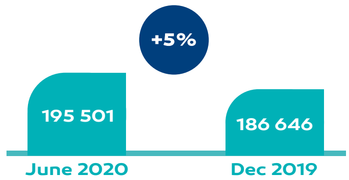
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY



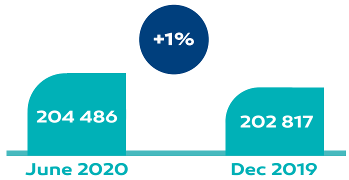
NET BANKING INCOME



LOANS

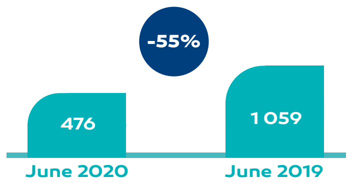


DEPOSITS

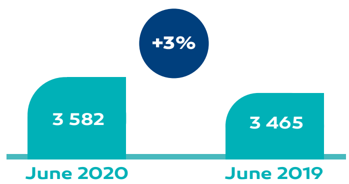


PARENT BUSINESS ACTIVITY -MAD MILLIONS-

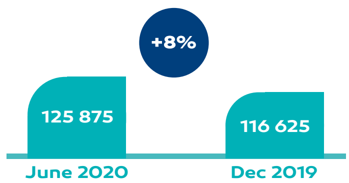
NET INCOME



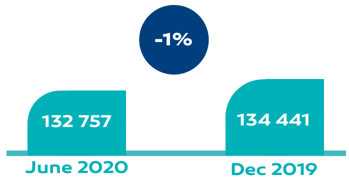
NET BANKING INCOME



LOANS



DEPOSITS



Established in 1959 and privatised in 1995, BANK OF AFRICA is a universal bank which offers a diversified range of products and services through a domestic network of 704 branches. BANK OF AFRICA, Morocco's third largest bank in terms of market share for deposits and loans, currently has operations in about thirty countries in sub-Saharan Africa, Europe and Asia.

BANK OF AFRICA's activities primarily include commercial banking, specialised financial services, asset management, investment banking and international activities.

BANK OF AFRICA in Morocco

BANK OF AFRICA's activities in Morocco include:

- Retail Banking, sub-divided by market specialisation - retail customers, professional banking customers, private clients and Moroccans living abroad;

- Corporate Banking, including SMEs and large enterprises.

It is worth noting that BANK OF AFRICA has embarked on a regional strategy aimed at moving the Decision-making process closer to the customer and improving the Bank's impact from a commercial perspective. The Bank's distribution network, now organised on a regional basis and enjoying greater independence, encompasses both Retail Banking as well as Corporate Banking activities.

- BMCE Capital, the Bank's investment banking subsidiary, is organised by business line on an integrated basis which include asset management, wealth management, brokerage and capital markets activities as well as M&A and other corporate advisory services.

- Specialised financial services, whose products are primarily marketed via the branch network, the aim being to develop intra-Group commercial and operational synergies - consumer credit, leasing, bank-insurance, factoring and vehicle leasing. RM Experts, subsidiary specialising in recovery, was established in 2010.

In January 2019, BANK OF AFRICA created a new subsidiary covering all services and banking processing in order to improve the quality of its services.

BANK OF AFRICA's international activities

BANK OF AFRICA's international vocation can be traced back to its origins as a bank specialising in foreign trade. The Bank rapidly turned to international markets by building a strong presence in Europe. In 1972, it became the first Moroccan bank to open a branch in Paris. The Group's European activities are conducted through BMCE International in London, Paris and Madrid, which constitute the Group's European platform for investing in Africa.

The Bank also has twenty or so representative offices providing banking services to Moroccans living abroad. The Bank recently established BMCE Euroservices as a result of the recent re-organisation of its European business. This entity, which is responsible for banking for expatriates, will work closely with the domestic branch network.

BANK OF AFRICA has also developed, since the 1980s, sizeable operations in the African market following the restructuring of Banque de Développement du Mali, the country's leading bank, in which it has a 32.4% stake.

Similarly, in 2003, in Congo Brazzaville, BANK OF AFRICA acquired a 25% stake in La Congolaise de Banque 37% as of December 31st, 2015 which it restructured, resulting in it becoming the undisputed market leader in its industry.

BANK OF AFRICA's development accelerated in 2008 following the acquisition of a 35% stake in BOA Group which has operations in 18 countries. BANK OF AFRICA has since increased its stake in the pan-African bank to 73%.

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BANK OF AFRICA BMCE GROUP
LIMITED EXAMINATION CERTIFICATE OF THE CONSOLIDATED INTERMEDIATE SITUATION FOR THE FINANCIAL YEAR ENDED ON 30 JUNE 2020

We have audited the attached consolidated financial statements of BANK OF AFRICA BMCE GROUP and its subsidiaries (BANK OF AFRICA BMCE GROUP), comprising consolidated financial statement, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity and other explanatory notes for the period from 1 January to 30 June 2020. These financial statements show consolidated shareholders' equity of MAD 27,072,997 K, including consolidated net income of MAD 857,975 K.

These first half financial statements were drawn up by the Board of Directors 25 September 2020 against the evolving backdrop of the Covid-19 pandemic on the basis of the available information at that time.

We conducted our limited review in accordance with professional standards applicable in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. A limited review includes mainly interviews with the company employees and analytical examination applied to financial data; it therefore provides a lower level of assurance than an audit. We did not perform an audit and, accordingly, we do not express an audit opinion.

BANK OF AFRICA has a stock of non-operating real estate assets, acquired by way of deposits, for a total amount of MAD 4.7 billion as of 30 June, 2020. Taking into account the risks involved in these real estate assets, and in particular uncertainties related to their realizable values and timing, we are unable to pronounce the value of these assets as of 30 June, 2020.

Based on our limited review and subject to the impact of the situation described above, the consolidated financial statements referred to in the paragraph above give, in all their significant aspects, a fair view of the financial position of BANK OF AFRICA BMCE GROUP composed of entities included in the consolidation as of 30 June 2020, in accordance with international accounting standards (IAS/IFRS).

Without in any way wishing to call into question the conclusion expressed above, we draw your attention to the appended note regarding the effects of the Covid-19 pandemic on the Group's first half financial statements at 30 June 2020.

Casablanca, 25 September 2020

The Statutory Auditors

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Fouad LAHGAZI
Associé

I. CONSOLIDATED BALANCE SHEET, CONSOLIDATED INCOME STATEMENT, STATEMENT OF NET INCOME, STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, CHASH FLOW STATEMENT AND SUMMARY OF ACCOUTING POLICIES

1.1. CONSOLIDATED BALANCE SHEET

The consolidated financial statements at 30 June 2020 were approved by the board of directors on 25 September 2020.

IFRS ASSETS	Note	30/06/20	31/12/19
Cash and amounts due from central banks and post office banks	**4.1**	**13 305 162**	**14 450 591**
Financial instruments at fair value through profit or loss		**-**	**-**
- Financial assets held for trading	4.2	39 940 740	29 913 430
- Other financial assets at fair value through profit or loss	4.2	2 047 007	794 295
Derivatives used for hedging purposes		**-**	**-**
Financial assets at fair value through equity		**-**	**-**
- Debt instruments recognised at fair value through recyclable equity	4.3	1 315 268	1 667 868
- Equity instruments reported at fair value through non-recyclable equity	4.3	4 515 667	4 446 599
Securities at amortized cost	**4.4**	**36 908 445**	**30 042 750**
Loans and receivables from credit institutions and similar, at amortized cost	**4.5**	**20 876 362**	**22 403 739**
Loans and receivables from customers, at amortized cost	**4.5**	**195 501 339**	**186 645 591**
Revaluation difference of hedged portfolios		**-**	**-**
Investments in insurance activities		**-**	**-**
Current tax asset	**4.8**	**644 389**	**920 499**
Deferred tax asset	**4.8**	**2 267 602**	**1 767 563**
Accruals and other assets	**4.9**	**8 782 413**	**6 631 296**
Non-current assets held for sale		**-**	**-**
Investments in companies accounted for by the equity method	**4.10**	**955 636**	**930 990**
Investment properties	**4.11**	**3 668 532**	**3 800 224**
Property, plant and equipment	**4.11**	**9 271 952**	**9 222 503**
Intangible assets	**4.11**	**1 222 100**	**1 079 156**
Goodwill	**4.12**	**1 032 114**	**1 032 114**
TOTAL IFRS ASSETS		**342 254 728**	**315 749 207**

(In thousand MAD)

IFRS LIABILITIES	Note	30/06/20	31/12/19
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	**4.7**	**13 606 967**	**16 346 393**
Debts due to credit institutions and similar	**4.5**	**64 668 254**	**45 071 844**
Debts to customers	**4.6**	**204 485 513**	**202 816 657**
Revaluation difference of hedged portfolios		**-**	**-**
Current tax liability	**4.8**	**950 250**	**1 396 103**
Deferred tax liability	**4.8**	**1 206 803**	**1 179 957**
Accruals and other liabilities	**4.9**	**19 535 869**	**10 379 406**
Debts related to non-current assets held for sale		**-**	**-**
Liabilities relating to insurance activity contracts		**-**	**-**
Provisions for risks and charges	**4.13**	**1 229 632**	**1 172 574**
Subsidies - public funds allocated and special guarantee funds		**-**	**-**
Subordinated debt	**4.6**	**9 498 443**	**9 590 170**
TOTAL DEBTS		**315 181 731**	**287 953 104**
Equity			
Capital and related reserves		**18 860 215**	**18 473 069**
Consolidated reserves		**-**	**-**
- Group share		1 909 799	1 474 765
- Minority share		4 325 015	4 149 154
Gains and losses recognized directly in equity		**-**	**-**
- Group share		609 869	618 563
- Minority share		510 124	504 535
Earning for the exercise		**-**	**-**
- Group share		373 024	1 921 510
- Minority share		484 951	654 507
TOTAL CONSOLIDATED EQUITY		**27 072 997**	**27 796 103**
TOTAL LIABILITIES IFRS		**342 254 728**	**315 749 207**

(In thousand MAD)

1.2. CONSOLIDATED INCOME STATEMENT

	Note	June-20	June-19
Interest and similar income		7 711 140	7 419 178
Interest and similar expense		-2 638 227	-2 556 964
Net Interest income	**2.1**	**5 072 913**	**4 862 214**
Fees received and commission income		1 464 602	1 492 146
Fees paid and commission expense		-238 501	-208 136
Net fee income	**2.2**	**1 226 101**	**1 284 010**
Net gains or losses resulting from net position hedges		-	
Net gain on financial instruments at fair value through profit or loss	**2.3**	**383 582**	**311 607**
Net gains or losses on transaction assets/liabilities		361 955	298 894
Net gains or losses on other assets/liabilities at fair value through profit or loss		21 627	12 713
Net gains on financial instruments at fair value through equity	**2.4**	**192 267**	**214 674**
Net gains or losses on debt instruments recorded as recyclable CP		-	12 611
Remuneration of equity instruments recognised as non-recyclable CP		192 267	202 063
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	2.5	380 225	559 923
Expenses from other activities	2.5	-215 547	-253 875
Net Banking Income		**7 039 541**	**6 978 553**
General Operating Expenses	2.6	-4 282 369	-3 391 472
Allowances for depreciation and amortization PE and intangible assets	2.6	-485 368	-463 010
Gross Operating Income		**2 271 804**	**3 124 071**
Cost of Risk		-1 462 072	-872 271
Operating Income		**809 732**	**2 251 800**
Share in net income of companies accounted for by equity method		56 662	42 787
Net gains or losses on other assets	2.7	41 605	-8 378
Change in goodwill		-	-
Pre-tax earnings		**907 999**	**2 286 209**
Corporate income tax	2.8	-50 024	-649 994
Tax Net income from discontinued activities or operations held for sale			-
Net Income		**857 975**	**1 636 215**
Non-controlling interests		484 951	465 785
Net income attributable to parent		**373 024**	**1 170 430**

(In thousand MAD)

1.3. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	CHANGES IN EQUITY 30/06/2020							
	Share Capital	Reserves related to stock	Treasury stock	Reserves & consolidated earnings	Unrealised or deferred gains or losses	Shareholder's Equity attributable to parent	Non-controlling interests	Total
Ending balance of adjusted 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**
Change in the accounting methods								
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 recognised 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**
Beginning balance of Shareholder's Equity 01.01.2020	**1 998 205**	**16 474 864**	**0**	**4 461 090**	**-446 253**	**22 487 906**	**5 308 196**	**27 796 102**
Operations on capital		387 146		-387 146		0		0
Share-based payment plans						0		0
Operations on treasury stock						0		0
Dividends				-999 103		-999 103	-532 764	-1 531 867
Net Income				**373 024**		**373 024**	**484 951**	**857 975**
Changes in assets and liabilities recognised directly in equity					1 162	1 162		1 162
Transfer to earnings					33 434	33 434	21 534	54 968
Unrealized or deferred gains or losses	**0**	**0**	**0**	**0**	**34 596**	**34 596**	**21 534**	**56 130**
Change in the scope of consolidation						**0**		**0**
Others				**-143 516**		**-143 516**	**38 173**	**-105 343**
Ending balance of Shareholder's Equity 30.06.2020	**1 998 205**	**16 862 010**	**0**	**3 304 349**	**-411 657**	**21 752 907**	**5 320 090**	**27 072 997**

1.4 STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	June-20	Dec.-19
Net income (loss)	**857 975**	**2 576 017**
Gains and losses recognised directly in equity and subsequently reclassified to income	**109 298**	**27 964**
Transfer to earnings	109 298	27 964
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	**-66 084**	**68 026**
Actuarial gains and losses on defined benefit plans		
Items measured at fair value through non-recyclable equity	-66 084	68 026
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	**43 215**	**95 990**
Net income and gains and losses recognised directly in equity	**901 190**	**2 672 007**
Group share	363 524	2 006 084
Minority interests' share	537 666	665 923

(In thousand MAD)

1.5. CASH FLOW STATEMENTS AS OF JUNE 30, 2020

	NOTE	30/06/20	31/12/19
Net Income Before Tax		**907 999**	**3 656 146**
+/- Net depreciation/amortization expense on property, plant, and equipment and intangible assets	2.6	486 464	956 552
+/- Impairment of goodwill and other non- current assets		-	-
+/- Impairment of financial assets		40 706	118 603
+/- Net allowances for provisions		1 368 170	693 860
+/- Share of earnings in subsidiaries accounted for by equity method	4.10	-56 661	-55 210
+/- Net loss (income) from investing activities		- 861 244	-507 520
+/- Net loss (income) from financing activities		-	-
+/- Other movements		-1 141 635	34 548
Non monetary items included in pre-tax net income and other adjustments		**-164 200**	**1 240 832**
+/- Cash flows related to transactions with credit institutions		20 238 058	2 949 832
+/- Cash flows related to transactions with customers		-18 326 805	1 762 667
+/- Cash flows related to transactions involving other financial assets and liabilities		-6 569 248	-9 109 225
+/- Cash flows related to transactions involving non financial assets and liabilities		8 001 044	600 504
+/- Taxes paid		-577 825	-1 131 214
Net Decrease / (increase) in assets and liabilities from operating activities		**2 765 224**	**-4 927 436**
Net Cash Flows from Operating Activities		**3 509 023**	**-30 458**
+/- Cash Flows related to financial assets and equity investments		-72 289	22 037
+/- Cash flows related to investment property		121 900	-98 686
+/- Cash flows related to PP&E and intangible assets		-600 724	-865 878
Net Cash Flows from Investing Activities		**-551 113**	**-942 527**
+/- Cash flows related to transactions with shareholders		-1 565 491	2 158 929
+/- Cash flows generated by other financing activities		-2 778 046	2 731 844
Net Cash Flows from Financing Activities		**-4 343 537**	**4 890 773**
Effect of movements in exchange rates on cash and equivalents		-32 691	-33 948
Net increase/(Decrease) in cash and cash equivalents		**-1 418 318**	**3 883 840**
Net Balance of demand loans and deposits- credit institutions		**20 873 669**	**16 989 829**
Loan and loan of cash	4.1	14 450 591	14 310 554
Ending Balance of Cash and Equivalents		6 423 079	2 679 275
Net Balance of cash accounts and accounts with central banks and post office banks		**19 455 352**	**20 873 669**
Net Balance of demand loans and deposits- credit institutions	4.1	13 305 162	14 450 591
Loan and loan of cash		6 150 190	6 423 079
Net increase in cash and equivalents		**-1 418 318**	**3 883 840**

1.6. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

1.6.1. Applicable accounting standards

The Group's first consolidated financial statements to be prepared 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 Group's consolidated financial statements 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.

1.6.2. 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.

The 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 30 June 2020, 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

The 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.

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.

1.6.1.2. 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»;

- The collection of contractual flows and the sale of assets, the model of management « Collection and Sale «;

- 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

; or

- 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

Dividends received on variable-income securities are presented in the aggregate "Remuneration of equity instruments recognised as non-recyclable equity instruments" when the Group's right to receive them is established.

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 date.

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 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 the recoverability of the 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, non-sensitive), 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 the 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 2

- On the basis of credit losses proven to be at maturity if the counterparty is in default - Bucket 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 reinstatedunder 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 BANK OF AFRICA SA, BOA Group as well as notes issued by finance companies MAGHREBAIL and SALAFIN.

f. Treasury shares

The term "treasury shares" refers to shares of the parent company, BANK OF AFRICA SA and its fully consolidated subsidiaries.

"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 June 30th, 2020, the Group does not 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.

l. 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.

1.6.1.3. 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 the 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 the Group's buildings.

Component-based matrix adopted by BANK OF AFRICA

	Head office property		Other property	
	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 (independently-assessed 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.

The 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.

1.6.1.4. 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.

The Operating leases

IFRS 16 ‘Leases’ will supersede IAS 17 from 1 January 2019. It will change the way in which leases are accounted for.

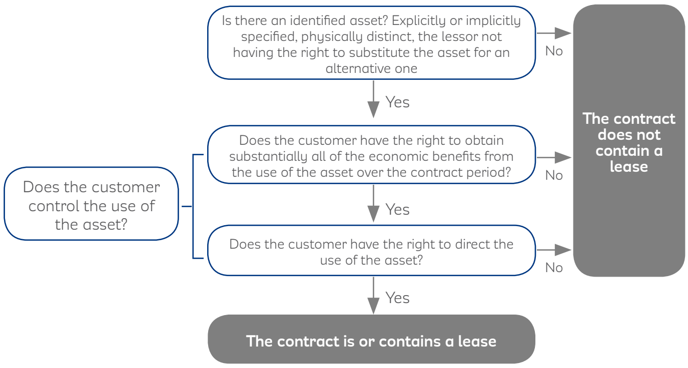
For all lease agreements, the lessee will be required to recognise a right-ofuse asset on its balance sheet representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its income statement, the lessee will separately recognise 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 financelease 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 firsttime 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 contract does not contain a lease

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.

1.6.1.5. 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 2020, the Group did not recognise any assets as held for sale or discontinued activities

1.6.2. 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.

1.6.3. 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's 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.

1.6.4. 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.

1.6.5. 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.

IFRIC 23 interpretation:

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 opted for the modified retrospective approach in respect of this interpretation by recognising the cumulative impact under opening shareholders' equity at 1 January 2019.

1.6.6. 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).

1.6.7. 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 30 JUNE 2020

2.1. NET INTEREST INCOME

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), and debt instruments.

	June-20			June-19		
	Income	Expense	Net	Income	Expense	Net
Customer Items	**5 359 548**	**1 363 845**	**3 995 702**	**5 283 341**	**1 360 701**	**3 922 640**
Deposits, loans and borrowings	4 967 428	1 342 176	3 625 251	4 946 618	1 347 144	3 599 474
Repurchase agreements	0	21 669	-21 669	0	13 557	-13 557
Finance leases	392 120	0	392 120	336 723	0	336 723
Interbank Items	**658 003**	**838 502**	**-180 499**	**636 005**	**793 851**	**-157 846**
Deposits, loans and borrowings	543 327	653 009	-109 682	524 064	639 254	-115 190
Repurchase agreements	114 676	185 493	-70 817	111 941	154 597	-42 656
Borrowings issued by the Group		**435 879**	**-435 879**		**402 412**	**-402 412**
Instruments at fair value through equity			**0**			**0**
Debt instruments	**1 693 589**		**1 693 589**	**1 499 832**		**1 499 832**
TOTAL INTEREST INCOME/(EXPENSE)	**7 711 140**	**2 638 227**	**5 072 914**	**7 419 178**	**2 556 964**	**4 862 214**

(In thousand MAD)

2.2. NET FEE INCOME

	June-20			June-19		
	Income	Expense	Net	Income	Expense	Net
Net fee on transactions	**1 104 787**	**91 104**	**1 013 683**	**1 082 447**	**99 561**	**982 886**
With credit institutions			-			-
With customers	790 093		790 093	735 416		735 416
On custody	92 834	40 900	51 934	104 211	31 792	72 419
On foreign exchange	221 860	50 204	171 656	242 820	67 769	175 051
On financial instruments and off balance sheet			-			-
Banking and financial services	**359 815**	**147 397**	**212 418**	**409 699**	**108 575**	**301 124**
Income from mutual funds management			-			-
Income from electronic payment services	168 661	39 395	129 266	200 159	38 641	161 518
Insurance			-			-
Other	191 154	108 002	83 152	209 540	69 934	139 606
NET FEE INCOME	**1 464 602**	**238 501**	**1 226 101**	**1 492 146**	**208 136**	**1 284 010**

(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.

	June-20			June-19		
	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	476 051	21 626	497 677	342 219	12 713	354 932
Derivative instruments	-114 096	0	-114 096	-43 325	0	-43 325
Repurchase agreements						
Loans						
Borrowings						
Remeasurement of interest rate risk hedged portfolios						
Remeasurement of currency positions						
TOTAL	**361 955**	**21 626**	**383 581**	**298 894**	**12 713**	**311 607**

(In thousand MAD)

2.4. NET GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June-20	June-19
Remuneration of equity instruments recognised as non-recyclable equity instruments (Dividends)	192 267	202 063
TOTAL	**192 267**	**202 063**

2.5. NET INCOME FROM OTHER ACTIVITIES

	June-20			June-19		
	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	104 462	58 549	45 913	126 168	60 115	66 053
Net income from property development activities	0	0	0			0
Other banking income & expenses	195 908	150 698	45 210	268 885	163 282	105 603
Other operating income	79 855	6 300	73 556	164 870	30 478	134 392
TOTAL NET INCOME FROM OTHER ACTIVITIES	**380 225**	**215 547**	**164 679**	**559 923**	**253 875**	**306 048**

(In thousand MAD)

2.6. GENERAL OPERATING EXPENSES

	June-20	June-19
Staff expenses	1 889 939	1 879 296
Taxes	140 283	147 820
External expenses	2 173 060	1 272 928
Other general operating expenses	79 087	91 428
Allowances for depreciation and provisions of tangible and intangible assets	485 368	463 010
General Operating Expenses	**4 767 737**	**3 854 482**

(In thousand MAD)

2.7. COST OF RISK

	30/06/20	30/06/19
Net allocations for depreciations	**-1 410 914**	**-42 973**
Bucket 1	**40 996**	**-51 938**
Including loans and receivables on EC and OA	9 744	1 715
Including customer loans and receivables	18 422	48 353
Including off-balance-sheet commitments	14 167	-28 764
Including debt instruments	-1 336	-72 439
Including debt instruments accounted for by JV and recyclable CP	-	-803
Bucket 2	**-609 879**	**82 348**
Including loans and receivables on EC and OA	282	-
Including customer loans and receivables	-613 097	83 474
Including off-balance-sheet commitments	1 838	-1 613
Including debt instruments	1 097	487
Including debt instruments accounted for by JV and recyclable CP	-	-
Bucket 3	**-842 031**	**-73 383**
Including loans and receivables on EC and OA	-36 327	-
Including customer loans and receivables	-804 642	-71 110
Including off-balance-sheet commitments	-1 062	-2 273
Including debt instruments	-	-
Including debt instruments accounted for by JV and recyclable CP		
Amounts recovered from amortized loans	15 021	30 982
Losses on bad debt	-55 123	-822 913
Other	-11 056	-37 367
Cost of risk	**-1 462 072**	**-872 271**

2.8. NET GAINS ON OTHER ASSETS

	June-20	June-19
PP&E and intangible assets used in operations	38 709	4 412
Capital gains on disposals	38 709	4 412
Capital losses on disposals		
Others	2 896	-12 790
Net Gain/Loss on Other Assets	**41 605**	**-8 378**

2.9. INCOME TAX

2.9.1. Current and deferred tax

	June-20	Dec-19
Current tax	644 389	920 499
Deferred tax	2 267 602	1 767 563
Current and deferred tax assets	**2 911 991**	**2 688 062**
Current tax	950 250	1 396 103
Deferred tax	1 206 803	1 179 957
Current and deferred tax liabilities	**2 157 053**	**2 576 060**

(In thousand MAD)

2.9.2. Net income tax expense

	June-20	June-19
Current tax expense	-508 313	-629 349
Net deferred tax expense	458 289	-20 645
Net Corporate income tax expense	**-50 024**	**-649 994**

(In thousand MAD)

2.9.3. Effective tax rate

	June-20	June-19
Net income	907 999	2 286 209
Net corporate income tax expense	- 50 024	-649 994
Average effective tax rate	**5.5%**	**28,4%**

(In thousand MAD)

III. SEGMENT INFORMATION

The Group is composed of four core business activities for accounting and financial information purposes:

- Banking in Morocco : BANK OF AFRICA;
- 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, LCB Bank and BOA Group.

3.1. EARNINGS BY BUSINESS LINE

	June-20					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
Net interest Income	2 229 698	27 044	306 806	-1 865	2 511 230	5 072 914
Net Fee income	510 829	75 528	11 648		628 095	1 226 100
Net Banking Income	**3 088 612**	**156 992**	**325 133**	**44 048**	**3 424 756**	**7 039 541**
General Operating Expenses & allowances for depreciation and amortization	-2 540 869	-129 801	-113 671	-40 952	-1 942 445	-4 767 738
Operating Income	**547 743**	**27 192**	**211 462**	**3 096**	**1 482 311**	**2 271 804**
Corporate income tax	133 174	-22 306	-49 294	-1 113	-110 485	-50 024
Net Income Attributable to shareholders of the parent	**-230 084**	**46 731**	**38 156**	**-6 463**	**524 684**	**373 024**

(In thousand MAD)

	June-19					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
Net interest Income	2 006 550	42 520	343 903	-7 588	2 476 829	4 862 214
Net Fee income	606 449	77 309	12 739		587 513	1 284 010
Net Banking Income	**2 971 999**	**168 147**	**361 862**	**58 465**	**3 418 080**	**6 978 553**
General Operating Expenses & allowances for depreciation and amortization	-1 600 306	-130 579	-131 129	-38 743	-1 953 725	-3 854 482
Operating Income	**1 371 693**	**37 568**	**230 733**	**19 722**	**1 464 355**	**3 124 071**
Corporate income tax	-326 151	-23 084	-82 418	-6 611	-211 730	-649 994
Net Income Attributable to shareholders of the parent	**565 437**	**62 919**	**65 787**	**-5 091**	**481 378**	**1 170 430**

(In thousand MAD)

3.2. ASSETS AND LIABILITIES BY BUSINESS ACTIVITY

	June-20					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
TOTAL ASSETS	**214 073 621**	**917 010**	**17 416 122**	**171 978**	**109 675 997**	**342 254 728**
ASSETS ITEMS						
Available for sale assets	2 840 273	9 036	22 386	16 977	2 942 263	**5 830 935**
Customer loans	127 343 376		16 127 681		52 030 282	**195 501 339**
Financial assets at fair value	39 940 740	151 648	861		1 894 498	**41 987 747**
Held to maturity assets	8 483 763				28 424 682	**36 908 445**
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	132 630 282		909 373		70 945 858	**204 485 513**
Shareholder's Equity	17 901 724	382 804	1 559 705	(199 394)	7 428 158	**27 072 997**

(In thousand MAD)

	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		16 783 701	1	51 373 516	186 645 591
Financial assets at fair value	29 913 430	110 161	861		683 273	30 707 725
Held to maturity assets	4 410 000				25 632 750	30 042 750
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	134 325 817		949 775		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)

IV. NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2020

4.1. CASH, AMOUNTS DUE FROM CENTRAL BANKS, BANKS AND THE POST OFFICE

	June-20	Dec-19
Cash	**3 876 517**	**4 281 536**
CENTRAL BANKS	9 323 966	10 097 007
TREASURY	100 007	67 333
GIRO	4 672	4 715
CENTRAL BANKS, TREASURY, GIRO	9 428 645	10 169 055
Cash, Central Banks, Treasury, Giro	**13 305 162**	**14 450 591**

(In thousand MAD)

4.2. ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/20			31/12/19		
	Trading book	Assets designated at fair value through profit 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	**26 069 583**	**-**	**26 069 583**	**17 130 180**	**-**	**17 130 180**
Treasury bills and other eligible for central bank refinancing	23 879 661		23 879 661	16 673 191		16 673 191
Other negotiable certificates of deposits	2 189 922		2 189 922	456 989		456 989
Bonds	**754 444**	**-**	**754 444**	**2 425 052**	**-**	**2 425 052**
Government bonds	627 039		627 039	1 285 666		1 285 666
Other bonds	127 405		127 405	1 139 386		1 139 386
Equities and other variable income securities	**13 114 301**	**2 047 007**	**15 161 308**	**10 392 716**	**794 295**	**11 187 011**
Repurchase agreements	-		-	-		-
Loans	-		-	-		-
To credit institutions						
To corporate customers						
To private individual customers						
Trading Book Derivatives	**2 412**		**2 412**	**-34 518**	**-**	**-34 518**
Currency derivatives	2 412		2 412	-34 518		-10 215
Interest rate derivatives						
Equity derivatives						
Credit derivatives						
Other derivatives						
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**39 940 740**	**2 047 007**	**41 987 747**	**29 913 430**	**794 295**	**30 707 725**
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

	30/06/20			31/12/19		
	Balance Sheet Value	unrealised gains	Unrealized losses	Balance Sheet Value	unrealised gains	Unrealized losses
Debt instruments recognised at fair value through recyclable equity	1 315 268	836	-36 469	1 667 868	5 756	-986
Equity instruments recognised at fair value through non-recyclable equity	4 515 667	1 639 241	-523 413	4 446 599	1 624 365	-528 048

(In thousand MAD)

4.4. SECURITIES AT AMORTISED COST

	30-June-20	31-Dec-19
Treasury bills and other bills mobilisable with central banks	**7 863 307**	**6 666 681**
Treasury bills and other bills mobilisable with central banks	7 009 999	5 798 982
Other negotiable debt securities	853 309	867 699
Bonds	**29 293 725**	**23 625 022**
Government bonds	26 720 300	21 537 841
Other Bonds	2 573 425	2 087 182
Depreciations	**-248 587**	**-248 954**
TOTAL DEBT INSTRUMENTS VALUED AT AMORTISED COST	**36 908 445**	**30 042 750**

(In thousand MAD)

4.5. INTERBANK TRANSACTIONS, RECEIVABLES AND AMOUNTS DUE FROM CREDIT INSTITUTIONS

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

	30-June-20	31-Dec-19
Demand accounts	7 804 142	8 927 092
Loans	13 174 519	12 522 277
Including cash loans	*3 899 149*	*1 162 815*
Repurchase agreements		1 058 308
Total loans and receivables due from credit institutions, before impairment provisions	**20 978 661**	**22 507 677**
Provisions for impairment of loans and receivables due from credit institutions	-102 299	-103 938
Total loans and receivables due from credit institutions, net of impairment provisions	**20 876 362**	**22 403 739**

(In thousand MAD)

AMOUNTS DUE TO CREDIT INSTITUTIONS

	30-June-20	31-Dec-19
Demand accounts	3 466 364	3 722 868
Borrowings	38 996 987	28 000 311
Including cash borrowings	*2 111 833*	*982 242*
Repurchase agreements	22 204 902	13 348 666
TOTAL	**64 668 254**	**45 071 844**

(In thousand MAD)

4.6. LOANS, RECEIVABLES AND AMOUNTS DUE FROM CUSTOMERS

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

	30-June-20	31-Dec-19
Demand accounts	23 748 196	22 366 723
Loans to customers	155 187 630	149 857 647
Repurchase agreements	17 312 791	13 272 162
Finance leases	14 990 752	15 393 383
Total loans and receivables due from customers, before impairment provisions	**211 239 369**	**200 889 916**
Impairment of loans and receivables due from customers	-15 738 029	-14 244 325
Total loans and receivables due from customers, net of impairment provisions	**195 501 339**	**186 645 590**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	30-June-20	31-Dec-19
Activity in Morocco	127 343 376	118 488 373
Specialized Financial Services	16 127 681	16 783 701
International Activities	52 030 282	51 373 516
Investment Banking	0	0
Other Activities	-	1,00
Total	**195 501 339**	**186 645 590**
Allocated Debts		
Value at Balance sheet	**195 501 339**	**186 645 590**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	30-June-20	31-Dec-19
Morocco	143 471 057	135 272 075
Africa	47 654 995	47 463 182
Europe	4 375 288	3 910 334
Total	**195 501 339**	**186 645 591**
Allocated Debts		
Value at Balance sheet	**195 501 339**	**186 645 591**

(In thousand MAD)

BREAKDOWN OF LOANS & RECEIVABLES AND COMMITMENTS BY BUCKET

	30/06/20							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	**1 318 843**	**-**	**-**	**1 318 843**	**3 575**	**-**	**-**	**3 575**
Debt instruments accounted for by JV at recyclable CP	1 318 843			1 318 843	3 575			3 575
Financial assets at amortized cost	**234 262 633**	**16 614 515**	**18 497 913**	**269 375 061**	**1 500 165**	**2 913 254**	**11 675 496**	**16 088 914**
Loans and receivables from credit institutions	20 924 064		54 597	20 978 661	44 968		57 330	102 298
Loans and receivables from customers	176 181 537	16 614 515	18 443 316	211 239 368	1 206 609	2 913 254	11 618 166	15 738 029
Debt instruments	37 157 032			37 157 032	248 587	-		248 587
Total assets	**235 581 476**	**16 614 515**	**18 497 913**	**270 693 904**	**1 503 740**	**2 913 254**	**11 675 496**	**16 092 489**
Total off-balance sheet	**42 810 808**	**107 012**	**127 894**	**43 045 714**	**163 850**	**1 096**	**98 254**	**263 200**

	31/12/19							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	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	–	55 134	22 507 676	42 491	–	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**

AMOUNTS DUE TO CUSTOMERS

	30-June-20	31-Dec-19
On demand deposits	115 948 251	110 457 223
Term accounts	33 806 470	37 779 950
Savings accounts	39 699 609	38 630 433
Cash certificates	4 605 896	5 160 093
Repurchase agreements	1 515 016	841 915
Other items	8 910 271	9 947 043
TOTAL LOANS AND RECEIVABLES DUE TO CUSTOMERS	**204 485 513**	**202 816 657**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	30-June-20	31-Dec-19
Activity in Morocco	132 630 282	134 325 817
Specialized Financial Services	909 373	949 775
International Activities	70 945 858	67 541 065
Investment Banking		
Other Activities		
Total	**204 485 513**	**202 816 657**
Allocated Debts		
Value at Balance sheet	**204 485 513**	**202 816 657**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	30-June-20	31-Dec-19
Morocco	133 539 655	135 275 592
Africa	69 293 959	65 790 252
Europe	1 651 899	1 750 813
Total	**204 485 513**	**202 816 657**
Allocated Debts		
Value at Balance sheet	**204 485 513**	**202 816 657**

(In thousand MAD)

4.7. DEBT SECURITIES, SUBORDINATED DEBT AND SPECIAL GUARANTEE FUNDS

	30-June-20	31-Dec-19
Other debt securities	**13 606 967**	**16 346 393**
Negotiable certificates of deposit	13 106 967	15 846 393
Bond issues	500 000	500 000
Subordinated debts	**9 498 443**	**9 590 170**
Subordinated debt	9 498 443	9 590 170
Redeemable subordinated debt	6 498 443	6 590 170
Undated subordinated debt	3 000 000	3 000 000
Subordinated Notes		
Redeemable subordinated notes		
Undated subordinated notes		
Public Funds and special guarantee funds		
Total	**23 105 410**	**25 936 563**

(In thousand MAD)

4.8. CURRENT AND DEFERRED TAX

	30-June-20	31-Dec-19
Current tax	644 389	920 499
Deferred tax	2 267 602	1 767 563
Current and deferred tax assets	**2 911 991**	**2 688 062**
Current tax	950 250	1 396 103
Deferred tax	1 206 803	1 179 957
Current and deferred tax liabilities	**2 157 053**	**2 576 060**

(In thousand MAD)

4.9. ACCRUED INCOME AND EXPENSES, OTHER ASSETS AND LIABILITIES

	30-June-20	31-Dec-19
Guarantee deposits and bank guarantees paid	154 345	144 667
Settlement accounts related to securities transactions	76 939	38 429
Collection accounts	362 668	429 990
Reinsurers' share of technical reserves		
Accrued income and prepaid expenses	2 418 964	817 509
Other debtors and miscellaneous assets	5 646 037	4 887 004
Inter-related Accounts	123 459	313 697
TOTAL ACCRUED INCOME AND OTHER ASSETS	**8 782 413**	**6 631 296**
Guarantee deposits received	9 456	9 252
Settlement accounts related to securities transactions	7 924 560	749 006
Collection accounts	2 633 998	1 332 305
Accrued expenses and deferred income	1 725 948	1 106 873
Other creditors and miscellaneous assets	7 241 907	7 181 970
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**19 535 869**	**10 379 405**

(In thousand MAD)

4.10. INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

	30-June-20	31-Dec-19
Euler Hermes Acmar	26 902	26 029
Banque de Développement du Mali	605 333	570 719
Eurafric	-19 942	-20 954
Africa Morocco Link	-12 319	-12 829
Société Conseil Ingenierie et Développement	150 335	148 073
Bank Al Tamwil wal Inmaa	115 395	128 106
Inverstments in equity methods companies belonging to BOA	89 933	91 845
Investments in associates	**955 636**	**930 990**

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	606 725	85 082	4 362	872
Banque de Développement du Mali	16 920 275	346 525	178 458	57 332
Africa Morocco Link	290 000	111 038	1 000	510
Eurafric	224 104	158 434	4 451	611
Société Conseil Ingenierie et Développement	635 571	114 261	5 815	2 262
Bank Al Tamwil wal Inmaa	524 519	6 212	-24 925	-12 712

(In thousand MAD)

4.11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS AND INVESTMENT PROPERTY

	30-June-20			31-Dec-19		
	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount
PP&E	**16 722 318**	**7 450 366**	**9 271 952**	**16 399 314**	**7 176 811**	**9 222 503**
Land and buildings	5 235 382	839 947	4 395 435	5 206 424	749 254	4 457 170
Equipment, furniture and fixtures	4 738 583	3 050 017	1 688 566	4 738 934	3 036 637	1 702 297
Plant and equipment leased as lessor under operating leases	0	0	0	0	0	0
Other PP&E	6 748 353	3 560 402	3 187 951	6 453 955	3 390 920	3 063 036
Intangible Assets	**2 695 930**	**1 473 830**	**1 222 100**	**2 510 479**	**1 431 323**	**1 079 156**
Purchased software	1 852 823	1 180 038	672 785	1 635 013	1 126 441	508 571
Internally-developed software	0	0	0	0	0	0
Other intangible assets	843 107	293 792	549 315	875 466	304 881	570 585
Investment Property	**3 802 048**	**133 516**	**3 668 532**	**3 926 892**	**126 668**	**3 800 224**

(In thousand MAD)

CHARGES OF RENTAL CONTRACTS

CHARGES OF RENTAL CONTRACTS	30/06/20
Interest expense on rental debts	-26 353
Depreciation charges for user fees	-120 839

ASSET RELATED TO RIGHTS OF USE

ASSET RELATED TO RIGHTS OF USE	30/06/20	31/12/19
Property, plant and equipment	9 271 952	9 222 503
Including rights of use	1 059 385	1 190 571

LIABILITIES RELATED TO RENTAL DEBT

LIABILITIES RELATED TO RENTAL DEBT	30/06/20	31/12/19
Adjustment account and other liabilities	19 535 869	10 379 406
Including rental debt	1 058 042	1 199 456

4.12. GOODWILL

	30-June-20	31-Dec-19
Gross value at start of period	**1 032 114**	**1 032 114**
Accumulated impairment at start of period		
Carrying amount at start of period	**1 032 114**	**1 032 114**
Acquisitions		
Cessions		
Impairment losses recognized during the period		
Translation adjustments		
Subsidiaries previously accounted for by the equity method		
Other movements		
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**

(In thousand MAD)

The following table provides a breakdown of goodwill :

	Net book value 30/06/2020	Net book value 31/12/2019
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**

4.13. PROVISIONS FOR CONTINGENCIES AND CHARGES

	30-June-20	31-Dec-19
Total provisions at start of period	**1 172 573**	**1 039 395**
Additions to provisions	83 822	293 296
Reversals of provisions	-89 542	-165 979
Effect of movements in exchange rates and other movements	62 779	5 862
Total provisions at end of period	**1 229 632**	**1 172 573**

V. FINANCING ANG GUARANTEE COMMITMENTS

5.1. FINANCIAL COMMITMENT

	30-June-20	31-Dec-19
Financing commitments given	**12 247 143**	**11 977 829**
- To credit institutions	2 321 633	1 709 943
- To customers:	9 925 510	10 267 886
Confirmed letters of credit		
Other commitments given to customers		
Financing commitments received	**2 416 827**	**1 307 891**
From credit institutions	2 416 827	1 307 891
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

	30-June-20	31-Dec-19
Guarantee commitments given	**30 798 571**	**31 251 628**
To credit institutions	10 166 829	10 465 226
To customers:	20 631 743	20 786 402
Sureties provided to tax and other authorities, other sureties		
Other guarantee commitments to customers		
Guarantee commitments received	**128 446 436**	**87 615 861**
From credit institutions	126 262 214	85 858 844
From the State and guarantee institutions	2 184 222	1 757 017

» 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

	June-20	Dec-19
Retirement allowances and equivalents	494 355	464 981
Special seniority premiums allowances		
Other		
TOTAL	**494 355**	**464 981**

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:

Economic assumptions	June-2020
Discount rate	3.30%
Long-term wage growth (inflation included)	3%
Taux de charges sociales patronales	10.96%

Social security contribution rate	
Demographic assumptions	Voluntary departure
Retirement terms	60 years old
Mortality table	PM 60/64 - PF 60/64

The discount rate is based on secondary market Treasury benchmark bond yields - Duration: about 22 years.

6.2.3. Cost of post-employment plans

	June-20	Dec-19
Normal cost	-6 908	9 228
Interest cost	7 080	14 170
Expected returns of funds		
Additional allowances		
Other		
Net cost of the period	172	23 398
Dont coût relatif aux indemnités de retraite et assimilées		
Dont autres...		

6.2.4. Changes in the provision recognised on the balance sheet

	June-20	Dec-19
Actuarial liability, beginning of the period	**464 981**	**441 583**
Normal cost	17 335	33 600
Interest cost	7 080	14 170
Experience gains/ losses	26 962	-
Other actuarial gains/ losses		
Depreciation of net gains/losses		
Paid benefits	-24 243	-24 372
Additional benefits		0
Other	2 240	-
Actuarial liability, end of the period	**494 355**	**464 981**
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. Changes in share capital and earnings per share

	30/06/20	30/06/19
SHARE CAPITAL (IN MAD)	1 998 205 000	1 794 633 900
Number of common shares outstanding during the year	199 820 500	179 463 390
NET INCOME ATTRIBUTABLE TO THE SHAR-HOLDER'S OF THE PARENT (IN MAD)	373 024 257	1 170 431 617
BASIC ERNINGS PER SHARE (IN MAD)	1.87	6.52
DILUTED EARNING PER SHARE (IN MAD)	1.87	6.52

7.1.2. Changes in share capital

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 2017	179 463 390	10	1 794 633 900
Number of shares outstanding at 31 December 2018	179 463 390	10	1 794 633 900
Number of shares outstanding at 31 December 2019	199 820 500	10	1 998 205 000
Number of shares outstanding at 30 June 2020	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	Business line	% of control	% of interest	Consol-idation method
BANK OF AFRICA	Bank			Parent
BMCE CAPITAL	Investment Bank	100.00%	100.00%	FC
BMCE CAPITAL GESTION	Assets Management	100.00%	100.00%	FC
BMCE CAPITAL BOURSE	Stock Brokerage	100.00%	100.00%	FC
MAROC FACTORING	Factoring	100.00%	100.00%	FC
MAGHREBAIL	Leasing	52.47%	52.47%	FC
SALAFIN	Consumer Loan	60.79%	60.79%	FC
BMCE EUROSERVICES	Financial Institution	100.00%	100.00%	FC
LCB Bank	Bank	37.00%	37.00%	FC
BMCE BANK INTERNATIONAL HOLDING	Bank	100.00%	100.00%	FC
BOA GROUP	Banking Holding	72.41%	72.41%	FC
LOCASOM	Car Rental	100.00%	97.39%	FC
RM EXPERTS	Debt Collection	100.00%	100.00%	FC
OPERATION GLOBAL SERVICE	Back office banking services	100.00%	100.00%	FC
FCP OBLIGATIONS PLUS	OPCVM	100.00%	100.00%	FC
BOA UGANDA	Bank	91.25%	77.65%	FC
BANQUE DE DEVELOPPEMENT DU MALI	Bank	32.38%	32.38%	EM
EULER HERMES ACMAR	Insurance	20.00%	20.00%	EM
EURAFRIC INFORMATION	IT System	41.00%	41.00%	EM
CONSEIL INGENIERIE ET DEVELOPPEMENT	Engineering	38.90%	38.90%	EM
AFRICA MOROCCO LINKS	Maritime Transport	51.00%	51.00%	EM
BANK AL TAMWIL WAL INMAA	Participating Bank	51.00%	51.00%	EM

BANK OF AFRICA holds 37% of LCB Bank'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.

	Companies consolidated according to the equity method	Companies consolidated through full integration
Asset		
Loans, advances and securities	26 215	11 546 927
Current accounts	-	1 468 183
Loans	26 215	9 589 282
Securities		489 462
Capital lease		
Miscellaneous assets		13 828
Total	**26 215**	**11 560 755**
Liability		
Deposits	46 898	10 864 913
Current accounts	42 464	1 469 913
Other borrowings	4 434	9 395 001
Debts represented by a security		681 586
Miscellaneous liability		14 256
Total	**46 898**	**11 560 755**
Financing and guarantee commitments		
Commitments given		1 028 217
Commitments received		1 028 217

7.3.2. Related party profit and loss items

(in thousand MAD)	Companies consolidated according to the equity method	Companies consolidated through full integration
Interest and similar income	-757	-144 830
Interest and similar expenses		174 077
Fees (income)		-139 156
Fees (expenses)		31 168
Services provided		
Services procured		
Lease income	-3 712	-111 408
Other		190 139

Note about the consolidated financial statements

The consolidated financial statements at 30 June 2020 have been prepared against a global and domestic backdrop which has seen the spread of the Covid-19 pandemic. This event has directly impacted the Group's first half results in two respects:

Accounting treatment of the Covid-19 donation

BANK OF AFRICA Group reiterated its commitment to the national cause by contributing MAD 1 billion to the Special Fund for managing the Covid-19 pandemic. This amount has been factored into BANK OF AFRICA Group's first half results under general operating expenses.

Health crisis and IFRS 9 impact

BANK OF AFRICA Group's consolidated financial statements are prepared under International Financial Reporting Standards (IFRS).

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.

IFRS 9 introduces a system of classification in 3 stages (buckets 1, 2 and 3) based on a definition of default (bucket 3) and a concept of significant deterioration in credit risk (triggering a downgrade from bucket 1 to bucket 2).

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.

This standard introduces an impairment model which requires that expected credit losses or 'ECLs' are recognised for loans and debt instruments measured at amortised cost or fair value through other comprehensive income with recycling, for loan commitments and financial collateral arrangements not recognised at fair value as well as for receivables resulting from lease receivables and trade receivables.

This approach aims to encourage early recognition of expected credit losses. The expected losses for the various portfolios are calculated based on the three main risk criteria modelled using the available historical data for each portfolio segment: the 'Probability of Default' (PD) over one year or over the asset's lifetime, the 'Loss Given Default' (LGD) and 'Exposure At Default' (EAD). The historical loss method is used, where appropriate, for certain portfolios. This standard has been designed to be forward looking, reflecting expectations of future credit events at each reporting date. Forward looking scenarios have therefore been incorporated into the ECL calculation models.

As far as the specific context of the 30 June 2020 reporting date is concerned, BANK OF AFRICA BMCE Group has made a number of adjustments to anticipate, measure and steer the impacts from the current health crisis.

To ensure that the IFRS 9 model adequately takes into account the impact on the domestic economy from the current situation, prospective data and forward-looking scenarios have been revised, by taking into consideration their effects on probabilities of default.

This revision is based on the changes made to economic sector ratings. The estimated impact factors in information available at 30 June 2020. It will be updated in light of changes to the economic environment and any additional information available ahead of future reporting dates.

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10 000 Rabat - Maroc

AUDITORS' LIMITED EXAMINATION CERTIFICATE OF THE PARENT COMPANY INTERMEDIATE SITUATION FOR THE FINANCIAL YEAR ENDED ON 30 JUNE 2020

In accordance with the provisions of the Dahir Law No. 1-93-212 of September 21, 1993, as amended and completed, as well as the provisions of the Dahir Law 1-14-193 of December 24, 2014 promulgating Law No. 103-12 and in accordance with the circular 4/W/16 which sets the conditions under which credit institutions must publish their summary statements, we have audited the intermediate financial statements of BANK OF AFRICA BMCE GROUP, comprising the balance sheet, the off-balance sheet, the income and expense account, balance statement, the cash flow statement and the statement of complementary information (ETIC) for the period from 1 January to 30 June 2020. These intermediary financial statements that show shareholders' equity of MAD 28,834,913 K, including net income of MAD 476,234 K, are the responsibility of the management bodies of the issuer. These first half financial statements were drawn up by the Board of Directors 25 September 2020 against the evolving backdrop of the Covid-19 pandemic on the basis of the available information at that time.

We conducted our limited review in accordance with professional standards applicable in Morocco. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. A limited review includes mainly interviews with the company employees and analytical examination applied to financial data; it therefore provides a lower level of assurance than an audit. We did not perform an audit and, accordingly, we do not express an audit opinion.

BANK OF AFRICA BMCE GROUP has a stock of non-operating real estate assets, acquired by way of deposits, for a total amount of MAD 4.7 billion as of 30 June, 2020. Taking into account the risks involved in these real estate assets, and in particular uncertainties related to their realizable values and timing, we are unable to pronounce the value of these assets as of 30 June, 2020.

Based on our limited review and subject to the impact of the situation described above, the consolidated financial statements referred to in the paragraph above give, in all their significant aspects, a fair view of the financial position of BANK OF AFRICA BMCE Group composed of entities included in the consolidation as of 30 June 2020, in accordance with international accounting standards (IAS/IFRS).

Without in any way wishing to call into question the conclusion expressed above, we draw your attention to the appended note regarding the effects of the Covid-19 pandemic on the Group's first half financial statements at 30 June 2020.

Casablanca, 25 September 2020.

The Statutory Auditors

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Fouad LAHGAZI
Associé

NOTE ABOUT THE PARENT FINANCIAL STATEMENTS

The parent financial statements at 30 June 2020 have been prepared against a global and domestic backdrop which has seen the spread of the Covid-19 pandemic.

Consistent with the country's major institutions supporting the national cause, BANK OF AFRICA made a MAD 1 billion donation to a special fund set up in order to combat Covid-19. This is reflected in BANK OF AFRICA's first half parent financial statements as a non-recurring expense amounting to MAD 500 million, equivalent to 50% of this donation.

BANK OF AFRICA has recognised a general risk provision (PRG) in its parent financial statements, reflecting the impact from the health crisis on its underlying business, particularly its retail customer base. The estimated general risk provision is based on information available at 30 June 2020 and will be updated in light of developments regarding the pandemic.

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.

2.1. 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.

2.2. 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 non-performing 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.

2.3. 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.

2.4. SECURITIES PORTFOLIO

2.4.1 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).

2.4.2 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.

2.4.3 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.

2.4.4 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.

2.4.5 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.

2.4.6 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.

2.5. 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.

2.6. 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.

2.7. 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.

2.8. 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 non-operating 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 com-panies	Non amortisable

2.9. DEFERRED CHARGES

Deferred charges comprise expenses which, given their size and nature, are likely to relate to more than one financial year.

2.10. 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.

2.11. 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.

2.12. 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.

2.13. RETIREMENT OBLIGATIONS

Retirement obligations (Wissam Al Choghl, compensation payments for early retirement) not covered by pension schemes and managed by external independent providers (non-mandatory) are not provisioned.

ASSETS	30/06/20	31/12/19
Cash, central banks, treasury, giro accounts	3 273 552	5 110 572
Loans to credit institutions and equivalent	21 063 323	22 149 097
. Demand	8 433 294	7 698 907
. Time	12 630 029	14 450 190
Loans and advances to customers	125 875 127	116 625 100
. Cash and consumer loans	39 195 219	35 594 227
. Equipment loans	21 202 642	22 104 094
. Mortgage loans	40 591 210	40 527 424
. Other loans	24 886 056	18 399 355
Advances acquired by factoring	2 161 964	2 283 749
Transaction and marketable securities	39 648 020	30 005 813
. Treasury bonds and equivalent securities	16 221 705	10 154 073
. Other debt securities	967 018	506 783
. Title deeds	22 382 070	19 267 730
. Sukuks Certificates	77 227	77 227
Other assets	5 266 950	3 459 599
Investment securities	8 463 599	4 375 064
. Treasury bonds and equivalent securities	3 782 761	2 125 081
. Other debt securities	4 680 838	2 249 983
. Sukuks Certificates	-	-
Equity investments and equivalent uses	10 645 792	10 691 682
. Investments in joint ventures	8 622 991	8 630 476
. Other equity securities and similar assets	2 022 801	2 061 206
. Moudaraba and Moucharaka securities	-	-
Subordinated loans	197 122	192 807
Placed investment deposits	-	-
Leased and rented fixed assets	197 036	191 147
Ijara leased assets	-	-
Intangible fixed assets	503 980	410 050
Tangible fixed assets	5 525 380	5 470 550
TOTAL ASSETS	**222 821 844**	**200 965 233**

(in thousand MAD)

LIABILITIES	30/06/20	31/12/19
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	40 412 510	22 630 542
. Demand	3 089 572	1 932 813
. Time	37 322 938	20 697 729
Customer deposits	132 757 699	134 441 241
. Demand deposits	84 124 445	79 783 847
. Savings deposits	24 674 959	24 562 835
. Time deposits	18 289 346	23 723 341
. Other deposits	5 668 949	6 371 218
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	7 926 874	9 372 817
. Negotiable debt securities	7 426 874	8 872 817
. Bond loans	500 000	500 000
. Other debt securities issued	-	-
Other liabilities	11 663 440	3 968 135
Provisions for liabilities and charges	1 226 408	1 117 336
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	9 498 443	9 590 170
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	16 862 011	16 474 865
Capital	1 998 205	1 998 204
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	20	75
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	476 234	1 371 848
TOTAL LIABILITIES	**222 821 844**	**200 965 233**

(in thousand MAD)

BALANCE SHEET	30/06/20	31/12/19
Given commitments	**20 976 065**	**19 446 241**
Financing commitments on behalf of credit institutions and equivalent	191 570	182 309
Financing commitments on behalf of customers	6 782 123	6 217 752
Guarantee commitments given to credit institutions and equivalent	2 821 519	2 742 845
Guarantee commitments given to customers	9 406 875	10 132 584
Securities repos purchased	78 357	78 357
Other securities to be delivered	1 695 621	92 394
Received commitments	**15 205 558**	**13 300 541**
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	13 173 942	11 315 888
Guarantee commitments received from the State and various guarantee bodies	1 965 229	1 984 260
Securities repos sold	-	-
Other securities to be received	66 387	393
Moucharaka and Moudaraba securities to be received	-	-

STATEMENT OF INCOME AND EXPENSES	30/06/20	30/06/19
BANK OPERATING INCOME	**7 283 952**	**5 472 291**
Interests and assimilated revenues on transactions with credit institutions	440 641	357 910
Interests and assimilated revenues on transactions with customers	2 694 911	2 713 413
Interests and assimilated revenues on debt securities	268 469	235 149
Revenue from property securities (1) and Sukuks certificates	582 440	623 544
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	15 760	8 307
Revenue from leased assets (Ijara)	-	-
Fees on provided services	550 371	614 633
Other banking revenues	2 731 360	919 335
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	**3 701 786**	**2 007 134**
Interests and assimilated expenses on transactions with credit institutions	707 302	565 283
Interests and assimilated expenses on transactions with customers	563 311	659 450
Interests and assimilated expenses on debt securities issued	120 159	120 684
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	7 056	5 233
Expenses from leased assets (Ijara)	-	-
Other banking expenses	2 303 958	656 484
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	**3 582 165**	**3 465 157**
Non-banking operating revenues	39 957	125 284
Non-banking operating expenses	13 050	27 470
GENERAL OPERATING EXPENSES	**1 705 647**	**1 741 142**
Staff expenses	775 925	769 009
Tax expenses	52 310	64 614
External expenses	731 073	771 446
Other general operating expenses	645	5 799
Allowances for depreciation and provisions for intangible and tangible fixed assets	145 694	130 274
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	**737 954**	**1 218 257**
Allowances for non performing loans and commitments	552 826	446 482
Loan losses	21 690	670 074
Other allowances for provisions	163 438	101 701
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	**104 002**	**795 161**
Provision write-backs on non performing loans and commitments	63 489	774 311
Recovery on amortised debts	3 923	16 112
Other provision write-backs	36 590	4 738
CURRENT INCOME	**1 269 474**	**1 398 733**
Non-current revenues	-	-
Non-current expenses	521 653	-
PRE-TAX EARNINGS	**747 821**	**1 398 733**
Corporate tax	271 587	339 899
NET EARNINGS FOR THE YEAR	476 234	1 058 834

EARNINGS FORMATION TABLE	30/06/20	30/06/19
(+) Interests and equivalent revenues	3 404 020	3 306 472
(-) Interests and equivalent expenses	1 390 772	1 345 418
NET INTEREST INCOME	2 013 248	1 961 054
(+) 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	15 760	8 307
(-) Expenses from leasing and renting operations	7 056	5 233
Income from leasing and rental operations	8 704	3 074
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	661 069	735 714
(-) Fees paid	171 674	162 726
Fee income (1)	489 395	572 988
(+) Income from trading securities	547 102	362 469
(+) Income from investment securities	56 766	-20 253
(+) Income from payload operations	130 914	139 182
(+) Income from by-product operation	-114 096	-43 324
Income from market transactions (1)	620 686	438 075
(+/-) Income from Moudaraba and Moucharaka securities	-	-
(+) other banking products	582 472	623 544
(-) other banking expenses	132 340	133 578
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	3 582 165	3 465 157
(+) Income from financial asset operations (2)	-40 322	12 864
(+) Other non-banking operating revenues	31 707	112 123
(-) Other non-banking operating expenses	4 767	26 910
(-) General operating expenses	1 705 647	1 741 141
Gross operating income	1 863 136	1 822 093
(+) Allowances for non performing loans and commitments (net of write-backs)	-507 104	-326 133
(+) Other allowances net of provision write-backs	-86 557	-97 227
Current income	1 269 475	1 398 733
Non-current income	-521 653	-
(-) Corporate tax	271 588	339 899
Net earnings for the year	476 234	1 058 834

(in thousand MAD)

EARNINGS FORMATION TABLE	30/06/20	30/06/19
(+) Net earnings for the year	476 234	1 058 834
(+) Allowances for depreciation and provisions for intangible and tangible fixed assets	145 694	130 274
(+) Allowances for provisions for equity investments depreciation	52 814	-
(+) Allowances for provisions for general risks	107 374	84 556
(+) Allowances for regulated provisions	-	-
(+) Non-current allowances	-	-
(-) Provision write-backs	12 523	264
(-) Capital gains on disposals of intangible and tangible fixed assets	3 949	46 574
(+) Capital losses on disposals of intangible and tangible fixed assets	-	-
(-) Capital gains on disposals of equity investments	8 250	13 161
(+) Capital losses on disposals of equity investments	8 281	561
(-) Write-backs of investment subsidies received	-	-
(+) Financing	765 675	1 214 226
(-) Dividends distributed	-	-
(+) Cash-flow	765 675	1 214 226

(in thousand MAD)

STATEMENT OF CASH FLOW	30/06/20	31/12/19
(+) Operating income received from banking operations	6 638 969	10 452 239
(+) Recovery of amortised debts	3 923	30 543
(+) Non-banking revenues received	39 957	190 578
(-) Banking operating expenses paid	4 355 294	4 940 728
(-) Non-banking operating expenses paid	13 050	63 685
(-) General operating expenses paid	1 559 953	3 375 246
(-) Corporate tax paid	271 587	640 940
I.Net Cash Flows from the Income Statement	482 965	1 652 761
Change in:		
(+) Loans to credit institutions and equivalent	1 085 774	-1 503 654
(+) Loans to customers	-9 128 242	-6 672 571
(+) Debt and marketable securities	-9 642 207	-4 824 869
(+) Other assets	-1 722 668	876 455
(-) Moudaraba and Moucharaka securities	-	-
(+) Leasing and renting operations	-5 889	-39 881
(+) Ijara operations	-	-
(+) Investments placed through credit institutions and equivalent	-	-
(+) Amounts owed to credit institutions and equivalent	17 781 968	2 760 604
(+) Customer deposits	-1 683 542	5 681 835
(+) Customer borrowings on participatory financing	-	-
(+) Debt securities issued	-1 445 943	776 851
(+) Other liabilities	6 692 642	-717 718
II.Balance of changes in operating assets and liabilities	1 931 893	-3 662 948
III.Net cash flows from operating activities (I + II)	2 414 858	-2 010 187
(+) Revenues from equity investments (1) (4)	251 749	432 351
(+) Revenues from disposals of intangible and tangible fixed assets (4)	123 900	179 800
(-) Acquisitions of equity investments (1)	3 965 934	1 328 397
(-) Acquisitions of intangible and tangible fixed assets	414 134	942 301
(+) Interests received	50 643	250
(+) Dividends received	334	575 280
IV.FLUX DE TRESORERIE NETS PROVENANT DES ACTIVITES D'INVESTISSEMENT	-3 953 442	-1 083 017
(+) 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	-	-
(-) Reimbursed investment deposits (2)	-	-
(-) Interests paid	298 436	397 860
(-) Rémunérations versées sur dépôts d'investissement (3) (4)	-	-
(-) Dividends paid	-	-
V.Net Cash Flows from Financing Activities	-298 436	2 577 854
VI.Net Change In Cash (III + IV + V)	-1 837 020	-515 350
VII.Cash & Cash Equivalent at Beginning of Year	5 110 572	5 625 922
VIII.Cash & Cash Equivalent at Year-end	3 273 552	5 110 572

(in thousand MAD)

(1) Other than Moucharaka and Moudaraba securities
(2) Including used IRR
(3) Including used PER
(4) Excluding net cash flows from income and expense accounts

LOANS TO CREDIT INSTITUTIONS AND EQUIVALENT

Claims	Bank Al Maghrib, Treasury	Banks in Morocco	Other credit institutions and equivalent in morocco	Foreign credit institutions	TOTAL 30/06/2020	Total 31 / 12 / 2019
Ordinary accounts in debit	1 547 473	316 095	1 630 795	4 413 122	7 907 485	10 664 369
Securities received as pledges	-	-	-	-	-	1 029 412
- Overnight	-	-	-	-	-	1 029 412
- Time	-	-	-	-	-	-
Short-term loans	-	300 595	1 492 692	2 478 473	4 271 760	6 320 310
- Overnight	-	-	1 312 132	2 478 473	3 790 605	1 057 559
- Time	-	300 595	180 560	-	481 155	5 262 751
Financial loans	-	1 363 214	7 271 449	61 293	8 695 956	5 841 192
Other loans	2 895 759	411 317	-	117 047	3 424 123	3 364 364
Receivables accrued interest	373	29 481	7 199	495	37 548	40 017
Non performing loans	-	-	4	-	4	4
TOTAL	**4 443 605**	**2 420 703**	**10 402 139**	**7 070 430**	**24 336 875**	**27 259 669**

(in thousand MAD)

LOANS TO CUSTOMERS

Claims	Public Sector	Private Sector			TOTAL 30/06/2020	TOTAL 31 / 12 / 2019
		Financial companies	Non-financial companies	Other customers		
Short-term loans	329 331	2 577 038	25 719 417	2 381 585	31 007 371	27 061 774
- Deposit accounts in debit	300 415	2 527 038	13 406 415	1 676 180	17 910 048	16 713 954
- Commercial loans in Morocco	6 389		2 362 616	325 821	2 694 826	3 482 686
- Export loans			363 939	252 552	616 491	1 051 531
- Other cash loans	22 527	50 000	9 586 447	127 032	9 786 006	5 813 603
Consumer loans			100	7 774 686	7 774 786	8 162 481
Equipment loans	4 810 749	519 404	14 128 810	1 438 109	20 897 072	21 817 758
Mortgage loans	111 228		9 439 833	30 970 048	40 521 109	40 440 737
Other loans	2 000 000	17 326 591	2 014 833	50 199	21 391 623	15 264 242
Advances acquired by factoring	1 782 294		379 670	-	2 161 964	2 283 749
Receivables accrued interest	74 452	38 223	528 607	147 451	788 733	742 995
Non performing loans	-	-	1 146 306	2 348 128	3 494 433	3 135 112
- Substandard loans			61 081	312 280	373 361	520 012
- Doubtful loans			1 085 095	387 539	1 472 634	1 065 974
- Loss loans			130	1 648 309	1 648 439	1 549 126
TOTAL	**9 108 054**	**20 461 256**	**53 357 576**	**45 110 206**	**128 037 091**	**118 908 849**

(in thousand MAD)

BREAKDOWN OF TRANSACTION & MARKETABLE SECURITIES AND INVESTMENT SECURITIES BY CATEGORY OF ISSUER

	"Credit Institutions and Equivalent"	Public Issuers	PRIVATE ISSUERS		Total 30/06/2020	Total 31 / 12 / 2019
			Financial companies	Non-financial companies		
Quoted securities	6 709	5 346 062	22 363 219	1 512 747	29 228 737	23 440 279
- Treasury bonds and equivalent securities		3 083 210			3 083 210	2 867 631
- Bonds		2 262 852		1 500 604	3 763 456	1 308 057
- Other debt securities					-	-
- Title deeds	6 709		22 363 219	12 143	22 382 071	19 264 591
Certificats de Sukuks						
Titres non côtés	320 610	17 861 862	-	700 409	18 882 882	10 940 599
- Treasury bonds and equivalent securities		16 833 757			16 833 757	9 312 684
- Bonds	291 390	-		669 853	961 242	998 208
- Other debt securities	29 221	729 790		10 104	769 115	328 935
- Title deeds					-	-
Certificats de Sukuks		77 227			77 227	77 227
Accrued interest		221 088		20 452	241 541	223 545
TOTAL	**327 319**	**23 207 924**	**22 363 219**	**2 213 157**	**48 111 619**	**34 380 877**

(in thousand MAD)

BREAKDOWN OF TRANSACTION & MARKETABLE SECURITIES AND INVESTMENT SECURITIES

	Gross book value	Current value	Redemption price	Unrealised capital gains	Unrealised capital losses	Provisions
Transaction securities	39 126 258	39 125 918	-	-	-	340
Treasury bonds and equivalent securities	15 939 643	15 939 643	-			
Bonds	84 400	84 400				
Other debt securities	882 618	882 618				
Title deeds	22 142 370	22 142 030	-			340
Sukuks certificates	77 227	77 227	-			
Marketable securities	564 760	522 102	564 760	-	42 658	42 658
Treasury bonds and equivalent securities	324 305	282 062	324 305		42 244	42 244
Bonds						
Other debt securities						
Title deeds	240 455	240 041	240 455		414	414
Investment securities	8 463 736	8 463 599	8 373 868	94 484	153 918	137
Treasury bonds and equivalent securities	3 782 761	3 782 761	3 749 462		33 300	-
Bonds	4 640 299	4 640 299	4 614 302	94 484	120 481	-
Other debt securities	40 676	40 539	10 104	-	137	137
TOTAL	**48 154 754**	**48 111 619**	**8 938 628**	**94 484**	**196 575**	**43 135**

(in thousand MAD)

DETAIL OF OTHER ASSETS	30/06/2020	31 / 12 / 2019
Optional instruments	**-2 048**	**-59 121**
Miscellaneous transactions on securities	**363 385**	**276 293**
Other Debtors	**789 585**	**1 066 599**
- Sums due by the state	626 952	912 464
- Sums due by provident companies	-	-
- Receivables from staff	109 251	107 590
- Receivable for non-banking services	-	-
Other debtors	53 383	46 545
Other securities and assets	**7 920**	**9 403**
Adjustment accounts	**4 108 107**	**2 166 424**
Off-balance sheet adjustment accounts	154 370	54 670
Currency discrepancy accounts	154 370	54 670
Derivatives discrepancy accounts	-	-
Securities discrepancy accounts	-	-
Currency and securities Goodwill	-	-
Income on hedging transactions	-	-
Deferred expenses	158 290	176 716
Liaison accounts between the head office, subsidiaries and branches in Morocco	123 459	313 697
Accrued income and prepayment	1 656 823	330 432
Accrued income	1 014 010	321 662
Prepayment	642 813	8 770
Transitory accounts	-	-
Other adjustment accounts	2 015 165	1 290 909
Non performing loans on miscellaneous transactions	-	-
TOTAL	**5 266 950**	**3 459 599**

(in thousand MAD)

EQUITY INVESTMENTS AT 30/06/2020

(in thousand MAD)

Name of the issuing company	Sector of activity	Number of shares	Share capital	Equity holding as %	Overall acqui-sition price	Provi-sions	Net book value
EQUITY INVESTMENT SECURITIES							
RADIO MEDITERRANEE	Media	708 260	196 650 000	36,02	70 827	-	70 827
CASABLANCA FINANCE CITY AUTHORITY	Casablanca Financial Center Management	500 000	400 000 000	12,50	50 000	-	50 000
TANGER MED ZONES	Development company	640 577	706 650 000	9,06	64 058	-	64 058
EMAT	Holding Company	80 473	8 047 300	100,00	30 365	30 365	-
FONCIERE EMERGENCE	Real Estate	363 935	400 214 174	8,06	37 057	-	37 057
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	11,20	11 000	-	11 000
Fonds de garantie de la commande publique	Investment funds	100 000	110 000 000	9,09	10 000	-	10 000
MOROCCAN INFORMATION TECHNO PARC CIE	Techno Parc real estate management	56 500	46 000 000	12,28	5 650	-	5 650
BMCE Capital Real Estate	Real estate fund management	12 495	5 000 000	24,99	1 250	-	1 250
MARTKO (MAGHREB ARAB TRADING C°)	Financial Institution	12 000	600 000 USD	20,00	971	971	-
AFRICA CO-DEVELOPMENT GROUP	Insurance	20 001	10 000 000	20,00	500	-	500
MITC CAPITAL	Fund	4 000	2 000 000	20,00	400	400	-
STE RECOURS	Debt collection	3 750	2 500 000	15,00	375	375	-
511 Equity affiliates					**294 451**	**32 110**	**262 341**
						-	
SECURITIES RELATED COMPANIES						-	
BOA Group	Foreign credit institution	435 192	93 154 535 €	72,41	2 950 706	-	2 950 706
BBI	Foreign credit institution	157 659 285	157 659 285 £	100,00	1 880 087	-	1 880 087
STE SALAFIN	Consumer credit	1 790 432	294 507 400	60,79	628 635	-	628 635
LITTORAL INVEST	Real Estate	26 000	2 600 000	100,00	450 000	-	450 000
MAGHREBAIL	Real Estate	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	9 600 000	2 000 000 000	48,00	698 580	-	698 580
BANK AL-TAMWEEL WA AL-INMA - BTI	Participative bank	2 040 000	400 000 000	51,00	204 000	-	204 000
BOA UGANDA	Foreign credit institution	22 176 454	46 775 206 000 UGX	47,41	137 410	-	137 410
BANQUE DE DEVELOPPEMENT DU MALI	Foreign credit institution	121 726	25 000 000 000 FCFA	32,38	137 438	-	137 438
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 BANQUES	Foreign credit institution	370 000	10 000 000 000 FCFA	37,00	76 548	-	76 548
RIYAD ALNOUR	Hotel	3 000	300 000	100,00	78 357	-	78 357
SOCIETE D'AMENAGEMENT TANGER TECH - SA-TT	Development company	2 499 997	500 000 000	50,00	62 500	-	62 500
MAROC FACTORING	Factoring	450 000	45 000 000	100,00	51 817	-	51 817
GLOBAL NETWORK SYSTEMS HOLDING	Data processing	116 000	11 600 000	100,00	46 591	-	46 591
EUROSERVICES	Service company	3 768	4 831 000 €	78	41 058	-	41 058
BMCE CASH	Service company	279 995	28 000 000	99,998	44 000	-	44 000
BMCE IMMOBILIER	SCI	200 000	20 000 000	100,00	29 700	-	29 700
RM EXPERT	Debt collection	200 000	20 000 000	100,00	20 000	-	20 000
DOCUPRINT (STA)	Service company	50 000	5 000 000	100,00	19 000	-	19 000
ACMAR	Insurance and services	100 000	50 000 000	20,00	10 001	-	10 001
BMCE CAPITAL BOURSE (maroc inter titres)	Stock brokerage	67 500	10 000 000	67,50	6 750	-	6 750
STE FINANCIERE Italie	Financial institution	600 000	600 000 EURO	100,00	6 538	6 538	-
BMCE CAPITAL GESTION (marfin)	Mutual fund manage-ment	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	-	3 025
OPERATION GLOBAL SERVICES SA OGS	Back-office services	50 000	5 000 000	100,00	5 000	-	5 000
IT International service	IT services	3 100	31 000 EURO	100,00	338	338	-
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	-	10
MOHIT IMMO	Real Estate	100	10 000	100,00	10	-	10
FARACHA IMMO	Real Estate	100	10 000	100,00	10	-	10
KRAKER IMMO	Real Estate	100	10 000	100,00	10	-	10
IKAMAT TILILA	Real Estate	1 000	100 000	100,00	0	-	0
BERLY IMMO	Real Estate	100	10 000	100,00	10	-	10
ERRAHA NAKHIL	Real Estate	100	10 000	100,00	10	-	10
GOLEMPRIME IMMO	Real Estate	100	10 000	100,00	10	-	10
ISKANE PRIMERO	Real Estate	100	10 000	100,00	10	-	10
JASPE IMMO	Real Estate	100	10 000	100,00	10	-	10
MAADEN SECONDO	Real Estate	100	10 000	100,00	10	-	10
MONET IMMO	Real Estate	100	10 000	100,00	10	-	10
NEROPRIM IMMO	Real Estate	100	10 000	100,00	10	-	10
SALAM PRIMERO	Real Estate	100	10 000	100,00	10	-	10
VILLASBUGAN IMMO	Real Estate	100	10 000	100,00	10	-	10
DENIM PRIMERO 1	Real Estate	100	10 000	100,00	10	-	10

512 Equity investments					**8 781 682**	**158 691**	**8 622 991**
Securities / Activities of the portfolio						-	
PROPARCO	International Credit Institution	1 082 935	693 079 200 EUR	2,50	174 829	-	174 829
E.S.F.G.	Foreign credit institution	923 105	207 075 338 EUR	0,45	173 738	173 738	-
E.S.I	Foreign credit institution	467 250	500 400 000 EUR	0,93	149 560	149 560	-
UBAE ARAB ITALIAN BANK	Foreign credit institution	63 032	261 185 870 EUR	2,65	72 182	-	72 182
AMETHIS FINANCE Luxembourg	Investment company in risk capital	4 503	214 778 488 EUR	2,10	49 059	-	49 059
AMETHIS II	Investment company in risk capital	1 125	84 618 000 EUR	1,33	18 518	-	18 518
BOURSE DE CASABLANCA	Stock exchange	310 014	387 517 900	8,00	31 373	-	31 373
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		60 000	84 120 000	7,13	5 454	-	5 454
BANQUE MAGHREBINE D'INVEST ET DU COMMERCE EXT	Credit institution	6 000	150 000 000 USD	4,00	29 159	-	29 159
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)	Foreign credit institution	30	506 300 000 USD	0,059	2 998	-	2 998
FONDS MONETAIRE ARABE(ARAB TRADE FINANCING PROGRAM)	Financial institution	50	987 920 000 USD	0,03	2 916	-	2 916
AZUR FUND	Investment fund	96 279	219 581 400	4,38	530	-	530
FIROGEST	Investment fund	2 500	2 000 000	12,50	250	-	250
SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE BANCAIRE	Guarantee funds	588	1 000 000	5,88	59	-	59
515 Securities / activities of the portfolio					**745 628**	**338 582**	**407 047**
						-	
Other						-	
CFG GROUP	Investment bank	285 065	542 889 900	5,25	103 997	-	103 997
Mutandis SCA	Investment fund	832 458	799 673 700	10,41	96 807	-	96 807
Mutandis AUTOMOBILE SCA	Automotive retail	846 892	630 000 000	13,44	91 359	4 240	87 120
ROYAL RANCHES MARRAKECH	Tourism and housing promotion	106 667	800 000 000	13,33	60 000	-	60 000
SOGEPOS	Development company	46 216	35 000 000	13,20	4 622	-	4 622
LA CELLULOSE DU MAROC	Paper pulp	52 864	700 484 000	0,75	3 393	3 393	-
SMAEX	Insurance and services	22 563	50 000 000	4,51	1 690	-	1 690
FRUMAT	Agri-industry	4 000	13 000 000	3,08	1 450	1 450	-
STE IMMOBILIERE SIEGE GPBM	Real estate	12 670	19 005 000	6,67	1 267	-	1 267
STE D'AMENAGEMENT DU PARC INDUSTRIE	Development company	10 000	60 429 000	1,65	1 000	-	1 000
MAROCLEAR	Central custodian	803	100 000 000	4,02	803	-	803
STE IPE	Edition and printing	8 013	10 000 000	8,01	801	-	801
CASABLANCA PATRIMOINE S.A	Local development	5 000	31 000 000	1,61	500	-	500
GECOTEX	Industry	5 000	10 000 000	5,00	500	500	-
SOCIETE ALLICOM MAROC	Industry	5 000	20 000 000	2,50	500	500	-
DAR ADDAMANE	Guarantee bodies	1 922	75 000 000	0,64	481	481	-
PORNET	IT services	1 800	11 326 800	1,59	180	-	180
SINCOMAR	Agri-business	494	37 440 000	0,13	49	49	-
SWIFT	Service company	23	434 020 000 EUR	0,01	24	-	24
DYAR AL MADINA	Real estate	640	20 000 000	0,32	9	-	9
RMA WATANYA	Insurance	5	1 796 170 800	0,00	2	-	2
RISMA	Tourism	10	1 432 694 700	0,000	2	-	2
MEDI 1 TV	Media	59 774	199 245 600	3,00	0	-	0
516-9 Other Equity Investment					**369 436**	**10 613**	**358 823**
						-	
Associates current account						-	
RYAD ENNOUR					471 643	-	471 643
FARACHA IMMO					302 918	-	302 918
IT International Service ITIS					52 303	52 303	-
AKENZA IMMO					46 940	-	46 940
SUX HILL SECONDO					49 324	-	49 324
SAISS IMMO NEJMA					36 481	-	36 481
BMCE IMMOBILIER					38 000	-	38 000
SUX HILL PRIMERO					25 790	-	25 790
SUX HILL TERCIO					15 532	-	15 532
MARTCO					1 500	1 500	-
Siège G.P.B.M.					723	-	723
ALLICOM MAROC					552	552	-
HANOUTY					1 615	-	1 615
MOHIT IMMO					5 504	-	5 504
NOUACER CITY IMMO					33	-	33
KRAKER IMMO					14	-	14
BERLY IMMO					7	-	7
ERRAHA NAKHIL					7	-	7
GOLEMPRIME IMMO					7	-	7
ISKANE PRIMERO					7	-	7
JASPE IMMO					7	-	7
MAADEN SECONDO					7	-	7
MONET IMMO					7	-	7
NEROPRIM IMMO					7	-	7
SALAM PRIMERO					7	-	7
VILLASBUGAN IMMO					7	-	7
DENIM PRIMERO 1					7	-	7
514 Other					**1 048 945**	**54 355**	**994 590**
Total					**11 240 143**	**594 351**	**10 645 792**

SUBORDINATED DEBTS

	Amount				Included linked and related Companies	
	30/06/20			31/12/19	30/06/20	31/12/19
	Gross	Provisions	Net	Net	Net	Net
Subordinated loans to credit institutions and similar	192 868	-	192 868	190 532	192 868	190 532
Subordinated loans to customers	-	-	-	-	-	-
TOTAL	**192 868**	**-**	**192 868**	**190 532**	**192 868**	**190 532**

(in thousand MAD)

FIXED ASSETS ON LEASING, WITH OPTION TO PURCHASE, AND WITH SIMPLE LEASE

Immobilisations	Gross amount beginning of the year	Acquisitions of the year	Cessions of the year	Reallocation	Gross Amount year ended	Depreciation		Provisions			Net Amount year ended
						Depreciation	Total Depreciations	Provisions	Write-backs	Total Provisions	
Fixed Leasing Assets	225 646	12 882	**-**	**79**	**238 607**	**7 072**	**41 571**	**-**	**-**	**-**	**197 036**
Leasing on intangible assets	6 459	-	-	79	6 538	16	1 295	-	-	-	5 243
Furniture leasing	74 000	5 099	-	-	79 099	5 233	36 630	-	-	-	42 469
- In progress	-	5 099	-	-	5 099	-	-	-	-	-	5 099
- Leased	74 000	-	-	-	74 000	5 233	36 630	-	-	-	37 370
- Non Leased after termination	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Real estate leasing	145 188	7 783	-	-	152 970	1 823	3 646	-	-	-	149 324
- In progress	0	-	-	-	0	-	-	-	-	-	0
- Leased	145 188	7 783	-	-	152 970	1 823	3 646	-	-	-	149 324
- Non leased after termination	-	-	-	-	-	-	-	-	-	-	-
Leased to perceive	-	-	-	-	-	-	-	-	-	-	-
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	**225 646**	**12 882**	**-**	**79**	**238 607**	**7 072**	**41 571**	**-**	**-**	**-**	**197 036**

(in thousand MAD)

TANGIBLE AND INTANGIBLE FIXED ASSETS

Immobilisations	Gross amount at the beginning of the year	Gross reclassification of the year	Acquisitions of the year	Disposals or withdrawls of the year	Gross amount at the end of the year	Depreciation and/or Provisions: Depreciation and/or provisions at the beginning of the year	Depreciation and/or Provisions: Reclassification of the year	Depreciation and/or Provisions: Allowances for the year	Depreciation and/or Provisions: Depreciation on fixed assets withdrawn	Depreciation and/or Provisions: Total	Net amount at the end of the year
Intangible fixed assets	**951 333**	**-4 014**	**129 867**	**-**	**1 077 187**	**541 283**	**115**	**31 811**	**-**	**573 209**	**503 978**
Leasehold rights	97 073	12	-	-	97 085	-	-	-	-	-	97 085
Investment in research and development	-	-	-	-	-	-	-	-	-	-	-
Other operating intangible fixed assets	854 260	-4 026	129 867	-	980 102	541 283	115	31 811	-	573 209	406 893
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	-	-	-
Tangible fixed assets	**9 624 001**	**-33**	**321 558**	**154 689**	**9 790 838**	**4 153 451**	**72**	**113 884**	**1 949**	**4 265 457**	**5 525 380**
Operating buildings	1 611 397	-	281 996	-	1 893 393	439 071	-	16 418	-	455 490	1 437 903
Operating land	238 940	-	3 160	-	242 100	-	-	-	-	-	242 100
Operating buildings offices	1 372 457	-	278 836	-	1 651 293	439 071	-	16 418	-	455 490	1 195 803
Operating buildings. Staff housing	-	-	-	-	-	-	-	-	-	-	-
Operating furniture and equipment	1 974 246	-	20 663	32 789	1 962 120	1 673 220	31	31 169	-	1 704 420	257 700
Operating office furniture	555 920	-	9 884	32 789	533 016	392 735	11	8 523	-	401 269	131 747
Operating office equipment	217 064	-	1 244	-	218 307	196 155	9	4 444	-	200 608	17 699
Computer equipment	1 018 568	-	9 445	-	1 028 013	950 010	11	11 170	-	961 191	66 822
Operating vehicles	75 303	-	41	-	75 344	44 574	-	5 582	-	50 156	25 188
Other operating equipment	107 392	-	48	-	107 440	89 746	-	1 450	-	91 196	16 244
Other operating tangible fixed assets	2 196 257	-	17 823	-	2 214 080	1 732 396	41	48 000	-	1 780 437	433 643
Non operating tangible fixed assets	3 842 102	-33	1 077	121 900	3 721 246	308 764	-	18 296	1 949	325 110	3 396 135
Non-operating land	3 038 311	-	-	116 860	2 921 451	-	-	-	-	-	2 921 451
Non-operating buildings	654 427	-	-	5 040	649 387	194 677	-	15 311	1 949	208 039	441 348
Non-operating furniture and equipment	69 027	-	24	-	69 051	51 622	-	1 416	-	53 038	16 013
Other non-operating tangible fixed assets	80 337	-33	1 053	-	81 357	62 465	-	1 569	-	64 034	17 323
TOTAL	**10 575 335**	**- 4 047**	**451 426**	**154 689**	**10 868 025**	**4 694 735**	**-**	**145 694**	**1 949**	**4 838 666**	**6 029 359**

(in thousand MAD)

DISPOSAL OF TANGIBLE AND INTANGIBLE FIXED ASSETS

Sale or withdrawal date	Nature	Gross book value	Accumulated depreciation and/or provisions	Net book value	Revenues from disposals	Capital gain on disposals	Capital loss on disposal
15/01/2020	LAND	115 600	-	115 600	115 600	-	
20/01/2020	VILLA	6 300	1 949	4 351	8 300	3 949	
		121 900	**1 949**	**119 951**	**123 900**	**3 949**	**-**

(in thousand MAD)

DEBTS TO CREDIT INSTITUTIONS AND EQUIVALENT

Debts	Bank Al-Maghrib, Treasury and giro current account	Banks in Morocco	Other credit institutions and equivalent in Morocco	Credit institutions abroad	Total 30/06/2020	Total 31 / 12 / 2019
Ordinary credit accounts	-	61 907	436 679	926 143	1 424 729	1 272 908
Securities pledged	20 626 387	557 184	-	1 021 172	22 204 743	13 347 665
- Overnight	-	-	-	-	-	-
- Time	20 626 387	557 184	-	1 021 172	22 204 743	13 347 665
Cash Borrowings	4 296 000	1 673 042	3 976 529	2 373 125	12 318 696	5 372 224
- Overnight	-	1 400 847	-	263 993	1 664 840	659 904
- Time	4 296 000	272 195	3 976 529	2 109 132	10 653 856	4 712 320
Financial borrowings	-	-	690 403	3 224 146	3 914 549	1 475 820
Other debts	9 212	399	27 603	485 975	523 189	1 140 072
Payable accrued interests	6 430	403	7 263	12 509	26 605	21 852
TOTAL	**24 938 029**	**2 292 935**	**5 138 477**	**8 043 070**	**40 412 510**	**22 630 542**

(in thousand MAD)

CUSTOMER DEPOSITS

Deposits	Public sector	Private sector			Total 30/06/2020	Total 31/12/2019
		Financial companies	Non financial companies	Other companies		
Demand acredit accounts	2 200 575	1 736 409	17 767 113	62 408 962	84 113 059	79 773 107
Saving accounts	-	-	-	24 598 948	24 598 948	24 486 071
Time Deposits	272 642	305 900	1 573 409	15 890 336	18 042 287	23 358 596
Other credit accounts	2 930 612	322 424	1 997 222	418 691	5 668 949	6 371 219
Payable accrued interests	4 031	4 424	23 950	302 051	334 457	452 248
TOTAL	**5 407 860**	**2 369 157**	**21 361 694**	**103 618 988**	**132 757 700**	**134 441 241**

(in thousand MAD)

DEBT SECURITIES ISSUED AT 30 JUNE 2020

Type of securities	Starting date	Maturity date	Characteristics	Volume
CD BANK OF AFRICA- BMCE GROUP	23/11/17	23/11/20	2,79%	134 000
CD BANK OF AFRICA- BMCE GROUP	18/12/17	18/12/20	3,00%	120 000
CD BANK OF AFRICA- BMCE GROUP	28/12/18	28/12/20	2,90%	60 000
CD BANK OF AFRICA- BMCE GROUP	28/03/19	28/03/21	2,76%	340 000
CD BANK OF AFRICA- BMCE GROUP	16/04/19	16/04/21	2,74%	805 000
CD BANK OF AFRICA- BMCE GROUP	30/04/19	30/04/21	2,71%	365 000
CD BANK OF AFRICA- BMCE GROUP	08/05/19	08/05/21	2,68%	15 000
CD BANK OF AFRICA- BMCE GROUP	02/08/19	31/07/20	2,60%	70 000
CD BANK OF AFRICA- BMCE GROUP	02/08/19	02/08/21	2,70%	160 000
CD BANK OF AFRICA- BMCE GROUP	09/09/19	07/09/20	2,58%	125 000
CD BANK OF AFRICA- BMCE GROUP	09/09/19	09/09/21	2,68%	50 000
CD BANK OF AFRICA- BMCE GROUP	09/09/19	09/09/22	2,76%	225 000
CD BANK OF AFRICA- BMCE GROUP	10/10/19	08/10/20	2,57%	200 000
CD BANK OF AFRICA- BMCE GROUP	15/10/19	13/10/20	2,57%	388 000
CD BANK OF AFRICA- BMCE GROUP	15/10/19	15/10/22	2,79%	765 000
CD BANK OF AFRICA- BMCE GROUP	03/12/19	01/12/20	2,58%	244 000
CD BANK OF AFRICA- BMCE GROUP	03/12/19	03/12/21	2,67%	350 000
CD BANK OF AFRICA- BMCE GROUP	03/12/19	03/12/22	2,75%	615 000
CD BANK OF AFRICA- BMCE GROUP	16/01/20	14/01/21	2,54%	200 000
CD BANK OF AFRICA- BMCE GROUP	16/01/20	16/01/23	2,72%	200 000
CD BANK OF AFRICA- BMCE GROUP	07/04/20	06/04/21	2,70%	150 000
CD BANK OF AFRICA- BMCE GROUP	07/04/20	07/07/20	2,60%	100 000
CD BANK OF AFRICA- BMCE GROUP	07/04/20	06/10/20	2,65%	500 000
CD BANK OF AFRICA- BMCE GROUP	27/05/20	26/05/21	2,75%	800 000
CD BANK OF AFRICA- BMCE GROUP	13/05/20	13/05/21	2,75%	350 000
			TOTAL	**7 331 000**

DETAIL OF OTHER LIABILITIES

DETAIL OF OTHER LIABILITIES	30/06/20	31/12/19
LIABILITIES		
Optional Instruments Sold	-11 041	-37 162
Miscellaneous Transactions on Securities	7 119 360	187 427
Other Creditors	2 052 494	1 590 158
State debt	777 704	1 232 875
Social security and provident societies debts	48 154	45 153
Staff debt	119 596	178 784
Shareholders and partners debt	999 114	12
Supply of goods and services	-10 081	418
Other creditors	118 007	132 916
Accrual Accounts	2 502 628	2 227 712
Adjustment accounts of off-balance sheet transactions	192 720	2 578
Currencies and securities differential accounts	-	-
Profit on hedging instruments	-	-
Liaison accounts between the head office, branches and Moroccan branches	107 097	290 130
Expenses payable and prepaid income	295 022	281 298
Other accruals	1 907 788	1 653 706
TOTAL	**11 663 440**	**3 968 135**

(in thousand MAD)

PROVISIONS	Amount 31/12/19	Allowances	Write back	Other changes	Outstanding 30/06/20
Provisions, deducted from assets, on :	**6 062 477**	**647 792**	**239 128**	**4 703**	**6 475 844**
Loans to credit institutions and equivalent	51 616	-	-	-	51 616
Loans and advances to customers	5 294 334	552 056	63 489	163	5 783 064
Doubtful interest	123 304	-	119 627	-	3 677
Marketable securities	42 962	42 922	43 489	603	42 998
Equity investments and equivalent assets	549 870	52 814	12 265	3 932	594 351
Leased and rented fixed assets	-	-	-	–	-
Other assets	390	-	258	5	137
Provisions Recorded under liabilities	**1 117 335**	**111 394**	**2 324**	**2**	**1 226 407**
Provisions for risks of fulfilment of commitments	12 488	770	-	–	13 258
Contingent liabilities	-	-	-	-	-
Provisions for general risks	1 074 602	107 374	-	-	1 181 976
Provisions for retirement pensions and similar obligations	-	-	-	-	-
Other contingent liabilities (E.C)	30 245	3 250	2 324	2	31 173
Regulated provisions	-	-	-	-	-
TOTAL	**7 179 812**	**759 186**	**241 452**	**4 705**	**7 702 251**

SUBORDINATED DEBTS

Currency	Debt amount	closing exchange rate	Interest rate	Term	Conditions for anticipated re-imbursement, subordinated and convert-ibility	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	4.30%	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	3.70%	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	3.40%	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	3.23%	10 years		1 473 900
DH	200 000	1	7.05%	Perpetual		200 000
DH	800 000	1	5.57%	Perpetual		800 000
DH	400 000	1	3.29%	10 years		400 000

SHAREHOLDER'S EQUITY	Amount 31/12/19	Allocation of earning	Other changes	Outstanding 30/06/20
REVALUATION RESERVE	-	-	-	-
Additional paid-in capital	16 474 865	372 800	14 346	16 862 011
Legal reseve	460 306	-	-	460 306
Other reserves	7 647 439	372 800	14 346	8 034 585
Issuance, merger and contribution premiums	8 367 120	-	-	8 367 120
Capital	1 998 205	-	-	1 998 205
Called-up capital	1 998 205	-	-	1 998 205
Uncalled capital	-	-	-	-
Investment certificates	-	-	-	-
Allowance fund	-	-	-	-
Shareholders. Unpaid-up capital	-	-	-	-
Retained earnings (+/-)	74	-54		20
Net earnings being appropriated (+/-)	-		-	-
Net earnings for fiscal year(+/-)	1 371 848	-1 371 848	-	476 234
TOTAL	**19 844 992**	**-999 102**	**14 346**	**19 336 470**

(In thousand MAD)

FINANCING AND GUARANTEE COMMITMENTS	30/06/20	31/12/19
Financing and guarantee commitments given	19 202 087	19 275 490
Financing commitments on behalf of credit institutions and equivalent	191 570	182 310
- Import letters of credit	-	-
- Payment acceptances or commitments	-	-
- Opening of confirmed credit	191 570	182 310
- Substitution commitments on issuing of securities	-	-
- Irrevocable leasing commitments	-	-
- Other financing commitments given	-	-
Financing commitments on behalf of customers	6 782 123	6 217 752
- Import letters of credit	2 289 111	2 538 217
- Payment acceptances or commitments	424 323	766 203
- Opening of confirmed credit	2 093 710	1 539 861
- Substitution commitments on issuing of securities	-	-
- Irrevocable leasing commitments	295	6 859
- Other financing commitments given	4 975 168	1 366 613
Guarantee commitments for credit institutions and equivalent	2 821 519	2 742 845
- Confirmed export letters of credit	10 865	3 942
- Payment acceptances or commitments	122	3 503
- Credit guarantees given	-	-
- Other securities, endorsments and guarantees given	760 461	492 334
- Non performing commitments	2 050 071	2 243 066
Guarantee commitments for customers	9 406 875	10 132 583
- Credit guarantees given		
- Securities and guarantees given on behalf of the public administration	6 254 958	6 321 773
- Other securities and guarantees given	3 151 916	3 810 810
- Non performing commitments		
Financing and guarantee commitments received	15 139 171	13 300 148
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	13 173 943	11 315 888
- Credit guarantees	4 426 593	2 285 546
- Other guarantees received	8 747 350	9 030 342
Guarantee commitments received from the state and other guarantee institutions	1 965 229	1 984 260
- Credit guarantees	1 965 229	1 135 773
- Other guarantees received	-	848 487

(In thousand MAD)

COMMITMENTS ON SECURITIES	AMOUNT
Given commitments	**1 773 978**
Securities repos purchased	78 357
Other securities to be delivered	1 695 621
Received commitments	**66 387**
Securities repos sold	-
Other securities to be received	66 387

(In thousand MAD)

FORWARD EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVES	Holding transaction		Other transaction	
	30/06/20	31/12/19	30/06/20	31/12/19
Forward exchange transactions	24 384 099	26 050 310	-	-
Currency to be received	7 291 582	8 991 084	-	-
Currency to be delivered	2 323 225	5 506 159	-	-
Dirhams to be received	9 865 113	7 485 710	-	-
Dirhams to be delivered	4 904 179	4 067 357	-	-
Of which financial currency swaps	-	-	-	-
Commitments on derivatives	2 773 141	2 593 504	-	-
Commitments on regulated interest rate markets	-	-	-	-
Commitments on OTC interest rate markets	1 500 505	1 512 474	527	-
Commitments on regulated exchange rate markets	-	-	-	-
Commitments on OTC exchange rate markets	22 014	-	16 654	5 001
Commitments on regulated markets for other instruments	81 061	-	-	-
Commitments on OTC markets for other instruments	1 169 560	1 081 030	-	-

(In thousand MAD)

SECURITIES RECEIVED AND GIVEN AS COLLATERAL

Securities received as collateral	Net book value	Loans or given commitments posted to assets or to off balance sheet	Amount of loans and given commitments
Treasury bills and equivalent	10 938 138		
Other securities	6 660 155		
Mortgages	99 657 907		
Other securities received as collateral	229 119 420		
TOTAL	**346 375 620**		
Securities given as collateral	**Net book value**	**Debts or received commitments posted to liabilities or to off balance sheet**	**Amount of debts and received commitments**
Treasury bills and equivalent	24 922 387	Treasury bills delivered under repurchase agreements	
Other securities	776 934		
Mortgages		Other securities delivered under repurchase agreements	
Other securities received as collateral			
TOTAL	**25 699 321**		

(In thousand MAD)

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	3 655 492	1 671 564	1 500 480	2 999 790	2 765 987	12 593 313
Loans and advances to customers	19 146 398	9 677 399	12 500 245	33 033 377	32 818 927	107 176 346
Debt securities	2 023 741	41 953	55 021	41 249		2 161 964
Subordinated loans	9 518 515	194 759	4 847 129	4 844 176	6 324 969	25 729 549
Leasing and equivalent					192 868	192 868
TOTAL	**34 344 146**	**11 585 675**	**18 902 875**	**40 918 593**	**41 909 883**	**147 661 172**
LIABILITIES						
Liabilities to credit institutions and equivalent	28 930 924	6 131 153	301 401	1 062 381	870 478	37 296 336
Debts to customers	6 793 727	9 867 124	24 613 468	1 017 658	349 259	42 641 236
Debt securities issued	170 000	825 000	3 971 000	2 365 000	500 000	7 831 000
Subordinated borrowings				2 000 000	7 400 000	9 400 000
TOTAL	**35 894 651**	**16 823 277**	**28 885 868**	**6 445 039**	**9 119 737**	**97 168 572**

(In thousand MAD)

CONCENTRATION OF RISK ON THE SAME BENEFICIARY

Number	Total amount of risks	Amount of risk by passing 5% of capital		
		Operating loans	Contracting loans	Amount of securities held in the capital of the beneficiary
19	45 388 312	34 427 213	2 276 342	535 674

(In thousand MAD)

BREAKDOWN OF TOTAL ASSETS, LIABILITIES AND OFF-BALANCE SHEET IN FOREIGN CURRENCY	AMOUNT
ASSETS	**46 349 914**
Cash, central banks, treasury, giro accounts	106 653
Loans to credit institutions and equivalent	24 274 578
Loans and advances to customers	7 791 931
Transaction, marketable and investment securities	7 742 636
Other assets	812 142
Equity investments and equivalent uses	5 339 566
Subordinated loans	192 868
Fixed assets leased and rented	86 618
Intangible and tangible fixed assets	2 922
LIABILITIES	**34 151 410**
Central banks, treasury, giro accounts	-
Liabilities to credit institutions and equivalent	27 285 641
Customer deposits	6 744 759
Debt securities issued	-
Other liabilities	121 010
Subordinated debts	-
Subsidies, assigned public funds and special guarantee funds	-
OFF-BALANCE SHEET	**-**
Given commitment	**4 491 010**
Received commitment	**1 239 410**

(In thousand MAD)

NET INTEREST INCOME	30/06/20	30/06/19
Interest received	**3 404 020**	**3 306 472**
Interest and similar income on transactions with credit institutions	440 641	357 910
Interest and similar income on transactions with customers	2 694 911	2 713 413
Interest and similar income on debt securities	268 469	235 149
Interest paid	**1 390 772**	**1 345 418**
Interest and similar fees on transactions with credit institutions	707 302	565 284
Interest and similar fees on transactions with customers	563 311	659 450
Interest and similar fees on debt securities	120 159	120 684

(In thousand MAD)

NON-PERFORMING LOANS TO SOCIAL CUSTOMERS	30/06/20		31/12/19	
	Credit lines	Provisions for credit lines	Credit lines	Provisions for credit lines
Pre-doubtful loans	418 306	44 946	583 342	63 330
Non performing loans	2 805 465	1 332 831	2 123 458	1 057 483
Doubtful debts	6 109 023	4 460 584	5 897 572	4 348 445
TOTAL	**9 332 794**	**5 838 361**	**8 604 372**	**5 469 259**

(In thousand MAD)

REVENUES FROM INVESTMENT SECURITIES	30/06/20	30/06/19
Equity Securities	11 440	14 630
Equity in affiliates	534 665	572 787
Equity in portfolio	223	2 812
Other securities	36 112	33 315
TOTAL	**582 440**	**623 544**

(In thousand MAD)

COMMISSIONS	30/06/20	30/06/19
Fees received	661 068	735 714
On transactions with credit institutions	-	-
On transactions with customers	215 524	221 786
Concerning operations on the primary securities markets	110 697	121 081
On derivatives	21 062	22 594
On transactions on securities under management and custody	-	-
On means of payment	9 616	8 587
On consulting and assistance	183 030	199 767
On sales of insurance products	-	-
On other services	18 288	24 800
Fees paid	102 851	137 099
On transactions with credit institutions	171 674	162 726
On transactions with customers	-	-
Concerning operations on the primary securities markets	-	-
On derivatives	59 431	59 076
On transactions on securities under management and custody	-	-
On means of payment	156	10
On consulting and assistance	6 363	6 142
On sales of insurance products	39 071	38 382
On other services	-	-
On sales of insurance products	-	-
On other services	66 652	59 116

(in thousand MAD)

INCOME FROM MARKET TRANSACTIONS	30/06/20	30/06/19
Revenues	2 620 631	798 254
Gains on transactions securities	829 483	460 062
Capital gains on disposals of marketable securities	57 558	3 915
Provision write-backs on depreciation of marketable securities	43 489	10 300
Gains on derivatives	145 802	32 651
Gains on exchange transactions	1 544 299	291 326
Expenses	1 999 944	360 179
Losses on transaction securities	282 380	97 593
Capital losses on disposals of marketable securities	1 623	3 445
Provisions for depreciation of marketale securities	42 658	31 023
Losses on derivatives	259 899	75 974
Losses on exchange transactions	1 413 385	152 144
Earning	**620 686**	**438 075**

(in thousand MAD)

GENERAL OPERATING EXPENSES	30/06/20	30/06/19
Staff expenses	775 925	769 009
Taxes	52 310	64 614
External expenses	731 717	777 245
Allowances for depreciation and provision for intangible and tangible fixed assets	145 694	130 274

(in thousand MAD)

OTHER REVENUES AND EXPENSES	30/06/20	30/06/19
Revenues and expenses		
Other banking revenues and expenses	427 402	262 851
Other banking revenues	2 731 360	919 335
Other banking expenses	2 303 958	656 484
Non-banking operating revenues and expenses	26 907	97 814
Non-banking operating revenues	39 957	125 284
Non-banking operating expenses	13 050	27 470
Other expenses		
Allowances for provisions and loan losses	737 954	1 218 257
Other revenues		
Provision write-backs and recoveries on amortised debts	104 002	795 161

(in thousand MAD)

FROM NET BOOK EARNINGS TO NET FISCAL EARNINGS	
I- Net book earning	476 234
Net gain	
Net loss	
II- Tax reintegration	1 083 590
1- Current	540 416
Non-deductible expenses	434 666
Provision for general risks	105 750
2- Non-current	271 587
Corporate taxes	271 587
III- Tax deductions	554 500
1- Current	
Dividendes	554 500
2- Non-current	
VI- Net income tax	529 090
Corporate taxes	
VI- Net income tax	
Provisions Write-backs for investments	

DETERMINATION OF CURRENT EARNINGS AFTER-TAX	AMOUNT
Current earnings according to the income statement	1 269 473
(+) Tax reintegration to current transactions	540 416
(-) Tax deductions on current transactions	554 500
(=) Current earnings theoretically taxable	1 255 389
(-) Theoretical tax on current earnings	464 494
(=) Current earnings after tax	804 979
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 beginning 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	97 223	296 637	305 072	88 788
B. VAT to be Recovered	52 107	219 155	225 092	46 170
* On expenses	49 189	180 609	186 753	43 045
* On fixed assets	2 919	38 545	38 339	3 125
C. T.V.A = (A - B)	45 116	77 483	79 980	42 618

(in thousand MAD)

DISTRIBUTION OF THE SHARE CAPITAL

Amount of the capital : 1 998 204 600

Amount of the uncalled committed capital:-

Nominal value: 10.00

Name of the main shareholders	Address	Number of shares		(%) of capital held	(%) of voting rights
		Preivous year	Current year		
A- Moroccan shareholders					
ROYALE MAROCAINE D'ASSURANCES	83, avenue de l'Armée Royale 20000 - Casablanca	55 964 419	55 974 419	28.01%	28.01%
HOLDING BENJELLOUN MEZIAN	67-69, avenue de l'Armée Royale 20000 - Casablanca	1 111 218	1 111 218	0.56%	0.56%
SOCIETE FINANCIERE DU CREDIT DU MAGHREB	67-69, avenue de l'Armée Royale 20000 - Casablanca	1 746 960	1 746 960	0.87%	0.87%
FINANCECOM	81-83, avenue de l'Armée Royale 20000 - Casablanca	11 580 100	11 580 100	5.80%	5.80%
CAISSE INTERPROFESSIONNELLE MAROCAINE DE RETRAITES	100, Boulevard Abdelmoumen-20340- Casablanca	7 803 996	7 803 996	3.91%	3.91%
CAISSE DE DEPOT ET DE GESTION	Place Moulay El Hassan - ex Piétri -BP 408 - Rabat	16 556 383	16 506 383	8.26%	8.26%
MAMDA/MCMA Group	Angle Avenue Mohammed VI et rue Houmane El Fatouaki - Rabat	9 947 519	9 947 519	4.98%	4.98%
BANK OF AFRICA PERSONNEL		2 258 693	2 245 325	1.12%	1.12%
FREE-FLOAT		33 154 821	33 208 189	16.62%	16.62%
TOTAL (1)		**140 124 109**	**140 124 109**	**70.13%**	**70.13%**
B- Foreign shareholders					
BANQUE FEDERATIVE DU CREDIT MUTUEL	4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg - France	48 972 796	48 972 796	24.51%	24.51%
CDC GROUP PLC	123, Victoria Street, Londres SW1E 6DE, Royaume-Uni	10 723 555	10 723 555	5.37%	5.37%
TOTAL (2)		**59 696 351**	**59 696 351**	**29.87%**	**29.87%**
TOTAL		**199 820 460**	**199 820 460**	**100%**	**100%**

ALLOCATION OF EARNINGS THAT OCCURED DURING THE FISCAL YEAR

A- Origin of the earnings allocated	Amount	B- Income allocation	Amount
Decision of: 23 May 2020			
Retained earnings	75	Legal reserves	-
Net earnings being allocated	-	Dividends	999 102
Net earnings for the fiscal year	1 371 848	Other allocations	372 821
Withdrawals from earnings	-		
Other withdrawals	-		
TOTAL A	**1 371 923**	**TOTAL B**	**1 371 923**

(in thousand MAD)

EARNINGS AND OTHER ELEMENTS OF THE LAST THREE FISCAL YEARS	30/06/20	31/12/19	31/12/18
Equity capital and equivalent	28 834 913	29 435 162	25 294 339
Operations and earnings for the fiscal year			
1- Net banking income	3 582 165	6 476 729	6 019 305
2- Pre-tax earnings	747 821	2 012 790	1 863 133
3- Corporate tax	271 587	640 940	519 477
4- Dividends distributed	999 102	897 317	897 317
5- Earnings not distributed	372 800	446 300	590 800
Earnings per share (in MAD)			-
Net earnings per share	0,002	6,87	7,49
Earnings distributed per share	5	5	5
Staff			-
Gross remunerations for the year	775 925	1 631 096	1 603 716
Average number of staff employed during the fiscal year	5 022	5 099	5 328

(in thousand MAD)

DATING AND SUBSEQUENT EVENTS

I- DATING

Date of the end of the fiscal year (1)	30/06/2020
Date of financial statements performance (2)	

(1) Justification in case of a change in the date of the end of the fiscal year

(2) Justification in case of an overrun on the statutory period of three months allowed for drawing up the financial statements

II. EVENTS OCCURRING SUBSEQUENT TO THE END OF THE FISCAL YEAR NOT CHARGED TO THIS YEAR AND KNOWN BEFORE THE 1ST EXTERNAL DISCLOSURE OF THE FINANCIAL STATEMENTS

Dates	Event's Indication
	. Favorable
	. Unfavorable

STAFF NUMBERS	30/06/20	31/12/19
Staff remunerated	5 022	5 099
Staff employed	5 022	5 099
Equivalent full time staff	5 022	5 099
Administrative and technical staff (full-time equivalent)	-	-
Staff assigned to banking tasks (full-time equivalent)	-	-
Executives (full-time equivalent)	4 884	4 953
Employees (full-time equivalent)	87	94
Of which employees working abroad	51	52

(In number)

SECURITIES AND OTHER ASSETS UNDER MANAGEMENT OR UNDER CUSTODY	Number of accounts		Amounts	
	30/06/20	31/12/19	30/06/20	31/12/19
Securities of which the institution is custodian	38 530	38 343	214 759 508	227 531 051
Securities managed under mandate	–		–	
Mutual funds of which the institution is custodian	93	92	115 367 339	108 546 820
Mutual funds managed under mandate	-	-	-	-
Other assets of which the institution is custodian	-	-	-	-
Other assets managed under mandate	-	-	-	-

(in thousand MAD)

NETWORK	30/06/20	31/12/19
Permanent branches	719	735
Temporary branches	-	-
ATMs	848	887
Main branches and branches abroad	41	41
Representative offices abroad	5	5

(In number)

NUMBER OF CUSTOMER ACCOUNTS	30/06/20	31/12/19
Customer accounts	124 738	122 624
Current accounts	227 517	238 666
Check accounts excluding Moroccan expatriates	1 319 380	1 317 982
Moroccan expatriates accounts	-	-
Factoring accounts	813 200	832 251
Savings accounts	8 415	9 016
Time deposits	1 259	1 549
Interest-bearing notes	-	-

(in number)

TANGIER OFFSHORE

ASSETS	30/06/20	31/12/19
Cash, central banks, treasury, giro accounts	1 019	2 332
Loans to credit institutions and equivalent	7 559 271	5 894 899
. Demand	1 374 580	928 663
. Time	6 184 691	4 966 236
Loans and advances to customers	3 523 084	3 910 009
. Cash and consumer loans	220 514	673 805
. Equipment loans	3 302 570	3 236 204
. Mortgage loans	-	-
. Other loans	-	-
Advances acquired by factoring	-	-
Transaction and marketable securities	522 103	1 995 953
. Treasury bonds and equivalent securities	282 062	1 887 787
. Other debt securities	-	-
. Title deeds	240 041	108 166
. Sukuks Certificates	-	-
Other assets	1 067 097	505 802
Investment securities	2 916 735	1 321 903
. Treasury bonds and equivalent securities	-	-
. Other debt securities	2 916 735	1 321 903
. 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	86 618	73 673
Ijara leased assets	-	-
Intangible fixed assets	2 062	2 037
Tangible fixed assets	860	812
TOTAL ASSETS	**15 678 849**	**13 707 423**

(In thousand MAD)

LIABILITIES	30/06/20	31/12/19
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	13 475 376	11 342 536
. Demand	2 258 414	524 440
. Time	11 216 962	10 818 096
Customer deposits	1 526 511	1 646 838
. Demand deposits	1 269 151	1 267 308
. Savings deposits	-	-
. Time deposits	234 802	335 204
. Other deposits	22 558	44 326
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	-	-
. Negotiable debt securities	-	-
. Bond loans	-	-
. Other debt securities issued	-	-
Other liabilities	495 757	462 790
Provisions for liabilities and charges	567	565
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	-	-
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	112 825	112 079
Capital	4 860	4 797
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	-	-
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	62 953	137 819
TOTAL LIABILITIES	**15 678 849**	**13 707 423**

(In thousand MAD)

BALANCE SHEET	30/06/20	31/12/19
Given commitments	537 583	658 167
Financing commitments on behalf of credit institutions and equivalent	-	-
Financing commitments on behalf of customers	2 801	7 869
Guarantee commitments given to credit institutions and equivalent	426 665	544 923
Guarantee commitments given to customers	108 117	105 375
Securities repos purchased	-	-
Other securities to be delivered	-	-
Received commitments	1 179 479	1 620 849
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	634 578	1 082 837
Guarantee commitments received from the State and various guarantee bodies	544 901	538 012
Securities repos sold	-	-
Other securities to be received	-	-
Moucharaka and Moudaraba securities to be received	-	-

(In thousand MAD)

INCOME STATEMENT	30/06/20	30/06/19
BANK OPERATING INCOME	827 717	319 951
Interests and assimilated revenues on transactions with credit institutions	222 890	128 021
Interests and assimilated revenues on transactions with customers	58 395	61 092
Interests and assimilated revenues on debt securities	57 739	63 439
Revenue from property securities (1) and Sukuks certificates	2 283	1 535
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	7 890	327
Revenue from leased assets (Ijara)	-	-
Fees on provided services	3 568	3 416
Other banking revenues	474 952	62 121
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	742 973	237 267
Interests and assimilated expenses on transactions with credit institutions	224 023	123 104
Interests and assimilated expenses on transactions with customers	3 071	7 217
Interests and assimilated expenses on debt securities issued	-	-
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	-	-
Expenses from leased assets (Ijara)	-	-
Other banking expenses	515 879	106 946
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	84 743	82 684
Non-banking operating revenues	-	-
Non-banking operating expenses	-	-
GENERAL OPERATING EXPENSES	2 445	1 849
Staff expenses	1 811	1 430
Tax expenses	-	-
External expenses	634	419
Other general operating expenses	-	-
Allowances for depreciation and provisions for intangible and tangible fixed assets	-	-
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	7	6
Allowances for non performing loans and commitments	-	-
Loan losses	7	6
Other allowances for provisions	-	-
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	22 001	264
Provision write-backs on non performing loans and commitments	-	-
Recovery on amortised debts	-	-
Other provision write-backs	22 001	264
CURRENT INCOME	104 293	81 093
Non-current revenues	-	-
Non-current expenses	2 751	-
PRE-TAX EARNINGS	101 542	81 093
Corporate tax	38 588	28 947
NET EARNINGS FOR THE YEAR	62 953	52 147

(In thousand MAD)

EARNINGS FORMATION TABLE	30/06/20	30/06/19
(+) Interests and equivalent revenues	339 024	252 551
(-) Interests and equivalent expenses	227 094	130 321
NET INTEREST INCOME	111 930	122 230
(+) 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	7 890	328
(-) Expenses from leasing and renting operations	-	-
Income from leasing and rental operations	7 890	328
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	3 861	3 671
(-) Fees paid	169	806
Fee income (1)	3 692	2 865
(+) Income from trading securities	-2 122	-20 063
(+) Income from investment securities	56 766	-20 253
(+) Income from payload operations	-93 828	-7 928
(+) Income from by-product operation	-1 640	4 050
Income from market transactions (1)	-40 824	-44 194
(+/-) Income from Moudaraba and Moucharaka securities	-	-
(+) other banking products	2 283	1 535
(-) other banking expenses	228	79
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	84 743	82 685
(+) Income from financial asset operations (2)	258	264
(+) Other non-banking operating revenues	-	-
(-) Other non-banking operating expenses	-	-
(-) General operating expenses	2 445	1 849
Gross operating income	82 556	81 100
(+) Allowances for non performing loans and commitments (net of write-backs)	-7	-6
(+) Other allowances net of provision write-backs	21 743	-
Current income	104 292	81 094
Non-current income	-2 752	-
(-) Corporate tax	38 588	28 947
Net earnings for the year	62 953	52 147

(In thousand MAD)

CASH FLOW	30/06/20	30/06/19
(+) Net earnings for the year	62 953	52 147
(+) Allowances for depreciation and provisions for intangible and tangible fixed assets	-	-
(+) Allowances for provisions for equity investments depreciation	-	-
(+) Allowances for provisions for general risks	-	-
(+) Allowances for regulated provisions	-	-
(+) Non-current allowances	-	-
(-) Provision write-backs	258	263
(-) 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	62 694	51 884
(-) Dividends distributed	-	-
(+) Cash-flow	62 694	51 884

(In thousand MAD)

VIII - NOTE CONCERNING RISKS

8.1. RISK MANAGEMENT POLICY

8.1.1. Risk categories

8.1.1.1. Credit risk

Credit risk, inherent in banking activity, is the risk of customers not repaying their financial obligations toward the Bank in full or within the allotted time, resulting in potential losses for the Bank. It is the broadest risk category and may be correlated with other risk categories.

8.1.1.2. Market risk

Market risk is the risk of loss in value of financial instruments resulting from changes in market parameters, volatility and correlations between them. Concerned parameters include exchange rates, interest rates and the prices of securities (stocks, bonds) and commodities, derivatives and all other assets.

8.1.1.3. Global liquidity and interest rate risk

Interest rate risk is the vulnerability of the financial situation of an institution to adverse changes in interest rates.

Liquidity risk is defined as the risk for the development of not being able to meet its cash flow or collateral requirements when they fall due and at a reasonable cost.

8.1.1.4. Operational risk

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

8.1.1.5. Country risk

Country risk comprises political risk as well as transfer risk. Political risk generally arises from action taken by the government of a country such as nationalisation or expropriation or an independent event such as war or revolution, which may affect a customer's ability to honour its obligations.

Transfer risk can be defined as the risk of a resident customer being unable to acquire foreign currency in its country so as to honour its overseas commitments.

8.1.2. Risk management organization

8.1.2.1. Risk control bodies

» **Group Risk Division**

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 ;

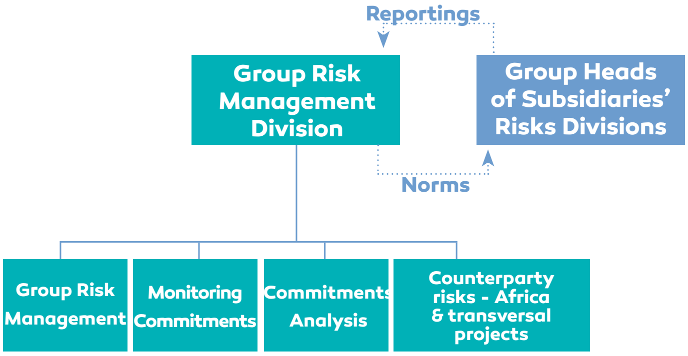
The Group Risk management is composed of four entities:

- Group Risk management

- Monitoring commitments

- Commitments analysis

- Counterparty risks - Africa & transversal projects



8.1.2.2. 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.

» **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.

8.1.2.3. 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.

8.1.2.4. Supervisory Committee for Sensitive Accounts

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.

8.2. 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.

8.2.1. Credit Decision cycle

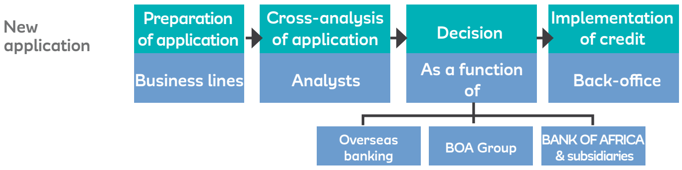
8.2.1.1. General principles

The approval process at BANK OF AFRICA Group level respects the "Troïka" 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.
- Appeal to the highest authority having ruled on any other case of a related case with the highest level of high delegation (in case of a group).

8.2.1.2. Credit approval process

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



- 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.

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

8.2.1.4. 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.

8.2.1.5. 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.

8.2.1.6. Credit application contents

All requests for obtaining credit should meet the product's eligibility criteria as defined in the product factsheets. 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.

8.3. RATING MODEL

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

8.3.1. Key rating rules

8.3.1.1. 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.

8.3.1.2. Rating's integrity

As per 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.

8.3.1.3. Rating's singularity

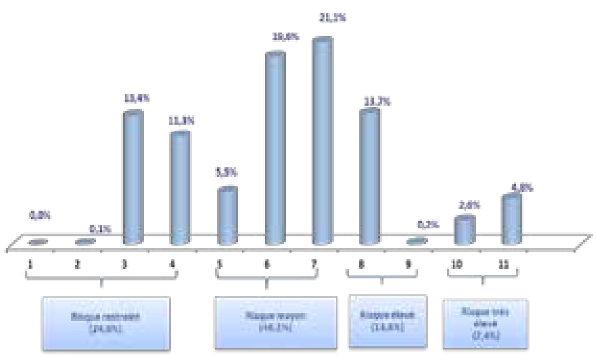
A counterparty code is assigned to each of the Bank's counterparties. The rating of each third party is carried out using the counterparty reference code in such a manner that, for all third parties (the counterparty type is single and unique), the assessment will be carried out by using a single rating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

8.3.2. Rating scale

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

	CATEGORY	CLASS	DEFINITION
Investment grade	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;
		3	Solvent short- and medium-term despite significant difficulties; moderately negative developments can be withstood long-term;
		4	Very stable short-term; no expected change to threaten the loan in the coming year; sufficiently solid medium-term to be able to survive; long-term outlook still uncertain;
	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;
Sub-investment grade	High risk	8	Ability limited to repay interest and principal on time; any change in internal and external economic and commercial conditions will make it difficult to fulfil obligations;
		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 30 June 2020, the breakdown of the portfolio by asset class was as follows :



8.3.3. Retail customer scoring system

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

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

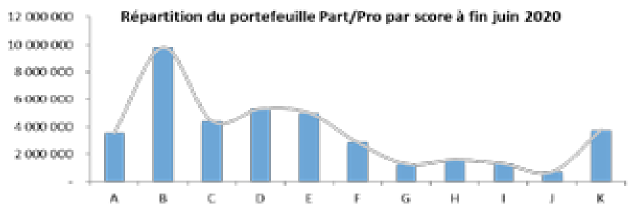
The behavioural score, for open accounts, is a dynamic risk assessment based on a customer's behaviour.

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.

Class	Description		
A		E-	High risk
A-	Very low risk	F	
B		F-	Very high risk
B-	Low risk	G	Major risk
C		G-	
C-	Average risk	H	Proven risk
D		H-	
D-	Average-high risk	I	Sub-standard
E		J	Doubtful
		L	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.



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

New and existing customers are assigned a credit approval score.

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

8.4. 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 fulfill 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 may be 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.

8.4.1. 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.

8.4.2. 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.

8.4.2.1. 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.

8.4.2.2. 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.

8.4.2.2.1. 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 June 2020:

	June 2020	
	Amount	% of the total
Commitments to 10 largest customers	17 606	15%
Commitments to 20 largest customers	24 573	21%
Commitments to 100 largest customers	45 327	39%

8.4.2.2.2. 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.

8.4.2.2.3. 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 events.

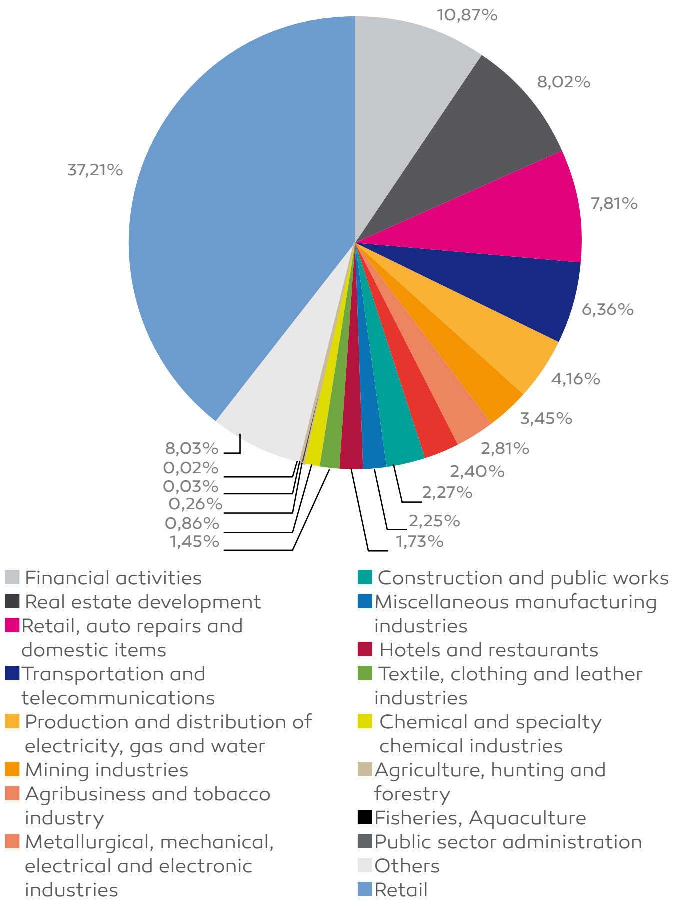
The approach is based on assumptions of the independence of the counterparties and the non-correlation of defaults.

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 Division 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 activities at the end of June 2020 is as follows:



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, Sub-standard, 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.

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.

8.4.2.3.2. System for monitoring risks and anomalies

The overall approach to dealing with high-risk accounts and those showing anomalies is underpinned by two main actions:

'Loan resolution/Loan recovery' on the one hand and 'Following up/Monitoring' on the other:

- Loan resolution/Loan recovery:

A 3-phased approach for all customer segments:

Commercial loan resolution → Loan recovery – Sub-standard → Loan recovery – Non-performing

• Responsibility for each phase is assumed by a different body:

• Transitioning between each phase is governed by objective maturity criteria and is subject to existing Decision-making processes and/or arbitration by governance bodies at head office;

Accelerating transition to the 'Loan recovery – Sub-standard' phase is possible, however, if there has been a deterioration in credit quality on the proposal of the commercial department, the Risk function's loan recovery functions and/or a Decision taken by the Loan Commitments Monitoring Committee.

• Dossiers in the 'Loan recovery – Sub-standard' phase are jointly monitored by Group Risks and the competent CSE. This is also the case for dossiers undergoing restructuring and/or a framework agreement with the customer and those returned to the Network for an observation period of at least 6 months.

- Following up/Monitoring loan commitments

The process for following up and monitoring operations is underpinned by two key bodies operating at two levels: 1st level follow-up by the Commercial department and by the Regional Loan Commitments Monitoring Committee (CRSE). 2nd level joint yet independent monitoring by the Risk function and by the Loan Commitments Monitoring Committee (CSE).

8.4.2.3.3. Annual account review

All retail customers with a revolving credit or corporate customers with a commitment to any of the Group's entities must undergo an annual review process carried out by the relevant Credit Committee, irrespective of whether a facility needs to be approved or renewed.

The Risk Division is responsible for continuously updating the planned annual review schedule provisional, in conjunction with the Commercial Division.

8.4.2.3.4. Theme-based checks

Unlike the checks mentioned above, theme-based checks are not performed on a regular basis and are related to a specific point or risk. These checks are carried out by the Risk Division on the request of senior management or other bodies.

Frequent checks are carried out, in particular on the quality of the files of anomaly or risk accounts and on the first-class guarantees.

8.4.3. Loan classification

After the monthly review of the Bank's portfolio and analysis of high-risk accounts, each subsidiary reviews its regulatory loan classification as required by local regulatory requirements.

This review is finalised by the committees for monitoring high-risk accounts on the recommendation of each entity's Risk Division. The latter is also responsible for implementing these Decisions by monitoring and transferring these accounts from the "healthy" to the "non-performing, requires provisioning" category.

8.4.4. 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, 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.

8.4.5. Stress-tests Conduct

Every six months, BANK OF AFRICA 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.

8.4.6. Credit risk reporting

In order to monitor credit risks, the Group Risk Division has established a specific procedure for producing credit risk reports in order to improve and streamline credit risk control across the entire Group. These reports are aimed at satisfying the requirements of all concerned parties for monitoring, steering or regulatory purposes. They are also used by BANK OF AFRICA Group's financial communications department.

These reports are in addition to the various regulatory reports that have to be prepared by the Risk Division in order to satisfy regulatory requirements at the Group and local levels. These also include reports relating to the financial statements as well as other risk-related reports prepared by other departments of the entity. These reports are designed to present and overview of risk management carried out by the various entities.

Credit risk reporting relates to all credit risks resulting from the activities of all entities of the entire BANK OF AFRICA Group. Each entity organises itself as a function of local particularities in order to satisfy the requirements of the reporting process.

8.4.7. Risk management system roll-out at international subsidiaries

Given the Covid-19-related health crisis, General Management responsible for Group Risks, reporting to the Group's governance bodies, has endeavoured to bolster risk management systems so as to be better equipped to absorb potential shocks and reinforce the Group's resilience. This is clearly evident from the various projects initiated by the Group aimed at structuring and incorporating the Risk function. Through its Group-wide Convergence Programme, the Group has wished to maintain impetus in this regard by extending its PRCI and ICAAP systems to its systemic subsidiaries, especially given that, for a number of them, this has become a regulatory requirement.

CREDIT RISK MANAGEMENT SYSTEM

The roll-out of the credit risk management system (Batches 1 and 2) has been completed at all subsidiaries except BCB. It is worth noting that Batch 1 encompasses the following aspects: organisation, scheme of delegation, steering and reporting. Batch 2 relates to carrying out stress tests and monitoring concentration ratios.

OPERATIONAL RISK MANAGEMENT SYSTEM

A variety of initiatives have been completed and others initiated during first half 2020, including beginning work on rolling-out operational risk mapping at BMCE Shanghai, updating operational risk management policies at BOA Uganda, introducing key risk indicators (KRIs) at BOA Madagascar and BOA MER Rouge and the ongoing roll out of operational risk mapping at the DOCUPRINT subsidiary and at BOA West Africa; Batch 2 and operational risk mapping is expected to be rolled out at BBI UK in H2-2020.

MARKET RISK MANAGEMENT SYSTEM

The roll-out of the market risk management system has been completed at the BOA Benin pilot site.

ICAAP AND PRCI SYSTEM

The ICAAP and PRCI system has been completed at BANK OF AFRICA SA and is currently being rolled out within the BOA Burkina Faso and BOA Benin subsidiaries.

8.5. DESCRIPTION OF THE POLICY FOR MANAGING LIQUIDITY AND INTEREST RATE RISKS

BANK OF AFRICA has established a policy for controlling balance sheet risks such as liquidity and interest rate risks so that it is able to as to continuously monitor changes in financial market trends and their impact on the Bank's operations.

In order to maintain balance sheet stability from a medium- to long-term perspective, the Bank's liquidity and interest rate risk management policy aims to:

• Ensure income stability when interest rates change, thereby maintaining net interest income and optimising the economic value of equity;

• Ensure an adequate level of liquidity, thereby enabling the Bank to meet its obligations at any given time and protecting it from any eventual crisis;

• Ensure that the risk inherent in its foreign exchange positions does not have a negative impact on the Bank's profit margins;

• Steer the bank's strategy so as to take full advantage of growth opportunities available in the market.

The Bank has established an ALCO committee to ensure that these targets are met. The main tasks of this committee are as follows:

• Set asset-liability policy ;

• Organise and direct asset-liability sub-committees;

• Possess in-depth knowledge of types of risk inherent in the Bank's operations and keep abreast of any changes in these risks based on financial market trends, risk management practices and the Bank's operations ;

• Review and approve procedures aimed at limiting the risks inherent in the Bank's operations in terms of credit approval, investments, trading and other significant activities and products;

• Master the reporting systems that measure and control the main sources of risk on a daily basis ;

• Review and approve risk limits periodically given changes to the institutional strategy, approve new products and respond to important changes in market conditions;

• Ensure that the different business lines are properly managed by HR, the latter possessing a high level of competence, experience and expertise in relation to supervised activities.

Responsibilities of the different parties involved in interest rate and liquidity risk management

Maintaining short- and medium-term balance sheet stability entails the involvement of all parties within the Bank and requires that each party's responsibilities are clearly defined in respect of interest rate and liquidity risk management.

In this regard, each of the Bank's entities will have its own budget and objectives, validated by the general management team on a medium-term basis. This enables the relevant bodies to ensure orderly monitoring and control of the three-year plan while balance sheet stability and compliance with regulatory capital requirements.

The ALM department regularly tracks changes in the Bank's balance sheet structure by comparison with the plan's objectives and indicates any divergence during ALCO committee meetings, attended by representative of all entities, and any required corrective measures.

Liquidity Risk

The Bank's strategy in terms of liquidity risk management aims to ensure that its financing mix is adapted to its growth ambitions to enable it successfully expand its operations in a stable manner.

Liquidity risk is the risk of the Bank being unable to fulfil its commitments in the event of unforeseen cash or collateral requirements by using its liquid assets.

Such an event may be due to reasons other than liquidity, for example, significant losses that result from counterparties in default or due to adverse changes in market conditions.

The following two major sources may generate liquidity risk :

- Inability of the institution to raise the required funds to deal with unexpected situations in the short term, such as a massive withdrawal from deposits or a maximum drawdown of off- balance sheet commitments;
- A mismatch of assets and liabilities or the financing of medium- or long- term assets by short-term liabilities.

An acceptable liquidity level is a level that enables the Bank to finance asset growth and to fulfil its commitments when they are due, thereby protecting the bank from any eventual crisis.

Two indicators are used to evaluate the Bank's liquidity profile:

- The Liquidity Coverage Ratio (LCR) was 146% on a consolidated basis at June 30, 2020.

- The profile of cumulative impasses: the technique of periodic or cumulative impasses / Gap in dirhams and currencies, makes it possible to assess the level of liquidity risk incurred by the Bank in the short, medium and long term.

This technique makes it possible to estimate the net refinancing needs on different horizons and determine the appropriate terms of coverage.

Interest Rate Risk

Interest rate risk is the risk that future changes in interest rates have a negative impact on the Bank's profit margins.

Changes in interest rates also impact the net present value of expected cash flows. The extent to which the economic value of assets and liabilities is impacted will depend on the sensitivity of the various components of the balance sheet to changes in interest rates.

Interest rate risk is measured by conducting simulation-based stress tests under a scenario in which interest rates are raised by 200 basis points as recommended by the Basel Committee.

The Bank's strategy in terms of interest rate risk management aims to ensure the stability of results against changes in interest rates, thereby maintaining net interest income and optimising the economic value of equity.

Changes in interest rates may negatively impact net interest income and result in the Bank significantly undershooting its initial projections.

In order to counter such risks, the ALM department regularly steers the Bank's strategy by establishing rules for matching assets and liabilities by maturity and by defining a maximum tolerance departure threshold for net interest income by comparison with projected net banking income.

The method of periodic or cumulative gaps in dirhams and in foreign currencies helps measure the level of interest rate risk incurred by the Bank over the short, medium and long term.

This method is used to estimate asset-liability mismatches over different time periods and determine an appropriate hedging strategy

Sensitivity of the value of the banking portfolio

Simulation-based stress-tests are conducted to measure the impact of changes in interest rates on net interest income and on economic value of equity.

At 30 June 2020, with the trading book portfolio excluded, the impact from a 200-basis points change in interest rates on net interest income was an estimated at MAD 0.191 billion or 4.9% of projected net interest income.

The change in the economic value of shareholders' equity in the event of a 200-basis points shock was an estimated MAD 0.533 billion or 3.8% of regulatory capital..

8.6. 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.

Mapping of financial instruments

The following table shows products traded as part of BANK OF AFRICA Group's trading portfolio, mapped by risk factor :

Foreign Exchange Instruments	Cash instruments
	Spot Foreign Exchange
	Forward Foreign Exchange
	Foreign exchange Derivatives
	Foreign exchange Swaps
Equity Instruments	Equity shares
	Derivatives on equity or and Indices
	Mutual funds on equities
Fixed income Instruments	I- Corporate and Interbank loans and borrowing
	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 Currency)
	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 Products	Commodity futures
	Commodity futures options
	Credit Default Swap (CDS)
	Credit Linked Note (CLN)

8.6.1. Market risk management policy

8.6.1.1. 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 Committee, 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.

8.6.1.2. 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 ;

8.6.1.2.1. 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.

8.6.1.2.2. Risk indicators

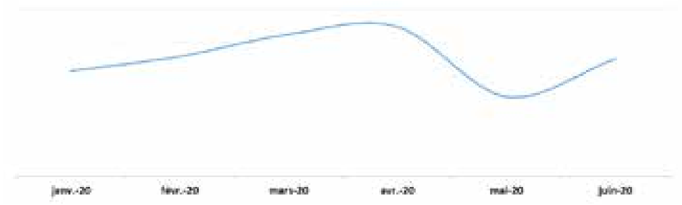
Different risk indicators reflecting the level of exposure to market risks are used within BANK OF AFRICA Group as follows :

» **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, Value-at-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 back-testing by using different methods.



» **Stressed VaR**

The Group has established different scenarios for calculating stressed VaR.

The Group opted for the period from 1 September 2008 to 1 September 2009. In fact, there were a number of events during this period generating a high level of volatility in financial markets. These events were:

- The bankruptcy of Lehman Brothers, which was unable to withstand the sub-prime crisis;
- USD 1,000 billion widening in the US budget deficit to support financial markets;
- The Greek crisis and the threat of contagion spreading to the "PIIGS" countries.

The reaction by Morocco's financial markets to these events was limited however. A number of scenarios were applied to simulate global market conditions:

- Fluctuation in the Casablanca stock market identical to that of the United States;
- Fluctuation in the dirham rate identical to that of USD;
- Repercussion of EURUSD volatility on EURMAD and USDMAD;
- Repercussion of EURUSD volatility on EURMAD volatility and USDMAD volatility.

» **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 of June 30, 2020, 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 31 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 61 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 5 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 8 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 42 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 83 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.

8.7. COUNTRY RISK

Country risk refers to the possibility that a sovereign counterparty in a given country, as well as other counterparties in this country, is unable or refuses to fulfil its foreign obligations due to socio-political, economic or financial reasons.

Country risk can also result from limits on the free movement of capital or due to other political or economic factors, in which case it is qualified as transfer risk. It can also result from other risks related to the occurrence of events impacting the value of commitments for a given country (natural disasters, external shocks).

The Group reviewed its country risk policy in detail. It set itself the primary objective of implementing a system for assessing, limiting, reducing and, if necessary, prudently suspending its commitments to high-risk countries across the Group.

The proposed policy, in addition to outlining a strategy for managing Country Risk, includes rules for identifying, managing and controlling these risks as well as the Group entities responsible. The main feature of this risk prevention policy is the system of delegation and limitation of commitments.

This system has been designed in such a way that limits rise in proportion to the increase in country risk. The level of commitments is determined on the basis of the country risk level, reflected in the rating attributed to each country and the percentage of shareholders' equity of each Group entity.

BANK OF AFRICA's commitments are primarily within Morocco. The Bank's commitments to foreign counterparties relate to foreign credit institutions. These commitments require:

• Post-rating authorisation and fundamental analysis of each counterparty;

• Monthly monitoring, with the findings sent to the Central Bank in the form of a regulatory statement.

Realized reporting provide an overview of the global commitment of BANK OF AFRICA against foreign bank counterparties. They reflect the commitment by countries which includes all assets in the balance sheet and Off-balance sheet representing claims on residents of foreign countries.

In addition to these statements, the Group Risk Division develops a monthly analytical report on the foreign exhibitions of BANK OF AFRICA. Use this report to assess the level of foreign exhibitions of BANK OF AFRICA Group and is a dashboard for monitoring the evolution of the risk inherent in each country. The Group's country risk policy is illustrated as follows:

Group Risk Management has begun work to extend the country risk management system at all its subsidiaries in Africa and this within the framework of the Convergence project for the deployment of the Group Internal and Risk Management Control.

8.8. 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.

8.8.1. Operational risk management policy

8.8.1.1. 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.

8.8.1.2. 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.

8.8.1.1.1. 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 levels:

- 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.

8.8.1.1.2. 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-to-day 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 Department;

- 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.

8.8.1.1.3. 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.

8.8.1.3. 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 non-compliance.

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.

8.8.1.4. 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.

8.9. 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.

8.10. INTERNAL CRISIS RECOVERY PLAN (PRCI)

In response to new measures introduced under Bank Al Maghrib's Circular 4/W/2017 relating to the introduction of an Internal Crisis Recovery (PRCI), BANK OF AFRICA has taken the necessary steps to comply with this regulation. The purpose of this prevention system is to assess BANK OF AFRICA Group's resilience, as a systemic institution, in the event of an extreme crisis and to identify the key drivers to restore its viability in terms of solvency, liquidity, asset quality and profitability. The various risks to which the group is exposed are also covered by this PRCI. These include credit risk, market risk, country risk, balance sheet risk, operational risk, cybercrime risk, non-compliance risk and reputational risk. The work carried out has enabled the Group to draw up an inventory of which businesses are considered as significant, which operations are fundamental and which functions are critical in the event of a major crisis. Crisis scenarios have been drawn up and simulations and impact calculations carried out. As a result, for each estimated impact, recovery measures have been defined with objectives established to restore the Bank's financial viability via previously identified quantifiable drivers. The PRCI steering process is part of a workflow that has been defined as a function of the threshold reached by our steering and monitoring indicators. PRCI-specific governance has been introduced in the form of a crisis unit whilst a PRCI officer reporting to the management body has been appointed. This plan is updated annually to ensure that is complies with the relevant regulatory requirements. The aim is for it to become a genuine tool within the risk prevention process.

8.11. ICAAP SYSTEM

The Internal Capital Adequacy Assessment Process (ICAAP) is a process for assessing internal capital adequacy. Its objective is to ensure that the Bank, on a continuous basis, has adequate internal capital in relation to its risk profile.

There are 3 essential elements to ICCAP:

- Determining and steering Bank of Africa S.A.'s risk appetite;

- Identifying and steering risks as well as establishing a capital buffer aimed at mitigating Pillar 2 risks (interest rate risk, liquidity risk, concentration risk, compliance risk etc.);

- Capital planning.

The introduction of a risk appetite framework has been achieved by incorporating two frames of reference:

- A risk appetite framework which defines the governance and organisational scheme, the definition process and the Bank's risk appetite;

- A risk appetite statement which, consistent with the Group's development strategy, defines the risk appetite aspects which reflect the Bank's risk profile. These aspects have been broken down into quantitative indicators with related thresholds.

8.12. CORPORATE SOCIAL RESPONSABILITY

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 analyzes are now closely linked to the day-to-day management of operational risks.

8.13. MEASUREMENT OF CAPITAL ADEQUACY

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 BANK OF AFRICA Group comply with the regulatory prerogatives established by Bank Al- Maghrib.

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

Credit Risk-Weighted assets	30/06/2020
Type of Exposure	Risk-Weighted Assets post-CRM
Balance-sheet items	172 081 034
Off balance sheet items: financing commitments	4 904 095
Off balance sheet items: guarantee commitments	11 003 518
Counterparty Risk: temporary disposals of securities relating to the bank portfolio	-
Counterparty Risk: temporary disposals of securities relating to the trading portfolio	72 766
Counterparty Risk: derivative products relating to the bank portfolio	-
Counterparty Risk: derivative products relating to the trading portfolio	485 669
Other assets / Other items	31 497 062
Settlement Risk	766 514
Total	220 810 657

Capital adequacy and composition

BANK OF AFRICA's share capital stood at MAD 1 998 204 600 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 30 June 2020, fixed maturity subordinated debt stood at almost MAD 5.7 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	**22 755 898**
Items to be included in Tier 1 capital	**26 756 410**
Share Capital	1 971 896
Consolidated reserves, including premiums related to share capital and not included in hidden reserves	20 764 065
Retained earnings	26 741
Net income for the previous period	372 844
Minority interests	3 620 864
Items to be deducted from Tier 1 capital	**4 026 821**
Good will	1 032 114
Other adjustments to Tier 1 capital	1 746 298
Immobilisations	1 222 100
Other deductions	26 309
Additional core capital	**1 600 000**
Perpetual subordinated debt	1 600 000
Tier 2 capital	**6 728 232**
Perpetual subordinated debt	5 740 822
Revaluation differences	785 834
Hidden reserves	201 575
Items to be deducted from capital	**29 000**
Other deductions	29 000
Total	**31 055 130**

Capital Requirements by Risk Type	**June 2020**
Risk-weighted credit risks	220 810 657
Risk-weighted market risks	11 666 172
Risk-weighted operational assets	24 842 267
Total risk-weighted assets	257 319 096
Tier 1 Capital	24 355 898
Tier 1 Capital ratio	9.5%
Total capital	31 055 130
Capital adequacy ratio	12.1%