Overview of the Operation Note

Bank of Africa

Issuance of perpetual subordinated bonds with a loss absorption mechanism and cancellation of coupon payments for a maximum global amount of MAD 1 000 000 000.

The prospectus covered by the AMMC consists of:

- This Operation Note;
- Bank of Africa's reference document for the 2020 fiscal year, registered by the AMMC on 23 July 2021 under the reference EN/EM/012/2021.

	Tranche A (reviewable every 5 years - not listed)	Tranche B (reviewable annually - not listed)
Limit	1 000 000 000 MAD	
Maximum number of titles	10 000 perpetual subordinated bonds	
Nominal value per unit	MAD 100 000	
Securities tradability	**By Mutual Consent (OTC)**	
Face interest rate	**Revisable every 5 years,** for the first 5 years, the rate will be determined by reference to the 5-year rate calculated on the basis of the 5-year BDT secondary market reference rate curve as published by Bank Al Maghrib on 01 September 2021, increased by a risk premium	**Revisable annually,** for the first year, the rate will be determined by reference to the full 52-week rate determined on the basis of the reference rate curve of the BDT secondary market, as published by Bank Al-Maghrib on 01 September 2021, increased by a risk premium.
Risk premium	Between 250 pbs and 260 pbs	Between 240 pbs and 250 pbs
Money back guarantee	This issuance is not subject to any particular guarantee	
Maturity	Continuous (with the possibility of early repayment after the fifth year from the date of maturity, which can only be done on the issuer's initiative and after approval by Bank Al-Maghrib with a minimum notice period of five years).	
Allocation method	French auction method with priority given to Tranche A (with a rate that can be revised every 5 years), then to Tranche B (with a rate that can be revised annually)	

Subscription period: from 06 September to 09 September 2021 inclusive

The subscription to these bonds as well as their trading on the secondary market are strictly reserved to qualified investors of Moroccan Law listed in the current transaction memorandum.

Consulting Organization	Placement Agency
BMCE CAPITAL CONSEIL	BANK OF AFRICA BMCE GROUP

ENDORSEMENT BY THE MOROCCAN CAPITAL MARKET AUTHORITY

In accordance with the provisions of the AMMC circular, issued pursuant to Article 5 of Dahir No. 1-12-55 of 28 December 2012, promulgating Law No. 44-12 relating to public offerings and information required from legal entities and organizations making public offerings, the prospectus was approved by the AMMC on 04 August 2021 under reference No. VI/EM/016/2021.

This transaction memorandum is only part of the prospectus filed with the AMMC. The latter is composed of the following documents:

- This Transaction Memorandum;
- Bank Of Africa's reference document for the 2020 fiscal year, registered by the AMMC on 23 July 2021 under the reference EN/EM/012/2021.

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NOTICE

The Moroccan Capital Market Authority (AMMC) has approved on 04 August 2021 under reference no. VI/EM/016/2021 a prospectus relating to the Bank of Africa perpetual subordinated bond issue.

The perpetual subordinated bond differs from the classic bond because of the rank of the claims contractually defined by the subordination clause and because of its indefinite duration.

The effect of the subordination clause is to make repayment of the loan conditional on the discharge of all other debts, including subordinated bonds with a fixed maturity, that have been issued and may be issued in the future, in the event of liquidation of the issuer. The principal and interest on these securities constitute a subordinated obligation and rank and will rank senior only to the equity securities of Bank of Africa.

The prospectus consists of:

- **the operation note;**
- **The reference document relating to Bank of Africa's 2020 fiscal year registered by the AMMC on 23 July 2021 under the reference EN/EM/012/2021.**

The prospectus approved by the AMMC is available at any time:

- ✓ **at the BANK of Africa headquarters at 140 Boulevard Hassan II, Casablanca and on its website ir-bankofafrica.ma;**
- ✓ **and with its financial advisor, BMCE Capital Conseil, at 63 Boulevard Moulay Youssef.**

The prospectus is available to the public on the AMMC website www.ammc.ma.

This summary has been translated by LANGSPIRE under the joint responsibility of said translator and BANK of Africa.

In the event of any discrepancy between the contents of this summary and the prospectus approved by the AMMC, only the approved prospectus shall prevail.

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PART I: Presentation of the Bank of Africa perpetual subordinated bond

The issuing of bonds, subject of the current operation note, is governed by Dahir No. 1-14-193 of Rabii I 1st 1436, promulgating Law No. 103-12 relating to credit institutions and assimilated bodies (Banking Law), Dahir No. 1-12-55 of 28 December 2012, promulgating Law No. 44-12 relating to public call for capital and to information required from corporate entities and organizations making public calls for capital, Law 17-95 relating to Joint Stock Companies as amended and supplemented, Circular 14/G/2013 of Bank Al-Maghrib relating to the calculation of regulatory capital of credit institutions as amended and supplemented (in particular Article 20 relating to additional capital instruments) and the AMMC Circular No. 03/19 of 20 February 2019 relating to financial operations and information.

I. Structure of the offer

Bank Of Africa considers issuing 10,000 perpetual subordinated bonds with a nominal value of MAD 100 000. The global amount of the operation amounts to 1 000 000 000 dirhams distributed as follows:

- a Tranche "A" with a perpetual maturity, with a revisable rate every 5 years, not listed on the Casablanca Stock Exchange, with a MAD 1 000 000 000 limit and a nominal value of MAD 100 000;
- a Tranche "B" with a perpetual maturity, with an annually revisable rate, not listed on the Casablanca Stock Exchange, with a MAD 1 000 000 000 limit and a MAD 100 000 nominal value

The total amount awarded on the two tranches shall in no case exceed the sum of MAD 1 000 000 000.

II. Objectives of the operation

The main purpose of this issuance is to:

- Strengthen the current regulatory capital and, consequently, strengthen the solvency ratio of Bank Of Africa;
- Finance the organic development of the bank in Morocco and internationally;
- Anticipate the various regulatory changes in the countries where we operate.

In accordance with Circular 14/G/2013 of Bank Al-Maghrib relating to the calculation of the regulatory capital of credit institutions as amended and completed, the funds collected through the present operation will be classified as additional Tier 1 capital.

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III. Information on Bank of Africa's Perpetual Subordinated Bonds

Notice:

The perpetual subordinated bond differs from the classic bond because of the rank of the claims contractually defined by the subordination clause and because of its indefinite duration. The effect of the subordination clause is to make repayment of the loan conditional on the discharge of all other debts, including subordinated bonds with a fixed maturity, that have been issued and may be issued in the future, in the event of liquidation of the issuer.

The principal and interest on these securities constitute a subordinated obligation and rank and will rank senior only to the equity securities of Bank of Africa. Furthermore, the attention of potential investors is drawn to the fact that:

- *The current perpetual bond issue has no fixed maturity date but may be redeemed at the issuer's discretion and after approval by Bank Al-Maghrib, which may have an impact on the scheduled maturity and on the reinvestment conditions;*
- *Investment in perpetual subordinated bonds incorporates par value depreciation and interest cancellation clauses that expose investors to the risk presented in Section III of this Section.*

1. Characteristics of Tranche A[1]

Characteristics of Tranche A (Bonds with a revisable rate every 5 years not listed on the Casablanca Stock Exchange)	
Type of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by book entry at the authorized financial intermediaries and admitted to the Central Depository operations (Maroclear).
Legal form	To the bearer
Tranche limit	1 000 000 000 MAD
Maximum number of shares to be issued	10 000 subordinated bonds
Initial nominal value per unit	100 000 MAD.
Issue price	100% or 100 000 MAD
Maturity of the loan	Perpetual, with the possibility of early repayment, beyond the 5th year of the dividend date, which can be carried out only at the initiative of the issuer and after agreement of Bank Al-Maghrib with a minimum notice of five years.
Subscription period	From 06 to 09 September 2021 included.
Dividend date	13 September 2021
Allocation method	French tender with priority given to Tranche A (with a rate that can be revised every 5 years), then to Tranche B (with a rate that can be revised annually)
Face interest rate	**<u>Revisable every 5 years</u>** For the first 5 years, the face interest rate is determined in reference to the 5-year rate determined from the reference rate curve of the secondary market of the Treasury bills as it will be published by Bank Al-Maghrib on 01 September 2021. This rate will be increased by a risk premium of between 250 and 260 basis points. The reference rate and the face interest rates will be published by Bank Of Africa on its website on 01 September 2021 and in a legal notice newspaper on 03 September 2021.

[1] *At a revisable rate every 5 years, with a perpetual unlisted maturity*

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Beyond the first 5 years and for each 5-year period, the reference rate is the 5-year rate observed or calculated on the basis of the reference rate curve of the secondary market of the Treasury bills as published by Bank Al-Maghrib, preceding by 5 working days the last anniversary date of the coupon of each elapsed 5-year period

The reference rate thus obtained will be increased by the risk premium fixed at the end of the tender (risk premium between 250 and 260 basis points) and will be communicated to the bondholders by Bank Of Africa on its website, 5 working days before the anniversary date of each rate revision date and on the same day as the reference rate observation date.

In case the 5-year Treasury bill rate is not directly observable on the curve, the determination of the reference rate by Bank of Africa will be done by linear interpolation method using the two points framing the full 5-year maturity (actuarial basis).

Risk premium

Between 250 and 260 basis points.

Interest

Interest will be paid annually on the anniversary of the date of the loan, i.e., September 13th of each year. Payment will be made on the same day or on the first business day following September 13th if this is not a business day. Interest on the perpetual subordinated bonds will cease to accrue from the day the principal is redeemed by Bank of Africa.

Bank of Africa may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount for an indefinite period and on a non-cumulative basis in order to meet its obligations (in particular following a request from Bank Al-Maghrib). As a result of this decision, any amount of interest cancelled is no longer payable by the issuer or considered accrued or due to all holders of perpetual bonds issued by Bank of Africa. Each cancellation decision will be for the amount of the coupon originally scheduled to be paid on the next anniversary date.

Bank Of Africa is required to apply the provisions of Bank Al-Maghrib's Circular No. 14/G/2013 dated 13 August 2013 relating to the calculation of regulatory capital of credit institutions, including Article 10 of the said Circular defining core capital instruments as the shares and any other component of the share capital as well as the endowment complying with a number of criteria (listed below), including primarily the provision that distributions in the form of dividends or otherwise shall be made only after all legal and contractual obligations have been met and payments on senior capital instruments have been made, including the perpetual subordinated notes which are the subject of this operation note. All of the above criteria are as follows:

- the instruments are issued directly by the institution after prior approval by its governing body;
- the instruments are perpetual;
- the principal of the instruments cannot be reduced or reimbursed, except in the case of liquidation of the establishment or after prior agreement of Bank Al-Maghrib;
- the instruments rank below all other claims in the event of insolvency or liquidation of the institution;
- the instruments do not benefit from collateral or guarantees from any of the related entities that have the effect of increasing the ranking of the receivables;
- the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation;

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- the instruments allow to absorb the first and proportionally the most important part of the losses as soon as they occur;
- the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a limit, except in the case of shares;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on more senior equity instruments have been made. These distributions may only be made from distributable items. The level of distributions is not related to the price upon which the instruments were acquired at issuance, except in the case of shares;
- the provisions governing core capital instruments do not provide for (i) preferential rights to pay dividends, (ii) limits or other restrictions on the maximum amount of distributions, except in the case of members' shares, (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not a default event for the institution; and
- the cancellation of distributions does not impose any constraints on the institution.

In the event of cancellation of the payment of the interest amount, the Issuer shall be obligated to notify the holders of perpetual bonds and the AMMC of such cancellation at least sixty calendar days prior to the payment date. The holders of perpetual bonds are informed by a notice published by Bank Of Africa on its website and in a legal notice newspaper specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the amount of the interests as well as the corrective measures that were implemented.

Interest distributions can only come from distributable items and are not linked to the credit quality of Bank Of Africa.

Bank Of Africa may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the issuer is required to inform, within a period of at least sixty calendar days before the payment date, all the holders of perpetual bonds issued by Bank Of Africa and AMMC, of this decision. Perpetual bondholders are informed by a notice published by Bank Of Africa on its website and in a legal notice newspaper.

In the event of the existence of other instruments with a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon payable will be made on a pro rata basis between all such instruments.

Interest will be calculated according to the following formula:

[Nominal x Face Interest Rate].

Interest will be calculated on the basis of the last nominal amount as defined in the "Absorption of Losses" clause or on the basis of the outstanding principal as defined in the "Principal Repayment" clause.

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Principal repayment	The repayment of the capital is subject to the agreement of Bank Al-Maghrib and is made on a straight-line basis over a minimum period of 5 years (see "early repayment" clause).
Early repayment	Bank Of Africa is prohibited to proceed to the early repayment of the perpetual subordinated bonds, subject of the present issue, before a period of 5 years from the date of dividend. After 5 years, the early repayment of all or part of the capital can only be made at the initiative of the issuer, subject to a minimum notice period of five years and after approval by Bank Al-Maghrib. Any early redemption (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject to this issue on a straight-line basis over a minimum period of 5 years. Perpetual bondholders will be notified of the early redemption, as soon as the decision to redeem is made, with a reminder at least sixty calendar days prior to the start date of such redemption. These notices will be published in a legal notice newspaper and on the issuer's website and will specify the amount and duration and the start date of the redemption. The Issuer may not redeem all or part of the perpetual subordinated bonds issued hereunder until their nominal value has been impaired in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis, during the redemption period, the latter will be carried out on the basis of the initial nominal value of the securities. Any early repayment (total or partial), occurring before the anniversary date, will be made on the basis of the amount of the remaining capital due and the interest accrued at the date of repayment. Bank Of Africa is prohibited from redeeming the perpetual subordinated bonds, the subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The issuer is bound to inform the AMMC as well as all holders of perpetual subordinated bonds having subscribed to the current issue, of any possible repurchase procedure, subject to prior approval by Bank Al-Maghrib, through a notice published on its website and in a legal notice newspaper, specifying the number of bonds to be repurchased, the deadline, and the repurchase price. Bank Of Africa will proceed to the repurchase on a pro rata basis of the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). Bonds redeemed will be cancelled. In case of merger, demerger or partial contribution of assets of Bank Of Africa occurring during the term of the loan and leading to the universal transmission of the assets to the benefit of a distinct legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transmitted to the legal entity substituted in the rights and obligations of Bank Of Africa. The repayment of the capital is, in case of liquidation of Bank Of Africa, subordinated to all other debts (see "Loan Rank").
Loss Absorption	Securities are impaired as soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of weighted risks, on an individual or consolidated basis. Securities are written down[2] by the amount corresponding to the difference between the theoretical Tier 1 capital (CET1[3]) required to achieve 6.0% of the weighted risks of the CET1 ratio and the actual CET1 capital (after taking into account the effect of taxation). The said depreciation is carried out, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to Joint-Stock Companies as amended and supplemented).

[2] A possible depreciation of the nominal value of the securities would enable Bank Of Africa to recognize an exceptional income that would increase its net income and thus improve its equity.

[3] It should be noted that the historical and projected prudential ratios (CET1, CET2) are presented in the aforementioned Bank of Africa reference document.

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	Within 30 days following each semi-annual period end (semi-annual closing dates for the publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, complies with the minimum level of 6.0% of the weighted risks, on an individual and consolidated basis. Bank Of Africa will publish its CET1 ratio as well as the projected levels of said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the semi-annual accounts and will be made through the publications of the Pillar III of Bank Of Africa (available on its website). This publication will also take place, through a legal notice newspaper, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be transmitted to the representative of the bondholders grouping the holders of the perpetual subordinated bonds, subject of the current issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the details of the prudential ratios (CET1 and solvency ratio), the composition of the regulatory capital as well as the distribution of the weighted risks In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the issuer is bound to inform immediately Bank Al-Maghrib and the AMMC and to send to the holders of perpetual bonds, within a period of 5 working days as from the date of ascertaining the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis a notice published on its website and in a legal notice newspaper specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect. After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, Bank Of Africa can immediately trigger, after prior agreement of Bank Al-Magrhib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer shall inform the holders of perpetual subordinated bonds, within one month, by a notice published on its website and in a newspaper authorized to carry legal notices, of the decision of appreciation of the nominal value, of the amount, of the calculation method, and of the effective date of said appreciation. If other instruments with a loss absorption mechanism exist, the depreciation/appreciation of the nominal value will be carried out pro rata between all the instruments whose triggering threshold has been crossed, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal amount preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal amount). In case of depreciation or appreciation of the nominal value of the securities, the issuer must inform the AMMC immediately.
Securities tradability	Negotiable by mutual consent. The perpetual subordinated bonds, subject of the present issue, may only be traded between the qualified investors listed in this operation note. Each Qualified Investor holding the perpetual subordinated bonds described in this Operation Note undertakes to transfer these bonds only to the Qualified Investors listed in this Operation Note. Therefore, the account holders must not accept any instructions for the settlement and delivery of the perpetual subordinated bonds which are the subject of this operation note from investors other than the qualified investors listed in this operation note
Assimilation clauses	The perpetual subordinated notes, which are the subject of this operation note, are not to be considered as previous issue securities. In case Bank of Africa issues new securities at a later date, enjoying in all respects the same rights as those of the current issue, it can, without requiring the consent of the holders,

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	provided that the issue contracts so provide, proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and their trading
Loan Rank / Subordination	The capital is subject to a subordination clause. The application of this clause does not in any way affect the rules of law concerning the accounting principles for the allocation of losses, the obligations of the shareholders, and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of his securities in capital and interest. In case of liquidation of Bank Of Africa, the perpetual subordinated notes of the current issue will be repaid only after payment of all the traditional, privileged, or unsecured creditors. The present perpetual subordinated notes will intervene at the repayment after all the other subordinated loans with fixed and open-ended maturity without mechanism of cancellation of coupons and absorption of losses, which were issued, and which could be issued subsequently by Bank Of Africa in Morocco as well as internationally. This reimbursement will be made on the basis of the smaller of the following two amounts: ▪ the initial par value reduced by the amount of any previous repayments; ▪ the amount available after payment of all the privileged or unsecured creditors and the holders of subordinated fixed-term bonds that have been issued and that could be issued subsequently by Bank Of Africa in Morocco and abroad; These perpetual subordinated bonds will rank pari passu with perpetual subordinated bonds of the same kind. As a reminder, Bank Of Africa carried out (i) a perpetual subordinated bond issue of AT1 type in June 2017 for a global amount of MAD 1 000 000 000.
Money back guarantee	This issuance is not subject to any particular guarantee
Rating	No rating has been requested for this issue.
Representation of the bondholder constituency	The Board of Directors Meeting held on 28 July 2021 appointed Mr. Hamad Jouahri as provisional proxy. This decision will take effect from the opening of the subscription period. It should be noted that the provisional trustee appointed is identical for Tranches A and B (perpetual subordinated bonds), which are grouped together in a single constituency. The Board of Directors will proceed to the convocation of the General Meeting of Bondholders in order to appoint the final representative of the bondholders' group and this, within 60 days, as from the opening of the subscription period. Bank of Africa has no capital or business ties with Mr. Hamad Jouahri. It should be noted that Mr. Hamad Jouahri is also the representative of the bondholder constituency of previous issues carried out by Bank Of Africa between 2012 and 2017. The Board of Directors of Bank Of Africa undertakes to transmit to AMMC the minutes of said meeting as soon as they are held.
Applicable law	Moroccan law
Competent Jurisdiction	Commercial Court of Casablanca

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2. Characteristics of Tranche B

Characteristics of Tranche B (Bonds at annually revisable rate, with a perpetual maturity not listed on the Casablanca Stock Exchange)	
Type of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by book entry at the authorized financial intermediaries and admitted to the Central Depository operations (Maroclear).
Legal form	To the bearer
Tranche limit	1 000 000 MAD
Maximum number of shares to be issued	10 000 subordinated bonds
Initial nominal value per unit	100 000 MAD.
Issue price	100% or 100 000 MAD
Maturity of the loan	Perpetual, with the possibility of early repayment, beyond the 5th year of the dividend date, which can be carried out only at the initiative of the issuer and after agreement of Bank Al-Maghrib with a minimum notice of five years.
Subscription period	From 06 to 09 September 2021 included.
Dividend date	13 September 2021
Allocation method	French tender with priority given to Tranche A (with a rate that can be revised every 5 years), then to Tranche B (with a rate that can be revised annually)
Face interest rate	**<u>Annually revisable rate</u>** For the first year, the face interest rate is the full 52 weeks rate (money market rate) determined from the reference rate curve of the secondary market of the Treasury bills as it will be published by Bank Al-Maghrib on 01 September 2021. The reference rate and the face interest rates will be published by Bank Of Africa on its website on 01 September 2021 and in a legal notice newspaper on 03 September 2021. On each anniversary date, the reference rate is the full 52-week rate (money market rate) determined by reference to the reference rate curve of the secondary market of Treasury bills as published by Bank Al-Maghrib, preceding the coupon anniversary date by 5 working days. The reference rate thus obtained will be increased by the risk premium determined at the end of the auction (risk premium between 240 and 250 basis points) and will be communicated by Bank Of Africa, via its website, to the bondholders 4 working days before the anniversary date of each rate revision date and on the same day as the reference rate observation date.
How the reference rate is calculated	In the event that the 52-week rate is not observable, Bank of Africa will determine the reference rate by linear interpolation using the two points surrounding the full 52-week maturity (monetary basis). This linear interpolation will be done after converting the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate. The calculation formula is: (((Actuarial rate + 1)^ (k / exact number of days*))-1) x 360/k ; where k: maturity of the actuarial rate to be transformed *Exact number of days: 365 or 366 days.
Risk premium	Between 240 and 250 basis points.
Interest rate determination date	The coupon will be revised annually on the anniversary of the date of the loan, i.e., on September 13th of each year.

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	The new rate will be communicated by the Issuer to the bondholders, via its website, 4 business days before the anniversary date.
Interest	Interest will be paid annually on the anniversary of the date of the loan, i.e., September 13th of each year. Payment will be made on the same day or on the first business day following September 13th if this is not a business day. Interest on the perpetual subordinated bonds will cease to accrue from the day the principal is redeemed by Bank of Africa. Bank of Africa may decide, at its discretion and after prior approval of Bank Al-Maghrib, to cancel (in whole or in part) the payment of the interest amount for an indefinite period and on a non-cumulative basis in order to meet its obligations (in particular following a request from Bank Al-Maghrib). As a result of this decision, any amount of interest cancelled is no longer payable by the issuer or considered accrued or due to all holders of perpetual bonds issued by Bank of Africa. Each cancellation decision will be for the amount of the coupon originally scheduled to be paid on the next anniversary date. Bank Of Africa is required to apply the provisions of Bank Al-Maghrib's Circular No. 14/G/2013 dated 13 August 2013 relating to the calculation of regulatory capital of credit institutions, including Article 10 of the said Circular defining core capital instruments as the shares and any other component of the share capital as well as the endowment complying with a number of criteria (listed below), including primarily the provision that distributions in the form of dividends or otherwise shall be made only after all legal and contractual obligations have been met and payments on senior capital instruments have been made, including the perpetual subordinated notes which are the subject of this operation note. All of the above criteria are as follows: - the instruments are issued directly by the institution after prior approval by its governing body; - the instruments are perpetual; - the principal of the instruments cannot be reduced or reimbursed, except in the case of liquidation of the establishment or after prior agreement of Bank Al-Maghrib; - the instruments rank below all other claims in the event of insolvency or liquidation of the institution; - the instruments do not benefit from collateral or guarantees from any of the related entities that have the effect of increasing the ranking of the receivables; - the instruments are not subject to any contractual or other arrangement that ranks the claims under the instruments in the event of insolvency or liquidation; - the instruments allow to absorb the first and proportionally the most important part of the losses as soon as they occur; - the instruments give the owner a claim on the residual assets of the institution, which claim, in the event of liquidation and after payment of all higher ranking claims, is proportional to the amount of the instruments issued. The amount of the claim is neither fixed nor subject to a limit, except in the case of shares; - the purchase of the instruments is not financed directly or indirectly by the institution; - distributions in the form of dividends or otherwise are made only after all legal and contractual obligations have been met and payments on more senior equity instruments have been made. These distributions may only be made from distributable items. The level of distributions is not related to the price upon which the instruments were acquired at issuance, except in the case of shares;

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- the provisions governing core capital instruments do not provide for (i) preferential rights to pay dividends, (ii) limits or other restrictions on the maximum amount of distributions, except in the case of members' shares, (iii) an obligation on the part of the institution to make distributions to its holders;
- non-payment of dividends is not a default event for the institution; and
- the cancellation of distributions does not impose any constraints on the institution.

In the event of cancellation of the payment of the interest amount, the Issuer shall be obligated to notify the holders of perpetual bonds and the AMMC of such cancellation at least sixty calendar days prior to the payment date. The holders of perpetual bonds are informed by a notice published by Bank Of Africa on its website and in a legal notice newspaper specifying the amount of the cancelled interests, the motivations of this decision of cancellation of the payment of the amount of the interests as well as the corrective measures that were implemented.

Interest distributions can only come from distributable items and are not linked to the credit quality of Bank Of Africa.

Bank Of Africa may decide, at its discretion and after prior approval of Bank Al-Maghrib, to increase the amount of a coupon to be paid which will consequently become higher than the amount of the coupon determined on the basis of the formula below.

In case of decision to increase the amount of the coupon, the issuer is required to inform, within a period of at least sixty calendar days before the payment date, all the holders of perpetual bonds issued by Bank Of Africa and AMMC, of this decision. Perpetual bondholders are informed by a notice published by Bank Of Africa on its website and in a legal notice newspaper.

In the event of the existence of other instruments with a coupon payment cancellation mechanism, the decision to cancel/appraise the amount of coupon payable will be made on a pro rata basis between all such instruments.

Interest will be calculated according to the following formula:

[Nominal x Nominal Rate x Exact number of days/360].

Interest will be calculated on the basis of the last nominal amount as defined in the "Absorption of Losses" clause or on the basis of the outstanding principal as defined in the "Principal Repayment" clause.

Principal repayment

The repayment of the capital is subject to the agreement of Bank Al-Maghrib and is made on a straight-line basis over a minimum period of 5 years (see "early repayment" clause).

Early repayment

Bank Of Africa is prohibited to proceed to the early repayment of the perpetual subordinated bonds, subject of the present issue, before a period of 5 years from the date of dividend. After 5 years, the early repayment of all or part of the capital can only be made at the initiative of the issuer, subject to a minimum notice period of five years and after approval by Bank Al-Maghrib.

Any early redemption (total or partial) will be made proportionally to all tranches of the perpetual subordinated bonds subject to this issue on a straight-line basis over a minimum period of 5 years. Perpetual bondholders will be notified of the early redemption, as soon as the decision to redeem is made, with a reminder at least sixty calendar days prior to the start date of such redemption. These notices will be published in a legal notice newspaper and on the issuer's website and will specify the amount and duration and the start date of the redemption.

The Issuer may not redeem all or part of the perpetual subordinated bonds issued hereunder until their nominal value has been impaired in accordance with the "Loss Absorption" clause. In case the Common Equity Tier 1 (CET 1) ratio,

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	as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis, during the redemption period, the latter will be carried out on the basis of the initial nominal value of the securities. Any early repayment (total or partial), occurring before the anniversary date, will be made on the basis of the amount of the remaining capital due and the interest accrued at the date of repayment. Bank Of Africa is prohibited from redeeming the perpetual subordinated bonds, the subject of this issue, as long as their nominal value is impaired in accordance with the "Loss Absorption" clause. The issuer is bound to inform the AMMC as well as all holders of perpetual subordinated bonds having subscribed to the current issue, of any possible repurchase procedure, subject to prior approval by Bank Al-Maghrib, through a notice published on its website and in a legal notice newspaper, specifying the number of bonds to be repurchased, the deadline, and the repurchase price. Bank Of Africa will proceed to the repurchase on a pro rata basis of the presented sell orders (in case the number of presented securities is higher than the number of securities to be repurchased). Bonds redeemed will be cancelled. In case of merger, demerger or partial contribution of assets of Bank Of Africa occurring during the term of the loan and leading to the universal transmission of the assets to the benefit of a distinct legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transmitted to the legal entity substituted in the rights and obligations of Bank Of Africa. The repayment of the capital is, in case of liquidation of Bank Of Africa, subordinated to all other debts (see "Loan Rank").
Loss Absorption	Securities are impaired as soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of weighted risks, on an individual or consolidated basis. Securities are written down[4] by the amount corresponding to the difference between the theoretical Tier 1 capital (CET1[5]) required to achieve 6.0% of the weighted risks of the CET1 ratio and the actual CET1 capital (after taking into account the effect of taxation). The said depreciation is carried out, within a period not exceeding one calendar month from the date of ascertainment of the non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, by reducing the nominal value of the securities by the corresponding amount and this, within the limit of a minimum nominal value of MAD 50 (in accordance with Article 292 of Law 17-95 relating to Joint-Stock Companies as amended and supplemented). Within 30 days following each semi-annual period end (semi-annual closing dates for the publication of solvency ratios) or an extraordinary or intermediate calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, complies with the minimum level of 6.0% of the weighted risks, on an individual and consolidated basis. Bank Of Africa will publish its CET1 ratio as well as the projected levels of said ratio for the next 18 months, after prior approval by its Board of Directors. This publication will take place before the end of April for each closing of the annual accounts and before the end of October for each closing of the semi-annual accounts and will be made through the publications of the Pillar III of Bank Of Africa (available on its website). This publication will also take place, through a legal notice newspaper, within thirty days following the occurrence of any significant event affecting the regulatory ratios. These publications will be transmitted to the representative of the bondholders grouping the holders of the perpetual subordinated bonds, subject of the current issue, at the same time as Bank Al-Maghrib and the AMMC, and will have to contain the details of the prudential ratios (CET1 and solvency ratio), the composition of the regulatory capital as well as the distribution of the weighted risks

[4] A possible depreciation of the nominal value of the securities would enable Bank Of Africa to recognize an exceptional income that would increase its net income and thus improve its equity.

[5] It should be noted that the historical and projected prudential ratios (CET1, CET2) are presented in the aforementioned Bank of Africa reference document.

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	In case of non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis, the issuer is bound to inform immediately Bank Al-Maghrib and the AMMC and to send to the holders of perpetual bonds, within a period of 5 working days as from the date of ascertaining the non-compliance with the minimum ratio of 6.0%, on individual or consolidated basis a notice published on its website and in a legal notice newspaper specifying the occurrence of the event triggering the loss absorption mechanism, the amount of depreciation of the nominal value of the securities, the method of calculation of this amount, the corrective measures which have been implemented as well as the date on which this depreciation will take effect. After a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer having required this depreciation improves, Bank Of Africa can immediately trigger, after prior agreement of Bank Al-Magrhib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. The issuer shall inform the holders of perpetual subordinated bonds, within one month, by a notice published on its website and in a newspaper authorized to carry legal notices, of the decision of appreciation of the nominal value, of the amount, of the calculation method, and of the effective date of said appreciation. If other instruments with a loss absorption mechanism exist, the depreciation/appreciation of the nominal value will be carried out pro rata between all the instruments whose triggering threshold has been crossed, on the basis of the last nominal value preceding the date of triggering of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal amount preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal amount). In case of depreciation or appreciation of the nominal value of the securities, the issuer must inform the AMMC immediately.
Securities tradability	Negotiable by mutual consent. The perpetual subordinated bonds, subject of the present issue, may only be traded between the qualified investors listed in this operation note. Each Qualified Investor holding the perpetual subordinated bonds described in this Operation Note undertakes to transfer these bonds only to the Qualified Investors listed in this Operation Note. Therefore, the account holders must not accept any instructions for the settlement and delivery of the perpetual subordinated bonds which are the subject of this operation note from investors other than the qualified investors listed in this operation note
Assimilation clauses	The perpetual subordinated notes, which are the subject of this operation note, are not to be considered as previous issue securities. In case Bank of Africa issues new securities at a later date, enjoying in all respects the same rights as those of the current issue, it can, without requiring the consent of the holders, provided that the issue contracts so provide, proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and their trading
Loan Rank / Subordination	The capital is subject to a subordination clause. The application of this clause does not in any way affect the rules of law concerning the accounting principles for the allocation of losses, the obligations of the shareholders, and the rights of the subscriber to obtain, according to the conditions fixed in the contract, the payment of his securities in capital and interest. In case of liquidation of Bank Of Africa, the perpetual subordinated notes of the current issue will be repaid only after payment of all the traditional, privileged, or unsecured creditors. The present perpetual subordinated notes will intervene at the repayment after all the other subordinated loans with fixed and open-ended maturity without mechanism of cancellation of coupons and absorption of losses, which were issued, and which could be issued subsequently by Bank Of Africa in Morocco as well as internationally. This reimbursement will be made on the basis of the smaller of the following two amounts: ▪ the initial par value reduced by the amount of any previous repayments;

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	▪ the amount available after payment of all the privileged or unsecured creditors and the holders of subordinated fixed-term bonds that have been issued and that could be issued subsequently by Bank Of Africa in Morocco and abroad; These perpetual subordinated bonds will rank pari passu with perpetual subordinated bonds of the same kind. As a reminder, Bank Of Africa carried out (a perpetual subordinated bond issue of AT1 type in June 2017 for a global amount of MAD 1 000 000 000.
Money back guarantee	This issuance is not subject to any particular guarantee
Rating	No rating has been requested for this issue.
Representation of the bondholder constituency	The Board of Directors Meeting held on 28 July 2021 appointed Mr. Hamad Jouahri as provisional proxy. This decision will take effect from the opening of the subscription period. It should be noted that the provisional trustee appointed is identical for Tranches A and B (perpetual subordinated bonds), which are grouped together in a single constituency. The Board of Directors will proceed to the convocation of the General Meeting of Bondholders in order to appoint the final representative of the bondholders' group and this, within 60 days, as from the opening of the subscription period. Bank of Africa has no capital or business ties with Mr. Hamad Jouahri. It should be noted that Mr. Hamad Jouahri is also the representative of the bondholder constituency of previous issues carried out by Bank Of Africa between 2012 and 2017. The Board of Directors of Bank Of Africa undertakes to transmit to AMMC the minutes of said meeting as soon as they are held.
Applicable law	Moroccan law
Competent Jurisdiction	Commercial Court of Casablanca

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IV. Default events

A default (a "Default Event") is the failure to pay all or part of the amount of interest due by the Company on any Bond unless payment is made within 14 business days after the due date thereof and unless the Company has decided, with the consent of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest in accordance with the provisions set forth in the characteristics of the Perpetual Subordinated Bonds set forth above in Part II - Heading II - Information relating to the Perpetual Subordinated Bonds of Bank Of Africa

Upon the occurrence of a Default Event, the Representative of the Bondholders Constituency shall promptly send a demand to the Company to remedy the Default Event with an order to pay any amount in interest due from the Company within 14 business days of the demand.

If the Company has not cured the Default Event within 14 business days following the date of receipt of the notice of default, the Representative of the Bondholders' Constituency may, after convening a general meeting of bondholders and upon a decision of the latter ruling under the conditions of quorum and majority provided for by law and upon simple written notification sent to the Issuer with a copy to the Paying Agent and to the AMMC, render the entire issue payable, automatically requiring the Company to redeem said Bonds in the principal amount plus the interest accrued since the last interest payment date, plus the accrued interest not yet paid. The capital being the initial capital (initial nominal value x number of securities), or in case of early repayment, the outstanding capital.

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V. Risk linked to Perpetual Subordinated Bonds

1. General risks related to subordinated bonds

→Interest rate risk:

The risk of changes in interest rates may affect the yield on bonds, the rate of which is reviewed every five years. Indeed, an increase in interest rates would have the impact of decreasing the value of the bonds held.

→Risk of default:

The bonds covered by this securities note may present a risk that the Issuer will not be able to honor its contractual obligations towards the bondholders, this risk being reflected in the non-payment of coupons and the non-repayment of principal.

2. Risks specific to perpetual subordinated bonds

The risk factors listed below should not be considered exhaustive and may not cover all the risks involved in investing in perpetual subordinated bonds.

The attention of potential investors likely to subscribe for perpetual subordinated bonds, subject of the present operation note, is drawn to the fact that an investment in this type of bonds is subject to the following main risks

→Risk related to the introduction of a new instrument on the Moroccan financial market:

Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Circular No. 14/G/2013 of Bank AL-Maghrib, as additional capital instruments. These instruments are issued regularly by international banks but remain new to some Moroccan investors. Each prospective investor should determine the suitability of such investment in light of his or her own circumstances and should have sufficient financial resources and liquidity to bear the risks of such investment, including the possibility of a depreciation in the nominal value of such securities (see risk of depreciation in the nominal value of the securities below) as well as the possibility of cancellation of the payment of the interest amount (see risk of cancellation of the payment of the interest amount below);

→Risk linked to instrument complexity:

The bonds issued in this transaction are complex instruments insofar as the associated pay-offs are not entirely predictable. In fact, the Issuer has full discretion to cancel the payment of interest for an indefinite period of time and on a non-cumulative basis. Also, the face value of the bonds may be impaired in the event that the trigger level is reached. Moreover, an appreciation of the nominal value is foreseen but it remains subject to the agreement of Bank Al-Maghrib. Finally, a coupon increase is possible but remains at the sole discretion of the Issuer and there is no deterministic mechanism for its activation. These aspects make the future cash flows of bonds difficult to predict, as their forecasting requires several assumptions and parameters (financial health of the Issuer, forecast level of prudential ratios, other commitments and obligations of the Issuer, etc.). The nature of bonds means that their management, particularly their valuation, is complex;

→Risk related to the perpetual nature of these securities:

Perpetual subordinated bonds are issued for an indefinite maturity and, consequently, the repayment of the capital can only be made at the initiative of the Issuer and after prior approval of Bank Al-Maghrib. Such repayment may not be made for a period of five years from the date of issue, subject to a minimum of five years' notice;

→Risk linked to subordination clause:

The capital and interests are subject to a subordination clause, according to which, in case of liquidation of the Issuer, the repayment will take place only after payment of all the traditional, privileged or unsecured creditors and after all the other subordinated loans with a fixed or indefinite duration without mechanisms of cancellation of the coupons and absorption of the losses, which have been issued and which could be issued subsequently by the Issuer in Morocco or abroad;

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→Risk linked to the depreciation of the nominal value of securities (loss absorption mechanism):

Once the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, becomes lower than the trigger fixed by the issuer (fixed at 6.0% within the framework of the current operation note and this, in accordance with the provisions of the technical notice of Bank Al-Maghrib fixing the methods of application of Circular No. 14/G/2013 relating to the capital of credit institutions) On an individual or consolidated basis, the securities are depreciated by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of CET1 ratio and the effective CET1 capital.

Interest will therefore be calculated on the basis of the nominal amount which is subject to change as defined in the loss absorption mechanism.

However, after a possible depreciation of the nominal value of the securities, and if the financial situation of the Issuer having required this depreciation improves, Bank Of Africa can immediately trigger, after prior agreement of Bank Al-Magrhib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. Bank of Africa constantly monitors compliance with the international standards of the Basel Committee and the regulatory directives of Bank AL-Maghrib. To this end, the Group has a regulatory risk management policy that enables it to:

- Have a solid financial base to meet all its commitments;
- Respect all the regulatory ratios required by Bank Al-Maghrib;
- Build up an additional capital cushion to absorb the impacts of regulatory and internal stress tests and to guarantee compliance with post-stress test thresholds, namely:
  - a Tier 1 capital ratio of at least 9%;
  - a ratio of at least 12% of total Tier 1 and Tier 2 capital
- Meet the requirements of the regulator in terms of reporting solvency ratios (half-yearly Pillar III publications intended to guarantee transparency of financial information: details of prudential ratios, composition of regulatory capital, breakdown of weighted risks).

As of 31 December 2020, Bank Of Africa's prudential ratios[6] are as follows:

	Social Basis	*Consolidated Basis*
Tier 1 ratio (min. 9%)	**9.90%**	**9.00%**
Solvency ratio (min 12%)	**15.20%**	**12.30%**

Source: Bank of Africa

→Risk related to the possibility of cancellation of the payment of the interest amount:

The investor is subject to the risk of cancellation of the interest payment (in whole or in part) for an indefinite period of time and on a non-cumulative basis. The decision of this cancellation remains at the discretion of the Issuer, after prior agreement of Bank Al-Maghrib, in order to meet its obligations.

→Risk factors impacting the CET 1 ratio:

The deterioration of the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, to a level below 6.0%, thus triggering the depreciation of the nominal value of the securities, could be generated by several factors, including primarily:

- ✓ the realization of substantial losses following a possible increase in claims or an adverse and material change in the interest rate environment;
- ✓ the introduction of new accounting standards;
- ✓ the entry into force of new regulatory requirements.

[6] *Bank of Africa's reference document for the 2020 fiscal year, registered by the AMMC on 23 July 2021 under the reference EN/EM/012/2021.*

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In case of occurrence of one or more of these risk factors, the deterioration of the level of the CET 1 ratio can only occur if Bank of Africa and its shareholders do not implement all the corrective measures allowing it to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 9.0% and a minimum solvency ratio of 12.0%.

→Risk related to the liquidity and marketability risk:

Due to their complexity, the bonds covered by this operation note are not suitable for non-qualified investors. Therefore, the trading of said bonds is strictly reserved for the qualified investors listed in the current operation note, even on the secondary market. This limitation may reduce the liquidity of the bonds being issued here compared to other bonds whose marketability is not restricted.

→Risk related to the presence of several options for the benefit of the Issuer:

The bonds covered by this operation note contain several options in favor of the Issuer, namely:

- ✓ Early repayment option;
- ✓ Option to depreciate/appreciate the nominal value of securities;
- ✓ Option to cancel the payment of the interest amount.

Any potential investor should consider these options when making an investment decision based on their own objectives and constraints. The investor must also incorporate these options into the bidding proposal and the determination of the fair value of the securities.

→Risk linked to additional debt:

The Issuer may subsequently issue other debt ranking pari passu or superior to the bonds described in this operation note. These issuances would reduce the amount recoverable by the holders of these bonds in the event of liquidation of the Issuer.

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VI. Operation schedule

The schedule for this operation is as follows:

Orders	Steps	Deadlines
1	Obtaining the AMMC endorsement	04 August 2021
2	Publication of the extract of the prospectus on the Issuer's website	04 August 2021
3	Publication by the Issuer of the press release in a JAL	06 August 2021
4	Observation of reference rates	01 September 2021
5	Reference and face interest rates published on the Issuer's website	01 September 2021
6	Reference and face interest rates published in a JAL	03 September 2021
7	Opening of the subscription period	06 September 2021
8	Closing of the subscription period	09 September 2021
9	Allocation of securities	09 September 2021
10	Settlement/Delivery	13 September 2021
11	Publication by the Issuer of the results and the interest rates retained for the transaction in a JAL and on its website	14 September 2021

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▪ PART II: Bank of Africa Issuer Information

I. General information

Company name:	"BANK OF AFRICA" by abbreviation "BOA"
Headquarters:	140, avenue Hassan II, Casablanca.
Phone:	05 22 49 80 04/03
Fax:	05 22 26 49 65
Website:	www.bankofafrica.ma
Legal form:	Public limited company with a Board of Directors.
Date of incorporation:	31 August 1959
Lifetime:	99 years.
Trade Register Number:	27 129 Casablanca
Company fiscal year:	From January 1st to December 31st
Company purpose: *(Article 3 of the statutes)*	BANK OF AFRICA has as its purpose, within the framework of Dahir No. 1-14-193 of 1 Rabii I 1436 promulgating Law No. 103-12 relating to credit institutions and similar organizations: ▪ to carry out all banking, foreign exchange, treasury, guarantee, acceptance, discounting, rediscounting, current account overdraft, and all forms of short-, medium-, and long-term credit; to contract all loans, all commitments in all currencies; to buy, sell, or transfer all movable or immovable property; to carry out all transit or commission operations, and trade in precious metals; ▪ to make all investments, subscriptions, purchases, and sales on the stock market or otherwise, in cash or forward, of securities and bills of exchange of any kind; ▪ to acquire, hold, and manage shareholdings in all financial, real estate, industrial, and commercial banking companies for itself or on behalf of third parties; ▪ and more generally, to carry out all banking, financial, commercial, industrial, movable and immovable property transactions that may be directly or indirectly related to its corporate purpose.
Share capital as of 31/12/2020	MAD 2 056 066 480 made up of 205 606 648 shares with a nominal value of MAD 10.
Legal documents:	The company's legal documents, in particular the articles of association, the minutes of the general meetings, and the auditors' reports, may be consulted at the registered office of BANK OF AFRICA.
List of applicable legislation:	By virtue of its legal form, BANK OF AFRICA is governed by Moroccan law and Law No. 17-95 as amended and supplemented; By virtue of its activity, BANK OF AFRICA is governed by Dahir No. 1-14-193 of 1 Rabii I 1436 promulgating Act No. 103-12 on credit institutions and similar organizations (Banking Act);

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	By virtue of the listing of its shares on the Casablanca Stock Exchange as well as its bond issues and its program of issuing certificates of deposit, BANK OF AFRICA is subject to all the legal and regulatory provisions relating to the financial market and in particular: ▪ The Dahir bearing Law No. 19-14 relating to the stock exchange, stock exchange companies, and financial investment advisers; ▪ The General Regulations of the Stock Exchange approved by the Order of the Minister of Economy and Finance No. 2208-19 of 3 July 2019; ▪ Law No. 44-12 relating to public offerings of securities and the information required from legal entities and organizations making public offerings of securities; ▪ Law 43-12 regarding the AMMC; ▪ The general regulation of the AMMC approved by the order of the Minister of Economy and Finance No. 2169-16; ▪ AMMC circulars; ▪ Dahir 1-95-03 of January 26, 1995 promulgating Law No. 35-94 relating to certain negotiable debt securities and Ministry of Finance and External Investment Order No. 2560-95 of 9 October 1995 relating to negotiable debt securities; ▪ Dahir No. 1-96-246 of 9 January 1997 promulgating Law No. 35-96 relating to the creation of the central depository and the institution of a general system for the registration of certain securities in an account, as amended and completed; ▪ the General Regulations of the Central Depository approved by Order No. 932-98 of the Minister of the Economy and Finance dated 16 April 1998 and amended by Order No. 1961-01 of the Minister of the Economy, Finance, Privatization, and Tourism dated 30 October 2001; ▪ Dahir No. 1-04-21 of 21 April 2004 promulgating Law No. 26-03 relating to public offerings on the Moroccan stock market, as amended and completed.
Tax system:	BANK OF AFRICA is subject, as a credit institution, to corporate income tax (37%) and VAT (10%).
Competent court in case of dispute:	Commercial Court of Casablanca.

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II. Bank of Africa shareholding

1. Composition of the capital

As of 31 December 2020, BANK OF AFRICA has a share capital of MAD 2 056 066 480, consisting of 205 606 648 shares with a nominal value of MAD 10, fully paid up, of the same category, and with the same rights.

It should be recalled that on 22 September 2008, BANK OF AFRICA proceeded with the split of its share, reducing its nominal value to MAD 10 as opposed to MAD 100 previously, and this, in accordance with the provisions of Law 20-05 modifying and supplementing Law No. 17-95 of August 30th 1996 relating to Joint Stock Companies.

Table 1 : Shareholding as of 31/05/2021

Shareholders	**31/05/2021**	
	No. of shares	**% of equity**
Controlling stake	**72 999 028**	**35.50%**
*RMA**	*54 678 388*	*26.59%*
O CAPITAL GROUP	*16 509 923*	*8.03%*
SFCM	*1 810 717*	*0.88%*
Stable holdings	**97 056 426**	**47.20%**
Banque Fédérative du Crédit Mutuel	*50 492 025*	*24.56%*
*Caisse de Dépôt et de Gestion** (Deposit and Management Fund - CDC)*	*17 108 805*	*8.32%*
CDC Group plc***	11 056 220	5.38%
MAMDA/MCMA Group	*10 310 563*	*5.01%*
MAMDA	*41*	*0%*
MCMA	*6282315*	*3.06%*
MAC	*4028207*	*2%*
*CIMR***	*8 088 813*	*3.93%*
Other	**35 551 194**	**17.29%**
Bank of Africa Staff	*2 245 325*	*1.09%*
Floating	*33 305 869*	*16.20%*
Total	**205 606 648**	**100.00%**

Source: Bank of Africa

* Including shares held by RMA's dedicated mutual funds (2 930 019 shares)
** Situation confirmed by the shareholder as of 31/12/2020
*** Situation post Capital Increase 2020 (Shares not deposited with Bank of Africa)

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2. Board of Directors

Table 2 : Members of the Board of Directors (June 2021)

Administrators	Date of 1st appointment	Presentation	Expiry of the mandate
Mr. Othman BENJELLOUN	1995	Chairman and CEO	The Shareholders' Meeting called to approve the 2024 financial statements
RMA *represented by Mr. Zouheir BENSAID*	1994	Mr. Zouheir BENSAID is CEO of RMA, shareholder of BANK OF AFRICA	The Shareholders' Meeting called to approve the 2024 financial statements
BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL *(Holding company of the Crédit Mutuel Group / Alliance Fédérale)* *represented by Mr. Lucien MIARA*	2005	Mr. Lucien MIARA is censor of Caisse Fédérale de Crédit Mutuel, 93% shareholder of BFCM, itself a shareholder of BANK OF AFRICA	The Shareholders' Meeting called to approve the 2025 financial statements
CAISSE DE DÉPÔT ET DE GESTION (DEPOSIT AND MANAGEMENT FUND - CDC) *represented by* Mr. Abdellatif ZAGHNOUN	2010	CDG was a member of the Board of Directors of BANK OF AFRICA from 1966 to 1997 and was renamed at the AGM of 26/05/2010. Mr. Abdellatif ZAGHNOUN is the Managing Director of CDG, shareholder of BANK OF AFRICA	The Shareholders' Meeting called to approve the 2021 financial statements
O CAPITAL GROUP (*) *Represented by* Mr. Hicham EL AMRANI	2021	Mr. Hicham EL AMRANI is Managing Director of O CAPITAL GROUP, shareholder of BANK OF AFRICA	The Shareholders' Meeting called to approve the 2026 financial statements
Mr. Azeddine GUESSOUS	2017	Mr. Azeddine Guessous served as an intuitu personae Director from 2005 to 2008, then as a permanent representative of RMA, before being reappointed as intuitu personae Director in 2017	The Shareholders' Meeting called to approve the 2022 financial statements
CDC Limited *Represented by* Mr. MARC BEAUJEAN	2019	*Mr. Marc BEAUJEAN is a Director of BANK OF AFRICA, representing CDC Ltd. He is founder and principal partner of Beaujean & Partners since 2019, specializing in strategic consulting in banking and insurance. In this context, he is Chief Executive Officer of Atlantic Financial Group S.A.*	The Shareholders' Meeting called to approve the 2023 financial statements
Mr. Mohamed KABBAJ	2021	*Independent Director* *Chancellor of the Euromed Fez University*	The Shareholders' Meeting called to approve the 2026 financial statements

		Former Director of BMCE BANK from 1997 to 2000	
Mr. François HENROT	2016	*Independent Director*	The Shareholders' Meeting called to approve the 2021 financial statements
Mr. Brian C.Mck. HENDERSON	2016	*Independent Director*	The Shareholders' Meeting called to approve the 2021 financial statements
Ms. Nezha LAHRICHI	2021	*Independent Director*	The Shareholders' Meeting called to approve the 2026 financial statements
Mr. Abdou BENSOUDA	2018	*Director intuitu personae Manager within the O Capital Group, reference shareholder of BANK OF AFRICA*	The Shareholders' Meeting called to approve the 2023 financial statements
Mr. Brahim BENJELLOUN TOUIMI	2004	Managing Director and Chief Operating Officer Chairman of the Board of BOA GROUP (Luxembourg)	The Shareholders' Meeting called to approve the 2021 financial statements
Ms. Myriem BOUAZZAOUI	2021	*Director Intuitu Personae* *Director and General Manager of BMCE Capital Gestion*	The Shareholders' Meeting called to approve the 2026 financial statements

Source: Bank of Africa

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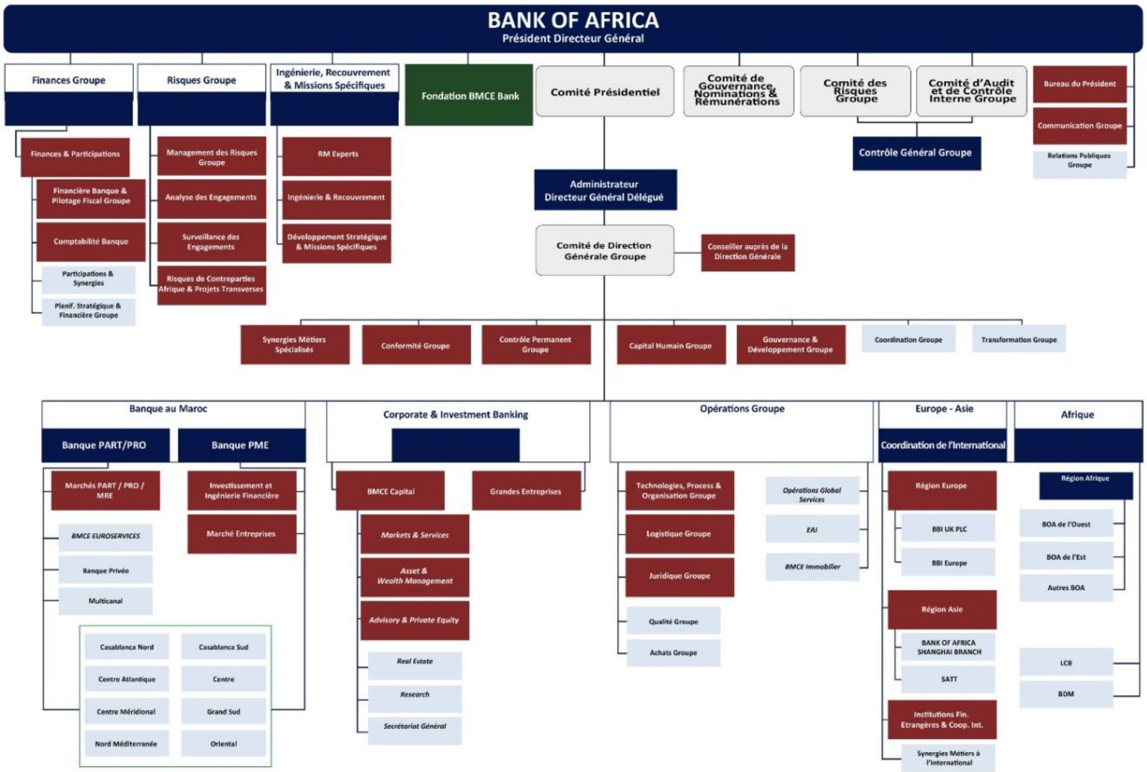
III. Organization chart of BMCE BANK OF AFRICA (May 2021)



Organigramme de 2018
Mis à jour (2019-21)

Source: *Bank of Africa*

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IV. Description of the activity

1. Evolution of credits

During the period under review, the evolution of loans by type of customer was as follows

Table 3 : Loans by customer type (net) over the period 2018-2020

In M MAD	2018	2019	Var.	2020	Var.
Loans and advances to credit institutions and similar entities	**26 271**	**27 260**	**3.76%**	**24 849**	**-8.84%**
Receivables from customers	**112 236**	**118 909**	**5.95%**	**128 926**	*8.42%*
Cash loans	23 799	27 062	13.71%	30 699	13.44%
Consumer credits	8 830	8 162	-7.56%	7 687	-5.82%
Equipment credits	21 570	21 818	1.15%	19 988	-8.39%
Real estate credits	40 373	40 441	0.17%	40 966	1.30%
Other credits	11 974	15 264	27.48%	23 023	50.83%
Receivables acquired through factoring	2 515	2 284	-9.19%	2 114	-7.44%
Accrued interest receivable	712	743	4.35%	727	-2.15%
Outstanding receivables	2 462	3 135	27.34%	3 722	*18.72%*
Total credits	**138 507**	**146 169**	**5.53%**	**153 775**	**5.20%**

Source: Bank Of Africa - Aggregate activity[7]

At the end of 2018, outstanding loans were down 7.2% to MAD 138 508 million. This change was primarily due to (i) an 11.1% decline in cash loans to MAD 23 799 million, (ii) a 7.9% decline in consumer loans to MAD 8 830 million as part of the balance sheet optimization process aimed at strengthening regulatory ratios, (iii) a 2.3% decline in equipment loans to MAD 21 570 million, and a 20.7% decline in other loans to MAD 2 515 million following a reduction in customer *transactions*. For their part, receivables from credit institutions and similar fell by 15.77% to MAD 26.3 billion.

Receivables acquired through factoring, on the other hand, experienced a considerable increase between 2017 and 2018 (year of integration of VAT credits) of +192%, mainly due to the repayment of the VAT credit of the OCP relationship for almost MAD 1.2 billion.

At the end of 2019, outstanding loans showed an increase of 5.5% to MAD 146 169 million. This improvement is mainly due to the 13.7% increase in cash loans to MAD 27 062 million and the 1.2% increase in equipment loans to MAD 21 818 million, mitigated by a 7.6% decrease in consumer loans to MAD 8 162 million.

At the end of 2020, outstanding loans rose by 5.2% to MAD 153 775 million. This improvement is mainly due to the 13.4% increase in cash loans to MAD 30 699 million and the 50.8% increase in other loans to MAD 23 023 million, mitigated by an 8.4% decrease in equipment loans to MAD 19 988 million.

2. Evolution of customer deposits

The evolution of customer deposits by product type over the 2018-2020 period is as follows:

Table 4 : Evolution of customer deposits by type of product:

M MAD	2018	2019	Var.	2020	Var.
Deposit accounts in credit	73 361	79 773	8.74%	85 864	7.64%
Savings Accounts	24 130	24 486	1.48%	25 028	2.21%
Term deposits	23 482	23 359	-0.53%	17 452	-25.29%
Other accounts payable	7 309	6 371	-12.83%	6 140	-3.63%
Accrued interest payable	478	452	-5.39%	309	-31.64%
Total customer deposits	**128 759**	**134 441**	**4.41%**	**134 793**	**0.26%**

[7] Includes BMCE S.A., BMCE Tanger Offshore, and BMCE Paris.

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Source: Bank Of Africa - Aggregate activity

At the end of 2018, customer deposits declined by 5.2% to MAD 128 759 million following the 18.6% depreciation of time deposits to MAD 23 482 million and the 24.2% depreciation of other credit accounts to MAD 7 309 million, mitigated by the 3% increase in savings accounts to MAD 24 130 million.

At the end of 2019, customer deposits showed an increase of 4.4% to MAD 134 441 million mainly due to the 8.7% increase in credit deposit accounts to MAD 79 773 million and 1.5% increase in savings accounts to MAD 24 486 million.

At the end of 2020, customer deposits were virtually unchanged (+0.3%) at MAD 134 793 million, primarily due to the 25.3% decline in term deposits to MAD 17 452 million, offset by the 7.6% increase in credit deposits accounts to MAD 85 864 million.

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PART III: Bank of Africa financial data

I. Consolidated financial position of Bank of Africa

1. Presentation of Bank of Africa's consolidated annual income statement as of 31 December 2020:

The income statements from 31 December 2018 to 31 December 2020 are as follows:

K MAD	2018	2019	Var	2020	Var
Interest and similar income	14 934 916	*15 350 928*	*2.79%*	*15 709 686*	*2.34%*
Interest and similar expenses	-5 252 749	*-5 436 906*	*3.51%*	*-5 281 297*	*-2.86%*
INTEREST MARGIN	**9 682 167**	***9 914 022***	***2.39%***	***10 428 389***	***5.19%***
Commissions received	2 990 545	*3 240 485*	*8.36%*	*3 098 389*	*-4.39%*
fees paid	-477 341	*-529 236*	*10.87%*	*-456 931*	*-13.66%*
COMMISSION MARGIN	**2 513 204**	**2 711 249**	**7.88%**	**2 641 458**	***-2.57%***
Net gains or losses on hedges of net positions					
Net gains or losses on instruments at fair value through profit or loss	136 275	*353 259*	*159.23%*	*377 678*	*6.91%*
Net gains or losses on trading assets/liabilities	138 632	*343 728*		*310 364*	*-9.71%*
Net gains or losses on other assets/liabilities at fair value through profit or loss	-2 357	*9 531*		*67 314*	*606.26%*
Net gains or losses on financial instruments at fair value through equity	226 865	*231 334*		*226 137*	*-2.25%*
Net gains or losses on debt instruments recognized in recyclable equity		*19 627*		*5 449*	*-72.24%*
Remuneration of equity instruments recognized in non-recyclable equity	226 865	*211 707*		*220 688*	*4.24%*
Net gains or losses on available-for-sale financial assets					
Gains or losses arising from the reclassification of financial assets at an amortized cost					
Gains or losses resulting from the reclassification of financial assets at amortized cost to financial assets at fair value through profit or loss					
Gains or losses resulting from the reclassification of financial assets by CP into financial assets at fair value through profit or loss					
Net income from insurance activities					
Revenue from other activities	1 137 982	*1 235 176*	*8.54%*	*792 923*	*-35.80%*
Expenses from other activities	-463 024	*-584 437*	*26.22%*	*-464 539*	*-20.52%*
NET BANKING INCOME	**13 233 468**	***13 860 603***	***4.74%***	***14 002 045***	***1.02%***
General operating expenses	-7 194 827	*-7 117 766*	*-1.07%*	*-7 845 739*	*10.23%*
Amortization and depreciation of intangible and tangible assets	-620 980	*-947 015*	*52.50%*	*-954 340*	*0.77%*
Gross operating surplus	**5 417 661**	***5 795 821***	***6.98%***	***5 201 967***	***-10.25%***
Risk cost	-1 833 379	*-2 196 435*	*19.80%*	*-3 451 978*	*57.16%*
OPERATING INCOME	**3 584 281**	***3 599 386***	***0.42%***	***1 749 989***	***-51.38%***
Share in the results of companies accounted for by the equity method	61 804	*69 866*	*13.04%*	*59 700*	*-14.55%*
Net gains or losses on other assets	6 210	*-13 106*	*-311.05%*	*67 658*	*ns*
Changes in the goodwill values					
INCOME BEFORE TAX	**3 652 295**	***3 656 146***	*0.11%*	***1 877 347***	***-48.65%***

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Income tax	-843 574	*-1 080 129*	*28.04%*	*-513 528*	*-52.46%*
NET INCOME	**2 808 722**	***2 576 017***	***-8.29%***	***1 363 819***	***-47.06%***
Non-group results	977 552	*654 507*	*-33.05%*	*625 987*	*-4.36%*
NET INCOME - GROUP SHARE	**1 831 170**	**1 921 510**	***4.93%***	**737 832**	***-61.60%***

Source: Bank Of Africa (BMCE Group)

2. Presentation of the consolidated annual balance sheet of Bank Of Africa as of 31 December 2020

ASSETS - K MAD	2018	2019	Var	2020	Var
Cash in hand, Central Bank, Treasury, Postal Check Service	14 310 554	14 450 591	*0.98%*	16 291 624	*12.74%*
Financial assets at fair value through profit or loss	0			0	
- Financial assets held for trading	25 104 686	29 913 430	*19.15%*	29 529 201	*-1.28%*
- Other financial assets at fair value through profit or loss	1 011 536	794 295	*-21.48%*	774 086	*-2.54%*
Derivative hedging instruments	0				
Available-for-sale financial assets	0				
Other financial assets at fair value through profit or loss	0				
- Debt instruments accounted for at fair value through recyclable equity	1 402 639	1 667 868	*18.91%*	1 222 818	*-26.68%*
- Equity instruments accounted for at fair value through equity that are not recyclable	3 986 053	4 446 599	*11.55%*	4 642 101	*4.40%*
Held-to-maturity assets					
Securities at amortized cost	25 315 848	30 042 750	*18.67%*	37 324 605	*24.24%*
Loans and advances to credit institutions and similar entities at amortized cost	21 250 394	22 403 739	*5.43%*	22 392 263	*-0.05%*
Loans and advances to customers	179 302 874	186 645 591	*4.10%*	194 166 699	*4.03%*
Asset revaluation reserve for portfolios hedged against interest rates					
Net income from insurance activities					
Current tax assets	783 556	920 499	*17.48%*	797 935	*-13.31%*
Current tax assets	1 615 532	1 767 563	*9.41%*	2 083 871	*17.90%*
Accruals and other assets	7 199 267	6 631 296	*-7.89%*	6 751 532	*1.81%*
Non-current assets to be sold	0				
Investments in companies accounted for by the equity method	874 360	930 990	*6.48%*	962 952	*3.43%*
Investment properties	3 730 378	3 800 224	*1.87%*	3 684 810	*-3.04%*
Tangible fixed assets	7 640 031	9 222 503	*20.71%*	8 945 178	*-3.01%*
Intangible assets	987 571	1 079 156	*9.27%*	1 310 012	*21.39%*
Goodwill	1 032 114	1 032 114	*0.00%*	1 032 114	*0.00%*
Total Assets	**295 547 393**	**315 749 207**	***6.84%***	**331 911 802**	***5.12%***

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LIABILITIES - K MAD	2018	2019	Var	2020	Var
Central Banks, Treasury, Postal Check Service					
Financial liabilities at fair value through profit or loss					
- Financial liabilities held for trading					
- Financial liabilities at fair value through profit or loss under option					
Derivative hedging instruments					
Debt securities issued	13 582 981	16 346 393	*20%*	14 111 265	*-14%*
Amounts owed to credit institutions and similar entities	43 725 210	45 071 844	*3%*	59 960 481	*33%*
Accounts payable to customers	192 474 205	202 816 657	*5%*	207 086 841	*2%*
Revaluation reserve for portfolios hedged against interest rates					
Current tax liabilities	769 014	1 396 103	*82%*	877 982	*-37%*
Deferred tax liabilities	1 179 765	1 179 957	*0%*	1 258 073	*7%*
Accruals and other liabilities	9 350 024	10 379 406	*11%*	9 634 263	*-7%*
Liabilities related to non-current assets to be sold					
Technical provisions for insurance contracts					
Provisions for liabilities and expenses	1 039 395	1 172 574	*13%*	1 407 895	*20%*
Grants, restricted public funds, and special guarantee funds					
Subordinated debts	9 585 289	9 590 170	*0%*	9 594 473	*0%*
TOTAL DEBTS	**271 705 883**	**287 953 104**	*6%*	**303 931 273**	*6%*
Shareholders' equity					
Capital and related reserves	14 365 774	18 473 069	*29%*	19 624 631	*6%*
Retained earnings				0	
- Group share	1 584 607	1 474 765	*-7%*	1 587 064	*8%*
- Minority interests	3 977 575	4 149 154	*4%*	4 283 718	*3%*

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Gains and losses recognized directly in equity					
- Group share	593 531	618 563	*4%*	609 900	*-1%*
- Minority interests	511 300	504 535	*-1%*	511 398	*1%*
Net income for the fiscal year				**0**	
- Group share	1 831 171	1 921 510	*5%*	737 832	*-62%*
- Minority interests	977 552	654 507	*-33%*	625 987	*-4%*
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	**23 841 510**	**27 796 103**	***17%***	**27 980 530**	*1%*
TOTAL Liabilities	**295 547 393**	**315 749 207**	***6.84%***	**331 911 802**	***5.12%***

Source: Bank of Africa

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3. Presentation of Bank Of Africa's consolidated income statement for Q1 2021

IFRS Income Statement	31/03/2021	31/03/2020	Var %
Interest and similar income	3 630 919	3 643 069	-0.3%
Interest and similar expenses	-1 105 886	-1 267 793	-12.8%
Interest margin	**2 525 033**	**2 375 276**	**6.3%**
Commissions received	764 984	743 456	2.9%
Commissions paid	-102 941	-119 769	-14.1%
COMMISSION MARGIN	**662 043**	**623 687**	**6.1%**
Net gains or losses on hedges of net positions	0	0	
Net gains or losses on instruments at fair value through profit or loss	192 115	-16 638	NS
Net gains or losses on trading assets/liabilities	*178 866*	*-21 363*	NS
Net gains or losses on other assets/liabilities at fair value through profit or loss	*13 249*	*4 725*	180.4%
Net gains or losses on financial instruments at fair value through equity	18 936	19 455	-2.7%
Net gains or losses on debt instruments recognized in recyclable equity		*0*	
Remuneration of equity instruments recognized in non-recyclable equity	*18 936*	*19 455*	-2.7%
Gains or losses arising from the reclassification of financial assets at an amortized cost		0	
Gains or losses resulting from the reclassification of financial assets at amortized cost to financial assets at fair value through profit or loss		0	
Gains or losses resulting from the reclassification of financial assets by CP into financial assets at fair value through profit or loss		0	
Net income from insurance activities		0	
Net income from other activities	195 897	231 474	-15.4%
Expenses from other activities	-130 264	-111 222	17.1%
Net banking income	**3 463 760**	**3 122 032**	**10.9%**
General operating expenses	-1 633 092	-1 665 180	-1.9%
Amortization and depreciation of intangible and tangible assets	-236 749	-224 502	5.5%
Gross operating surplus	**1 593 919**	**1 232 350**	**29.3%**
Risk cost	-753 076	-503 595	49.5%
Operating income	**840 843**	**728 755**	**15.4%**
Share of the results of companies accounted for by the equity method	25 788	20 003	28,9%
Net gains or losses on other assets	1 349	-251 689	-100.5%
Changes in the goodwill value	0	0	
Income before tax	**867 980**	**497 069**	**74.6%**
Income tax on earnings	-167 324	-143 402	16.7%
Net income from discontinued operations or operations still to be sold	0	0	
Net profit	**700 656**	**353 667**	**98.1%**
Non-group results	257 858	230 882	11.7%
Net income - Group share	**442 798**	**122 785**	**260.6%**

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4. Presentation of Bank Of Africa's consolidated annual balance sheet for Q1 2021

IFRS ASSETS	31/03/2021	31/12/2020	Var %
Cash in hand, Central Banks, Treasury, Postal Check Service	**15 061 010**	**16 291 624**	**-7.6%**
Financial assets at fair value through profit or loss	**0**	**0**	
- Financial assets held for trading	*41 019 928*	*29 529 201*	38.9%
- Other financial assets at fair value through profit or loss	*793 477*	*774 086*	2.5%
Derivative hedging instruments	**0**	**0**	
Other financial assets at fair value through profit or loss	**0**	**0**	
- Debt instruments accounted for at fair value through recyclable equity	*1 410 764*	*1 222 818*	15.4%
- Equity instruments accounted for at fair value through equity that are not recyclable	*4 396 932*	*4 642 101*	-5.3%
Securities at amortized cost	**38 151 625**	**37 324 605**	**2.2%**
Loans and advances to credit institutions and similar entities at amortized cost	**20 516 420**	**22 392 263**	**-8.4%**
Loans and advances to customers, at amortized cost	**188 844 272**	**194 166 699**	**-2.7%**
Revaluation reserve for portfolios hedged against interest rates	**0**	**0**	
Investments of the insurance business	**0**	**0**	
Current tax asset	**793 137**	**797 935**	**-0.6%**
Deferred tax assets	**2 143 115**	**2 083 871**	**2.8%**
Accruals and other assets	**7 859 011**	**6 751 532**	**16.4%**
Non-current assets to be sold	**0**	**0**	
Investments in businesses accounted for by the equity method	**935 540**	**962 952**	**-2.8%**
Investment properties	**3 678 964**	**3 684 810**	**-0.2%**
Tangible fixed assets	**9 066 340**	**8 945 178**	**1.4%**
Intangible assets	**1 418 508**	**1 310 012**	**8.3%**
Goodwill	**1 032 114**	**1 032 114**	**0.0%**
TOTAL IFRS ASSETS	**337 121 158**	**331 911 802**	**1.6%**

Source: Bank of Africa - IFRS consolidated financial statements

LIABILITIES IFRS	31/03/2021	31/12/2020	Var %
Central Bank, Treasury, Postal Check Service			
Financial liabilities at fair value through profit or loss			
- Financial liabilities held for trading			
- Financial liabilities at fair value through profit or loss under option			
Derivative hedging instruments			
Debt securities issued	**13 647 027**	**14 111 265**	**-3.3%**
Amounts owed to credit institutions and similar entities	**60 971 493**	**59 960 481**	**1.7%**
Accounts payable to customers	**211 023 657**	**207 086 841**	**1.9%**
Revaluation reserve for portfolios hedged against interest rates	**0**		
Current tax liabilities	**977 576**	**877 982**	**11.3%**
Deferred tax liabilities	**1 246 666**	**1 258 073**	**-0.9%**
Accruals and other liabilities	**9 933 081**	**9 634 263**	**3.1%**
Liabilities related to non-current assets to be sold	**0**		
Insurance contract liabilities	**0**		
Provisions for liabilities and expenses	**1 470 249**	**1 407 895**	**4.4%**
Grants - restricted public funds and special guarantee funds	**0**		
Subordinated debts	**9 647 536**	**9 594 473**	**0.6%**
TOTAL DEBTS	**308 917 285**	**303 931 273**	**1.6%**
Shareholders' equity			
Capital and related reserves	**19 592 792**	**19 624 631**	**-0.2%**
Retained earnings	**0**	**0**	
- Group share	2 179 768	1 587 064	37.3%
- Minority interests	4 635 486	4 283 718	8.2%
Gains and losses recognized directly in equity	**0**	**0**	
- Group share	597 736	609 900	-2.0%
- Minority interests	497 435	511 398	-2.7%
Net income for the fiscal year	**0**	**0**	
- Group share	442 798	737 832	-40.0%

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- Minority interests	257 858	625 987	-58.8%
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	**28 203 873**	**27 980 530**	**0.8%**
TOTAL IFRS LIABILITIES	**337 121 158**	**331 911 802**	**1.6%**

Source: Bank of Africa - IFRS consolidated financial statements

II. Bank of Africa's financial situation

1. Presentation of Bank of Africa's annual profit and loss statement as of 31 December 2020

	2018	2019	Var	2020	Var
BANK OPERATING INCOME	**10 594 778**	**11 145 100**	5.20%	**11 448 179**	2.72%
Interest, remuneration, and similar income on transactions with credit institutions	702 881	761 414	8.30%	710 550	-6.68%
Interest, remuneration, and similar income on operations with customers	5 625 747	5 467 179	-2.80%	5 334 205	-2.43%
Interest and similar income on debt securities	501 987	511 501	1.90%	557 275	8.95%
Income from property titles (1) and Sukuks certificates	699 212	658 083	-5.90%	611 251	-7.12%
Products on Mudaraba and Musharaka titles				-	
Income from leased and rented assets	16 190	16 627	2.70%	28 781	73.10%
Income on fixed assets given in Ijara				-	
Commissions on services	1 189 821	1 265 476	6.40%	1 115 875	-11.82%
Other banking products	1 858 940	2 464 820	32.60%	3 090 242	25.37%
Transfer of expenses on investment deposits received				-	
BANK OPERATING INCOME	**4 575 473**	**4 668 371**	2.00%	**5 147 548**	10.26%
Interest, remuneration, and similar income on transactions with credit institutions	993 554	1 279 079	28.70%	1 250 026	-2.27%
Interest and charges on customer transactions	1 450 090	1 282 212	11.60%	1 052 972	-17.88%
Interest and similar expenses on debt securities issued	396 364	255 028	35.70%	229 687	9.94%
Expenses on Mudaraba and Musharaka titles				-	
Income from leased and rented assets	10 466	13 568	29.60%	16 216	19.52%
Income on fixed assets given in Ijara				-	
Other external expenses	1 724 999	1 838 484	6.60%	2 598 647	41.35%
Transfer of proceeds from investment deposits received				-	
NET BANKING INCOME	**6 019 302**	**6 476 731**	7.60%	**6 300 631**	-2.72%
Non-banking operating income	239 596	190 578	-20.50%	472 279	147.81%
Non-banking operating expenses	11 573	63 685	450.30%	29 683	-53.39%
GENERAL OPERATING EXPENSES	**3 594 893**	**3 645 941**	1.40%	**3 432 499**	-5.85%
Personnel expenses	1 603 716	1 631 096	1.70%	1 553 520	-4.76%
Taxes and duties	105 306	117 836	11.90%	93 624	-20.55%
External expenses	1 627 598	1 617 320	-0.60%	1 479 989	-8.49%
Other general operating expenses	9 538	8 994	-5.70%	8 887	-1.19%

Amortization and depreciation of intangible and tangible assets	248 735	270 695	8.80%	296 479	9.53%
PROVISIONS AND LOSSES ON NON-RECOVERABLE RECEIVABLES	**1 119 460**	**2 122 518**	89.60%	**2 585 199**	21.80%
Allowances for outstanding receivables and commitments by signature	941 496	858 615	-8.80%	1 651 794	92.38%
Losses on bad debts	24 656	930 178	3672.60%	783 717	-15.75%
Other charges to provisions	153 308	333 725	117.70%	149 688	-55.15%
REVERSALS OF PROVISIONS AND RECOVERIES OF AMORTIZED RECEIVABLES	**330 158**	**1 212 727**	267,30%	**1 035 725**	-14.60%
Reversals of provisions for past due receivables and liabilities by signature	291 902	1 171 684	301.40%	968 557	-17.34%
Recovery of amortized receivables	31 156	30 543	-2.00%	27 808	-8.95%
Other reversals of provisions	7 100	10 500	47.90%	39 360	274.86%
CURRENT INCOME	**1 863 131**	**2 047 889**	9.90%	**1 761 253**	-14.00%
Non-recurring proceeds				-	
Non-recurring expenses		35 100		762 260	2071.68%
INCOME BEFORE TAX	**1 863 131**	**2 012 789**	8.00%	**998 993**	-50.37%
Income tax on earnings	519 477	*640 941%*	23.40%	274 812	-57.12%
NET INCOME FOR THE FISCAL YEAR	**1 343 654**	**1 371 848**	**2.10%**	**724 181**	**-47.21%**

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2. Presentation of the annual social balance sheet of Bank of Africa as of 31 December 2021

ASSETS - K MAD	2018	2019	Var	2020	Var
Cash in hand, Central Banks, Treasury, Postal Check Service	**5 625 922**	**5 110 572**	-9,20%	**4 700 288**	-8.03%
Loans and advances to credit institutions and similar entities	**20 645 443**	**22 149 097**	7.30%	**20 148 615**	-9.03%
Deposit	5 076 685	7 698 907	51.70%	3 934 452	-48.90%
In the future	15 568 758	14 450 190	-7.20%	16 214 163	12.21%
Receivables from customers	**109 721 074**	**116 625 100**	6.30%	**126 812 254**	8.73%
Loans and participative financing for cash flow and consumption	33 015 606	35 594 227	7.80%	38 746 351	*8.86%*
Loans and participatory financing for equipment	21 811 901	22 104 094	1.30%	20 263 591	-8.33%
Real estate loans and participatory financing	40 456 856	40 527 424	0.20%	41 057 176	1.31%
Other credits and participatory financing	14 436 711	18 399 355	27.40%	26 745 136	45.36%
Receivables acquired through factoring	**2 515 204**	**2 283 749**	-9,20%	**2 113 945**	-7.44%
Trading and investment securities	**25 180 944**	**30 005 813**	19.20%	**30 931 541**	3.09%
Treasury bills and similar securities	8 643 121	10 154 073	17.50%	9 458 897	-6.85%
Other debt securities	610 039	506 783	-16.90%	220 787	-56.43%
Title deeds	15 832 484	19 267 730	21.70%	21 193 183	9.99%
Sukuks Certificates	95 300	77 227	-19.00%	58 674	-24.02%
Other assets	**4 205 962**	**3 459 599**	-17.70%	**4 831 475**	39.65%
Investment securities	**3 770 452**	**4 375 064**	16.00%	**8 433 543**	92.76%
Treasury bills and similar securities	1 453 364	2 125 081	46.20%	4 115 642	93.67%
Other debt securities	2 317 088	2 249 983	-2.90%	4 317 901	91.91%
Sukuks Certificates	-	0		-	
Equity securities and similar items	**10 719 322**	**10 691 682**	-0.30%	**10 873 764**	1.70%
Investments in affiliated companies	8 121 778	8 630 476	6.30%	8 892 226	3.03%
Other equity investments and similar uses	2 597 544	2 061 206	-20.60%	1 981 538	-3.87%
Mudaraba and Musharaka titles	-	0		-	
Subordinated receivables	**198 469**	**192 807**	-2.90%	**200 743**	4.12%
Investment deposits placed		0		-	
Leased and rented assets	**151 266**	**191 147**	26.40%	**190 816**	-0.17%
Fixed assets given in Ijara		0		-	
Intangible assets	**232 960**	**410 050**	76.00%	**583 738**	42.36%
Tangible fixed assets	**5 143 410**	**5 470 550**	6.40%	**5 395 263**	-1.38%
Total Assets	**188 110 428**	**200 965 233**	**6.80%**	**215 215 987**	**7.09%**

LIABILITIES - K MAD -	2018	2019	Var	2020	Var
Central Bank, Treasury, Postal Check Service				-	
Amounts owed to credit institutions and similar entities	**19 869 938**	**22 630 542**	13.90%	**37 034 499**	63.65%
Deposit	1 441 442	1 932 813	34.10%	2 539 628	31.40%
In the future	18 428 496	20 697 729	12.30%	34 494 871	66.66%
Customer deposits	**128 759 406**	**134 441 241**	4.40%	**134 792 521**	0.26%
Deposit accounts in credit	74 862 064	79 783 847	6.60%	85 875 583	7.64%
Savings Accounts	23 519 703	24 562 835	4.40%	25 102 696	2.20%
Term deposits	23 982 912	23 723 341	-1.10%	17 674 709	-25.50%
Other accounts payable	6 394 727	6 371 218	-0.40%	6 139 533	-3.64%
Payables to customers on equity products		0		-	
Debt securities issued	**8 595 966**	**9 372 817**	9.00%	**8 166 405**	-12.87%
Negotiable debt securities issued	8 095 966	8 872 817	9.60%	7 666 405	-13.60%
Debenture bonds issued	500 000	500 000	0.00%	500 000	0.00%
Other debt securities issued		0		-	
Other liabilities	**4 727 486**	**3 968 135**	-16.10%	**3 543 407**	-10.70%
Provisions for liabilities and expenses	**863 291**	**1 117 336**	29.40%	**1 221 143**	9.29%
Regulated provisions		0		514 706	#DIV/0!
Grants, restricted public funds, and special guarantee funds		0		-	
Subordinated debts	**9 584 871**	**9 590 170**	0.10%	**9 594 473**	0.04%
Investment deposits received		**0**		**-**	
Revaluation differences		**0**		**-**	
Reserves and premiums related to capital	**12 571 143**	**16 474 865**	31.10%	**17 568 566**	6.64%
Capital	**1 794 634**	**1 998 204**	11.30%	**2 056 066**	2.90%
Shareholders unpaid capital (-)		**0**		**-**	
Retained earnings (+/-)	**37**	**75**	102.70%	**20**	-73.33%
Net income pending allocation (+/-)		**0**		**-**	
Net income for the fiscal year (+/-)	**1 343 654**	**1 371 848**	2.10%	**724 181**	-47.21%
Total Liabilities	**188 110 428**	**200 965 233**	**6.80%**	**215 215 987**	**7.09%**

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5. Presentation of Bank Of Africa's annual profit and loss statement for Q1 2021

	31/03/2021	31/03/2020	Var
BANK OPERATING INCOME	**2 932 612**	**3 700 388**	**-20.75%**
Interest, remuneration, and similar income on transactions with credit institutions	95 444	225 932	-57.76%
Interest, remuneration, and similar income on operations with customers	1 265 032	1 293 137	-2.17%
Interest and similar income on debt securities	139 911	122 214	14.48%
Income from property titles (1) and Sukuks certificates	348 601	346 182	0.70%
Products on Mudaraba and Musharaka titles	0	0	
Income from leased and rented assets	5 872	4 069	44.31%
Income on fixed assets given in Ijara	0	0	
Commissions on services	292 103	292 135	-0.01%
Other banking products	785 649	1 416 719	-44.54%
Transfer of expenses on investment deposits received	0	0	
BANK OPERATING INCOME	**1 069 466**	**2 119 789**	**-49.55%**
Interest, remuneration, and similar income on transactions with credit institutions	222 423	302 535	-26.48%
Interest and charges on customer transactions	211 167	291 822	-27.64%
Interest and similar expenses on debt securities issued	51 928	63 311	-17.98%
Expenses on Mudaraba and Musharaka titles	0	0	
Income from leased and rented assets	5 142	3 528	45.75%
Income on fixed assets given in Ijara	0	0	
Other external expenses	578 806	1 458 593	-60.32%
Transfer of proceeds from investment deposits received	0	0	
NET BANKING INCOME	**1 863 146**	**1 580 599**	**17.88%**
Non-banking operating income	16 252	20 503	-20.73%
Non-banking operating expenses	14 356	3 594	299.44%
GENERAL OPERATING EXPENSES	**865 449**	**837 714**	**3.31%**
Personnel expenses	399 247	383 563	4.09%
Taxes and duties	19 349	17 458	10.83%
External expenses	366 423	366 599	-0.05%
Other general operating expenses	2 789	645	332.40%
Amortization and depreciation of intangible and tangible assets	77 641	69 449	11.80%
PROVISIONS AND LOSSES ON NON-RECOVERABLE RECEIVABLES	**377 890**	**318 875**	**18.51%**
Allowances for outstanding receivables and commitments by signature	374 808	272 184	37.70%
Losses on bad debts	3 082	21 691	-85.79%
Other charges to provisions	0	25 000	-100.00%
REVERSALS OF PROVISIONS AND RECOVERIES OF AMORTIZED RECEIVABLES	**34 187**	**45 823**	**-25.39%**
Reversals of provisions for past due receivables and liabilities by signature	33 367	20 264	64.66%
Recovery of amortized receivables	820	1 891	-56.64%
Other reversals of provisions	0	23 668	-100.00%
CURRENT INCOME	**655 890**	**486 742**	**34.75%**

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Non-recurring proceeds	32 169	0	
Non-recurring expenses	61 128	260 826	-76.56%
INCOME BEFORE TAX	**626 931**	**225 916**	**177.51%**
Income tax on earnings	106 608	40 193	165.24%
NET INCOME FOR THE FISCAL YEAR	**520 323**	**185 723**	**180.16%**

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6. Presentation of Bank of Africa's Q1 2021 company balance sheet

ASSETS	31/03/2021	31/12/2020	Var
Cash in hand, Central Banks, Treasury, Postal Check Service	**3 319 408**	**4 700 288**	**-29.38%**
Loans and advances to credit institutions and similar entities	**20 024 543**	**20 148 615**	**-0.62%**
Deposit	4 161 694	3 934 452	5.78%
In the future	15 862 849	16 214 163	-2.17%
Receivables from customers	**122 544 510**	**126 812 254**	**-3.37%**
Loans and participatory financing for cash flow and consumption	40 296 283	38 746 351	4.00%
Loans and participatory financing for equipment	19 604 807	20 263 591	-3.25%
Real estate loans and participatory financing	41 419 113	41 057 176	0.88%
Other credits and participatory financing	21 224 307	26 745 136	-20.64%
Receivables acquired through factoring	**1 990 014**	**2 113 945**	**-5.86%**
Trading and investment securities	**42 743 894**	**30 931 541**	**38.19%**
Treasury bills and similar securities	14 652 693	9 458 897	54.91%
Other debt securities	260 125	220 787	17.82%
Title deeds	27 772 402	21 193 183	31.04%
Sukuks Certificates	58 674	58 674	0.00%
Other assets	**5 606 189**	**4 831 475**	**16.03%**
Investment securities	**8 495 495**	**8 433 543**	**0.73%**
Treasury bills and similar securities	3 991 019	4 115 642	-3.03%
Other debt securities	4 504 476	4 317 901	4.32%
Sukuks Certificates	0	0	
Equity securities and similar items	**11 015 782**	**10 873 764**	**1.31%**
Investments in affiliated companies	9 012 992	8 892 226	1.36%
Other equity investments and similar uses	2 002 790	1 981 538	1.07%
Mudaraba and Musharaka titles	0	0	
Subordinated receivables	**195 262**	**200 743**	**-2.73%**
Investment deposits placed	**0**	**0**	
Leased and rented assets	**184 527**	**190 816**	**-3.30%**
Fixed assets given in Ijara	**0**	**0**	
Intangible assets	**612 990**	**583 738**	**5.01%**
Tangible fixed assets	**5 611 225**	**5 395 263**	**4.00%**
Total Assets	**222 343 839**	**215 215 987**	**3.31%**

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LIABILITIES	31/03/2021	31/12/2020	Var
Central Bank, Treasury, Postal Check Service	0	0	
Amounts owed to credit institutions and similar entities	**41 770 932**	**37 034 499**	**12.8%**
Deposit	5 996 028	2 539 628	136.1%
In the future	35 774 904	34 494 871	3.7%
Customer deposits	**136 479 317**	**134 792 521**	**1.3%**
Deposit accounts in credit	85 760 579	85 875 583	-0.1%
Savings Accounts	25 457 886	25 102 696	1.4%
Term deposits	18 969 665	17 674 709	7.3%
Other accounts payable	6 291 187	6 139 533	2.5%
Payables to customers on equity products	**0**	**0**	
Debt securities issued	**8 057 894**	**8 166 405**	**-1.3%**
Negotiable debt securities issued	7 557 894	7 666 405	-1.4%
Debenture bonds issued	500 000	500 000	0.0%
Other debt securities issued	0	0	
Other liabilities	**3 849 266**	**3 543 407**	**8.6%**
Provisions for liabilities and expenses	**1 221 138**	**1 221 143**	**0.0%**
Regulated provisions	**485 183**	**514 706**	**-5.7%**
Grants, restricted public funds, and special guarantee funds	**0**	**0**	
Subordinated debts	**9 647 535**	**9 594 473**	**0.6%**
Investment deposits received	**0**	**0**	
Revaluation differences	**0**	**0**	
Reserves and premiums related to capital	**17 531 984**	**17 568 566**	**-0.2%**
Capital	**2 056 066**	**2 056 066**	**0.0%**
Shareholders Unpaid capital (-)	**0**	**0**	
Retained earnings (+/-)	**20**	**20**	0.0%
Net income pending allocation (+/-)	**724 181**	**0**	
Net income for the fiscal year (+/-)	**520 323**	**724 181**	**-28.2%**
Total Liabilities	**222 343 839**	**215 215 987**	**3.3%**

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PART III: Presentation of risks

I. Risks related to the issuer Bank Of Africa

1. Counterparty Risk Management

Net loans distributed (to customers and credit institutions) by the Bank (Consolidated Activity) amounted to MAD 216 billion at the end of December 2020 against MAD 209 billion at the end of December 2019.

The trend in past-due receivables remains more sustained than that of loans, in particular with the entry into force of the Convergence mechanism and the more stringent positions of our various regulators. The Group's claims ratio is up from December 2019, from 9.1% to 9.6%. The coverage rate was 64.5% at the end of 2020, up from 63% at the end of 2019.

The portfolios of the BOA entities are mostly corporate, and thus present solid guarantees, which explains the lower claim rates than those of the sector.

The Bank has undertaken a significant effort to clean up its portfolio of trade receivables, an effort that it maintains within the framework of its risk management policy and in compliance with the prudential rules laid down by Bank Al-Maghrib, as well as with sound risk practices.

As a result, the Bank has set up a risk management system based on several governance bodies, on the one hand, and on day-to-day management, on the other.

The following are involved in the management and monitoring of the Bank's and the Group's risks:

- The Group Audit and Internal Control Committee (CACI) ;
- The General Management Committee (GMC), in charge of translating the Group's strategic orientations into actions and operational measures and monitoring them;
- The credit committees, which approve all commitments ;
- The Deficiency Accounts Oversight and Decommissioning Committee;
- The Group Risk Committee, which assists the Board of Directors in risk strategy and management, in particular by ensuring that the overall risk strategy is adapted to the bank's and the Group's risk profile, degree of risk aversion, systemic importance, size, and capital base;
- The Group Risk Management and Steering Committee and the BANK OF AFRICA Risk Management and Steering Committee. As part of the CDD, they ensure the efficiency of the risk management system and its compliance with the risk management policy defined for credit, market and operational risks.

The Bank's lending activity is carried out within the framework of the general lending policy approved by the Bank's senior management. The guiding principles include the Group's requirements in terms of ethics, allocation of responsibilities, existence of and compliance with procedures, and rigorous risk analysis. This general policy is broken down into specific policies and procedures adapted to the nature of the activities and counterparties, based in particular on an internal rating system, a system of delegation of authority and a limit management system to mitigate concentration risk.

The system of delegation of authority takes the form of approval levels, depending on the customer segment, the aggregate amount of facilities offered to the customer, and the type of exposure (public and semi-public companies, exposure to banks, etc.).

The Bank's rating system is a two-dimensional system, combining a credit rating that evaluates the risk inherent in the transaction and a financial rating obtained on the basis of the debtor's financial situation. In addition to the quantitative aspects, other qualitative aspects are taken into consideration in the elaboration of the rating. (Development potential, sector of activity, rating of the parent company, country risk, and payment incidents).

Within the framework of the Basel regulations, Bank Al-Maghrib has set the minimum number of classes that a rating system must include:

- 7 classes for healthy counterparts;

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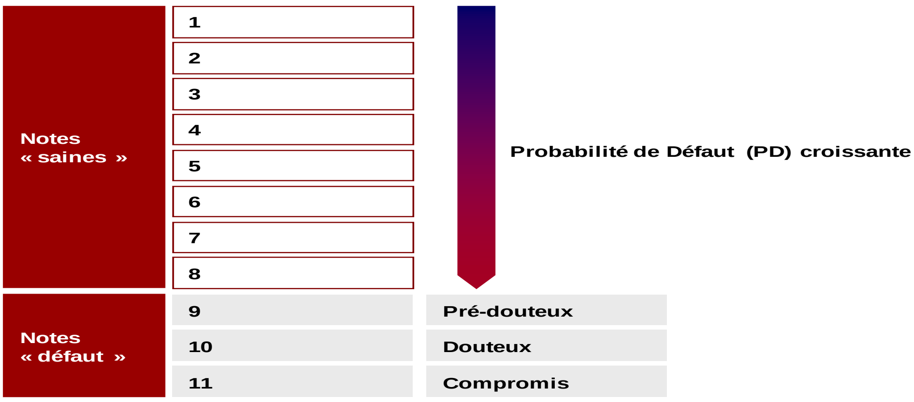
- 1 class for defaulting counterparties.

According to the rating scale adopted by BANK OF AFRICA, the final rating of the counterparty ranges over 11 levels:

Category		Class	Definition
Investment grade	Limited risk	1	Extremely stable in the short and medium term; very stable in the long term; solvent even after severe disruptions
		2	Very stable in the short and medium term; stable in the long term; sufficient solvency even in the event of persistent adverse events
		3	Solvable in the short and medium term even after major difficulties; slight adverse developments can be absorbed in the long term
		4	Very stable in the short term; no credit-threatening changes expected in the coming year; sufficient substance in the medium term to be able to survive; long-term development still uncertain
Sub-investment grade	Medium risk	5	Stable in the short term; no credit-threatening changes expected in the coming year; can only absorb small adverse developments in the medium term
		6	Limited capacity to absorb unexpected adverse developments
		7	Very limited capacity to absorb unexpected adverse developments
	High risk	8	Low capacity to repay interest and principal on time. Any change in internal and external economic and business conditions will make it difficult to meet commitments.
		9	Inability to pay interest and principal on time. Compliance with the commitments is linked to the favorable evolution of internal and external commercial and economic conditions.
	Very high risk	10	Very high risk of default, inability to repay interest and principal on time. Partial default in payment of interest and principal.
		11	Total default in payment of interest and principal



Source: BANK OF AFRICA

The breakdown of commitments by risk class at the end of December 2020 is as follows:

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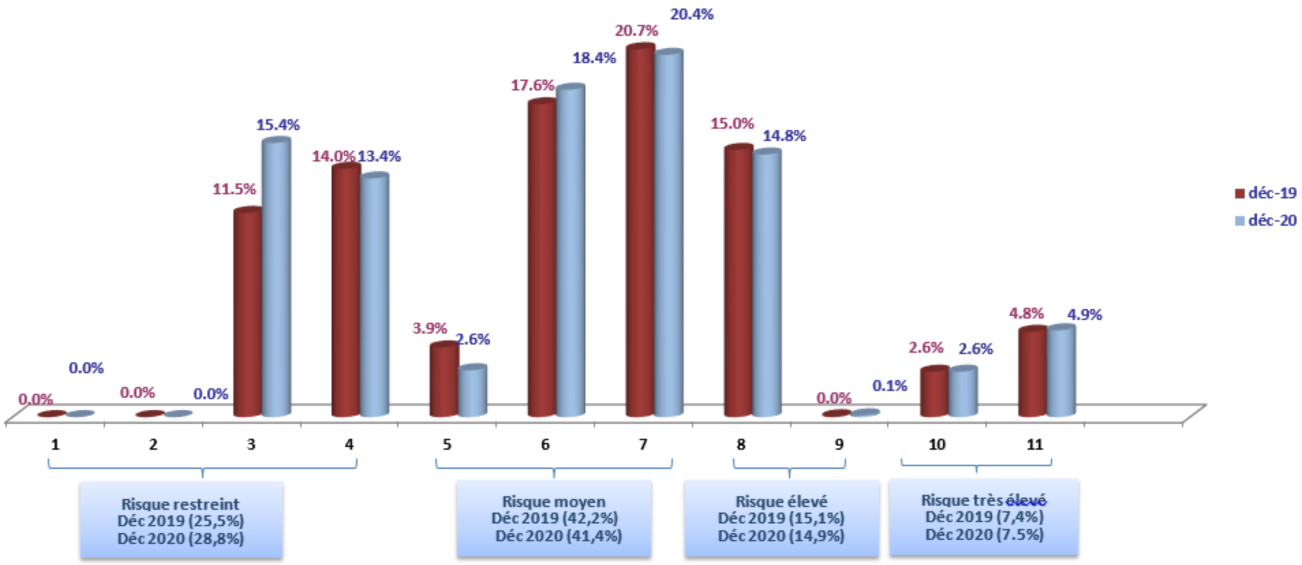

Source: BANK OF AFRICA

It should be noted that the files on the Watch-List are subject to special monitoring and the related receivables are covered by Provisions for General Risks -PRG- in accordance with the regulations.

2. Interest Rate and Liquidity Risk

- **Liquidity risk analysis**

The Bank's liquidity risk management strategy is designed to adapt its resource structure to allow the Bank to continue to expand its business in a harmonious manner.

Liquidity risk is the risk that the Bank will not be able to meet its commitments when unexpected needs arise, and it cannot meet them from its liquid assets.

Such an eventuality may have other causes than liquidity. For example, large losses resulting from counterparty defaults or adverse market developments.

There are two major sources of liquidity risk:

- The inability of the institution to raise the funds necessary to meet unexpected short-term situations, including a massive withdrawal of deposits or a maximum drawdown of off-balance sheet commitments.

- The non-matching of assets and liabilities or the financing of medium and long-term assets by short-term liabilities. An acceptable level of liquidity is one that allows the Bank both to finance the evolution of its assets and to meet its liabilities as soon as they fall due, thereby protecting the Bank from a possible crisis.

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

- The Liquidity Coverage Ratio (LCR) was 167% on a consolidated basis as of 31 December 020.

- Cumulative gap profile: the technique of periodic or cumulative gaps in dirhams and foreign currencies allows to evaluate 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 over different time horizons and to determine the appropriate hedging terms.

Monetary liabilities amount to MAD 26 892 million with a duration of 40.36 days, while liquid assets amount to MAD 32 584 million.

Moreover, it should be noted that 98% of the value of the bond assets is made up of Treasury bills, which ensures almost total liquidity. This asset category amounts to MAD 9 544 million.

- **Interest rate risk analysis**

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Interest rate risk is the risk that future changes in interest rates will reduce the bank's forecasted margins.

Changes in interest rates also impact the present value of expected future cash flows. The degree of impact on the economic value of assets and liabilities depends on the sensitivity of the various balance sheet components to a change in interest rates.

The assessment of the interest rate risk can be carried out through a set of stress testing simulations, within the framework of a scenario of 200 pbs variation in interest rates as recommended by the Basel Committee.

The Bank's interest rate risk management strategy ensures the stability of results against interest rate fluctuations, by preserving the interest margin and optimizing the economic value of equity.

Changes in interest rates can adversely affect the Bank's interest margin and therefore cause serious deviations from the original plan.

In order to neutralize these risks of deviation, the ALM department regularly guides the Bank's strategy by setting rules for matching assets and liabilities with similar resources and by defining a maximum tolerance threshold for deviation of the interest margin from the forecast net interest margin.

The technique of periodic or cumulative shortfalls / gaps in dirhams and foreign currencies, allows to evaluate the level of interest rate risk incurred by the bank in the short and medium long term.

This technique makes it possible to estimate asset/liability mismatches over different time horizons in order to determine the appropriate hedging terms.

The assets are mainly bonds, consisting of Treasury bills, negotiable debt securities, and bonds.

These assets are mainly financed by short-term liabilities with a duration of 40.3 days.

Stress testing simulations are carried out to assess the impact of a change in interest rates on the interest margin and on the economic value of equity. At the end of December 2020, excluding the trading book portfolio, the impact of a 200 pbs variation in interest rates on the interest margin is estimated at MAD 0.36 billion, i.e., 8.3% of the forecasted NIM. The change in the economic value of equity, excluding the trading book portfolio, in the face of a 200 pbs interest rate shock, is estimated at MAD 0.75 billion or 6.0% of core equity.

Bond portfolio

The bond portfolio (as of 31 December 2020) has an average duration of 1.46 years and an average sensitivity of 1.43. Its outstanding amount at market value is MAD 6 687 million.

A parallel change in interest rates of +50 pbs would result in an average loss of MAD 47 million.

A parallel change in interest rates of +100 pbs would result in an average loss of MAD 93 million.

The spectrum of sensitivities below shows the choice of breakdown of the total sensitivity over the different categories of paper, and therefore the choice of projection of the interest rate risk over the different maturity bands.

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3. Currency Risk

Table 1 Currency risk by type of currency

	Net position Long*	Net position Short*	% Equity
EUR	0.00	54.19	0.27%
LYD	0.03	0.00	0.0001%
QAR	2.18	0.00	0.01%
BHD	0.40	0.00	0.002%
SEK	0.00	2.14	0.01%
CHF	0.00	20.08	0.10%
TND	56.95	0.00	0.28%
CAD	0.00	0.48	0.002%
DZD	0.26	0.00	0.001%
KWD	22.28	0.00	0.11%
SAR	7.97	0.00	0.04%
AED	57.64	0.00	0.28%
JPY	0.00	0.29	0.001%
DKK	0.00	14.71	0.07%
NOK	2.31	0.00	0.01%
USD	0.00	39.28	0.19%
GBP	0.00	4.80	0.02%

Source: Bank Of Africa

(*) Assets - liabilities in the same currency +/- net forward commitments +/- delta options - Data as of 12/31/2020

The sum of the net foreign exchange positions is as follows:

- For long positions: MAD 150 million, or 0.74% of net equity.
- For short positions: MAD 136 million, or 0.67% of net equity.

The above table shows that BANK OF AFRICA remains within the prudential limits established by Bank Al-Maghrib, which are set at 10% of equity per currency and 20% for all currencies.

4. Regulatory risks

The development of regulations in the countries in which the Group operates is constantly monitored by the local subsidiaries and by the Economic Intelligence Center. The results are periodically shared with the Risk teams, within the framework of the Group's risk community, in order to estimate the possible impact on the banks' portfolios locally and *ultimately* on the Group. These elements are taken into consideration when setting exposure limits on a social and consolidated basis.

Table 2 Solvency ratio as of 31 December 2020 (Basel III) on a consolidated basis

	Weighted assets (K MAD)
Weighted credit risk	**213 967 966**
Weighted market risks	**9 245 142**
Weighted operational risks	**25 062 473**
Total weighted assets	**248 275 581**

Source: BANK OF AFRICA

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Table 3 Tier 1 capital ratio

	Amount (K MAD)
Tier 1 capital	**22 274 247**
Total weighted assets	**248 275 581**
***Tier 1* Capital ratio**	**9.0%**

Source: BANK OF AFRICA

Table 4 Minimum solvency ratio

	Amount (K MAD)
Core capital	**22 274 247**
Qualifying equity	**30 623 466**
Total weighted assets	**248 275 581**
Minimum solvency ratio	**12.3%**

Source: BANK OF AFRICA

The Bank's solvency ratio, which reflects its ability to meet all of its commitments through its equity capital, remains above the regulatory standard of 11.5%.

This ratio stood at 12.3% on a consolidated basis at the end of December 2020.

Note that the Internal Capital Adequacy Assessment Process -ICAAP- is a process for assessing the adequacy of internal capital. The purpose of this system is to ensure that the bank's equity capital is always adequate to cover all of its significant risks. The implementation of this process is based on 3 main axes:

- *The risk appetite framework*, which describes the governance and organizational structure, the process for defining and implementing risk appetite within the Bank.
- *The risk appetite statement*, which defines the dimensions of the *risk appetite* that reflect the Bank's risk profile, in line with the Group's strategic development plan. These dimensions are broken down into quantitative indicators with associated thresholds.
- Identification and quantification of the risks (capital buffer) to which the institution is exposed (non-credit, market and operational).

The risks retained under Pillar 2 for which a quantification of capital requirements is potentially necessary are Interest rate risk, liquidity risk, customer concentration risk, geographic and sector concentration risk, country risk, structural currency risk, non-compliance risk, legal risk, and reputation risk.

These risks are proposed on the basis of an observation of the regulatory recommendations of regulators and the practices of international banks

On the basis of its resilience to stressful situations, the bank hedges the most significant risks impacting profitability, solvency and liquidity with a capital buffer.

Bank Al Maghrib does not impose any capital buffer calculation model and thus leaves it to the banks to develop their own calculation methodology (internal model)

As the methodology for calculating the buffer relating to the various risks has now been defined, the current work is focused on calibrating the capital requirements and defining and arbitrating the capital buffer to be integrated into the solvency ratio of BANK OF AFRICA S.A.

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As part of the management of its ratios, the BANK OF AFRICA group uses various levers to optimize its consumption of Equity Capital. Among other things, the Group may consider reducing its credit production for a given period. This makes it possible to steer the growth of the bank's weighted assets.

For macro-prudential supervision purposes, BANK AL MAGHRIB may require credit institutions to build up a "counter-cyclical capital buffer" on an individual and/or consolidated basis. This cushion, which ranges from 0% to 2.5% of weighted risks, is composed of Tier 1 capital.

Table 5 Forecasted minimum solvency ratio

Social	dec-20	june-21	dec-21	june-22
Tier I capital	**13 249**	**14 129**	**14 192**	**14 448**
Tier II capital	**20 393**	**20 873**	**21 336**	**20 992**
Weighted assets	**134 105**	**136 631**	**139 467**	**141 185**
Tier I ratio	**9.9%**	**10.3%**	**10.2%**	**10.2%**
Solvency ratio	**15.2%**	**15.3%**	**15.3%**	**14.9%**

Consolidated	dec-20	june-21	dec-21	june-22
Tier I capital	**22 274**	**23 369**	**24 046**	**24 339**
Tier II capital	**30 623**	**31 318**	**32 395**	**32 088**
Weighted assets	**248 276**	**253 744**	**259 962**	**265 165**
Tier I ratio	**9.0%**	**9.2%**	**9.2%**	**9.2%**
Solvency ratio	**12.3%**	**12.3%**	**12.5%**	**12.1%**

Source: BANK OF AFRICA

BANK Of Africa's projected ratios on an individual and consolidated basis remain above the regulatory minimum in force: 9% in terms of the solvency ratio on core Tier 1 capital and 12% on overall capital thanks to the internal capital management policy.

5. Operational Risk:

Operational risk is defined as the risk of loss resulting from the inadequacy or failure of procedures, human resources, internal systems, or external events that may impact the proper functioning of the business.

The operational risk management system aims to meet a triple objective:

- Identification, analysis, and evaluation of operational risks;
- Evaluation of internal controls;
- Monitoring of operational risks via alert indicators;
- Controlling operational risks by implementing preventive and/or corrective actions in response to the major risks identified.

The risk management system is reviewed and monitored regularly, allowing for continuous improvement of the system.

Operational risks can be analyzed, classified and prioritized according to the following main axes: causes, consequences (in terms of financial or other impact), score, qualification and level of control and are classified by type of Basel event.

Operational risk exposure and losses incurred are regularly reported to the relevant unit management, senior management and the Board of Directors. The management system is properly documented, ensuring compliance with a formalized set of controls, internal procedures, and corrective actions in case of non-compliance. Internal and/or external auditors are called upon to periodically review management processes and operational risk measurement systems. These reviews cover the activities of the units and the independent operational risk management function. Operational risk management within the BANK OF AFRICA Group is fully automated through a dedicated tool, MEGA HOPEX. Thus, the collection of risk events, the mapping of operational risks and key risk indicators are now managed by this tool, which has been deployed at the level of the Bank and its Moroccan and European subsidiaries.

The Operational Risk Map for the Group's activities covers risks to information systems. The exposure relating to the lack of integration of the Group's information systems is well identified. This risk is covered by the Convergence -SI project.

In view of the health crisis linked to Covid-19, the Group Risk Management Department, under the aegis of the Group's governance bodies, has worked to strengthen risk management systems in order to better absorb forecasted impacts and reinforce the Group's resilience.

With this in mind and following the example of the various projects aimed at structuring and integrating the risk management sector, in particular the Convergence Program, the Group wanted to continue this process by extending the two PRCI and ICAAP systems to systemic subsidiaries, especially as this has become a regulatory requirement for some of them.

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Credit Risk Facility

The deployment of the Credit Risk system (Lots 1 & 2) has been finalized for all subsidiaries except BCB. Note that Lot 1 covers the following aspects: Organization, delegate scheme, management, and *reporting*. While Lot 2 refers to the conduct of stress tests and the monitoring of concentration ratios.

The deployment of the "Market Risk" system has been finalized at the BOA Benin pilot site.

In addition, the ICAAP and PPR (equivalent to the PRCI) systems have been deployed within subsidiaries of systemic importance to the BOA Group, in particular BOA Benin, Burkina Faso, Togo, Niger, and BOA West Africa.

Regarding compliance with the US FATCA regulations, it should be noted that BANK OF AFRICA has launched, since the beginning of 2018, a Group-wide project with the support of an internationally renowned consulting firm with recognized expertise on this subject. All subsidiaries that were to be certified by the end of 2018 have been certified. As FATCA certification depends on the date of registration of the entity on the US tax authorities' website ('Effective Date'), the other Group entities subject to FATCA will have to be certified progressively until 2021. In essence, the BANK OF AFRICA Group is in full compliance with the requirements of FATCA.

The continuity plan responds to the growing importance of minimizing the effects of business interruptions, due to the interdependencies that exist between the business and the resources on which it is based, particularly human, IT, and logistical resources.

This is a set of measures and procedures designed to ensure, under various crisis scenarios, including extreme impacts, that the Bank's essential services are maintained, if necessary on a temporary basis in a degraded mode, and that activities are then resumed in a planned manner.

A target relief organization is set up, together with alternative locations and backup systems. A specific project is being carried out at the Group level with priority given to disaster recovery plans.

The cross-cutting strategic principles of business continuity are:

- BANK OF AFRICA has a social responsibility to provide its clients with the liquid assets they have entrusted to it. Failure to comply with this obligation in times of crisis could have an impact on public order. This principle prevails over all others;

- BANK OF AFRICA must guarantee its commitments to the interbank clearing system on the Moroccan market;

- BANK OF AFRICA intends to comply with meeting the legal and contractual commitments (relating to the areas of loans and commitments) that it has entered into, before making other commitments;

- BANK OF AFRICA intends to maintain its international credibility and guarantee its commitments to foreign correspondents as a priority;

- ✓ Customers of the BANK OF AFRICA Group have priority over other beneficiaries of its services;
- ✓ The services are considered in their "Front to Back" realization (for example, from the agency to the accounting).

IT risk:

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Incidents that represent an Operational Risk are reported via the MEGA HOPEX tool. This tool is used by the correspondents, coordinators, and relays designated at the level of the various entities of the bank as well as the subsidiaries (for which the tool has been deployed) to report RO incidents as they occur.

6. Risk on non-operating assets

The Bank holds non-operating assets acquired by way of dation in payment. As a result, the Bank may be subject to the risk of non-realization of disposals of these assets or a loss on disposal.

In this respect, the net book value of BANK OF AFRICA's non-operating real estate assets at the end of June 2020 was MAD 4.7 billion. The amount of 4.7 billion includes assets recorded in the bank's non-operating assets and assets housed in real estate subsidiaries.

7. Country risk:

Country risk is the possibility that a sovereign counterparty in a given country may be unable or unwilling, and other counterparties in that country may be unable, to meet their obligations to the foreign country for socio-political, economic or financial reasons.

Country risk can also result from restrictions on the free movement of capital or other political or economic factors, in which case it is called transfer risk. It may also arise from other risks related to the occurrence of events impacting the value of commitments in the country concerned (natural disasters, external shocks).

The main objective of the Group's country risk policy is to set up a system for assessing, limiting, reducing, and, if necessary, suspending its commitments to high-risk countries in a synchronized manner throughout the Group.

In addition to the country risk management strategy, the country risk policy includes the principles for identifying, managing and controlling these risks, as well as the organizational structures responsible. The central element of this risk prevention management system is the system of delegation and limitation of commitments. This system was designed to be increasingly restrictive as the country risk increases. Thus, the level of commitment is calibrated according to the level of country risk, reflected by the rating assigned to each country, and the percentage of equity of each Group entity.

BANK OF AFRICA's commitments are for the most part domesticated in Morocco. Commitments to foreign counterparties of BANK OF AFRICA concern foreign credit institutions. These commitments are subject to :

- An authorization after a rating and analysis of the fundamentals of each counterparty;
- A monthly follow-up and are communicated to the central bank through a regulatory statement.

The *Reports* produced provide an overview of the BANK OF AFRICA Group's overall commitment to foreign banking counterparties. They reflect the commitment by country, which includes all on- and off-balance sheet assets representing claims on residents of foreign countries.

In addition to these statements, Group Risk Management prepares a monthly analytical report on the BANK OF AFRICA Group's foreign exposures. This report makes it possible to assess the level of the BANK OF AFRICA Group's foreign exposures and constitutes a dashboard for monitoring the evolution of the risk inherent in each country.

Stress tests are carried out every six months to assess the impact of these conditions on the Group's solvency and loss ratio experience. These stress tests cover countries where the Group's exposure is significant as well as those with political instability.

As part of its strategic development plan, BANK OF AFRICA is studying scenarios for strengthening/maintaining its presence in certain countries and withdrawing from others.

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1. Unpredictability of the duration and effects of the Covid-19 pandemic

The Moroccan economic fabric is essentially composed of SMEs with financial, structural and human fragility. The implementation of sustainability criteria is not easy in a context where the priority is given to the survival and durability of the SME.
The crisis caused by the COVID-19 pandemic has confirmed this fragility, in this context, Bank of Africa has supported its businesses and SMEs impacted through the Medium/Long-Term Credit "RELANCE Credit" intended mainly to finance working capital.
Also, despite the various efforts made to promote CSR in Morocco, several obstacles considerably compromise its implementation, especially for SMEs. The most important ones are related to:

- The absence or lack of inspection regarding the non-compliance with the environmental and social regulations in force
- The non-application of the polluter payer principle
- Lack of action to sanction non-compliance or weak enforcement of the law
- The absence of a "real" civil society to push companies to adopt responsible practices.

The crisis could have long-lasting effects, especially for certain sectors of the economy. A deterioration in economic conditions would affect BOA's customers' activities, resulting in a reduction in BOA's revenues and an impact on the cost of risk related to the increase in the default/claim rate on trade receivables. However, the provisioning policy adopted by the Group, which is based on the application of BAM's 19 G circular and on the classification of "fragile" loans in a Watch List, as well as their coverage by a Provision for General Risks, allows for anticipatory default management.

It should be noted that the support measures decided by the Economic Monitoring Committee have continued with regard to the Hospitality sector until the end of June 2021, through the product RELANCE. These measures are likely to limit the unfavorable impact that the COVID crisis could have on the banks' claims indicators. Thus, everything has been done to mitigate the effects of the crisis, the consequences of which remain highly dependent on the evolution of the sanitary situation and the control of new variants of the virus.

8. Financial risks related to the environment.

The assessment and management of environmental and social risks and impacts are an integral part of the overall risk management of the projects to be financed. It is essential for the sustainable and successful environmental performance of projects.
The due diligence process carried out by Bank of Africa aims to:

- Identify environmental, social, health, and safety impacts/risks that may occur
- Assess the project's compliance with national regulations, IFC performance standards, the Equator Principles, and best practices related to environmental and social aspects
- Present an action plan to mitigate these risks and address any non-conformities detected.

During the 2020 fiscal year, no financial risks related to environmental issues were recorded.

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II. Risk linked to Perpetual Subordinated Bonds

3. General risks related to subordinated bonds

→Interest rate risk:

The risk of changes in interest rates may affect the yield on bonds, the rate of which is reviewed every five years. Indeed, an increase in interest rates would have the impact of decreasing the value of the bonds held.

→Risk of default:

The bonds covered by this securities note may present a risk that the Issuer will not be able to honor its contractual obligations towards the bondholders, this risk being reflected in the non-payment of coupons and the non-repayment of principal.

4. Risks specific to perpetual subordinated bonds

The risk factors listed below should not be considered exhaustive and may not cover all the risks involved in investing in perpetual subordinated bonds.

The attention of potential investors likely to subscribe for perpetual subordinated bonds, subject of the present operation note, is drawn to the fact that an investment in this type of bonds is subject to the following main risks

→Risk related to the introduction of a new instrument on the Moroccan financial market:

Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Circular No. 14/G/2013 of Bank AL-Maghrib, as additional capital instruments. These instruments are issued regularly by international banks but remain new to some Moroccan investors. Each prospective investor should determine the suitability of such investment in light of his or her own circumstances and should have sufficient financial resources and liquidity to bear the risks of such investment, including the possibility of a depreciation in the nominal value of such securities (see risk of depreciation in the nominal value of the securities below) as well as the possibility of cancellation of the payment of the interest amount (see risk of cancellation of the payment of the interest amount below);

→Risk linked to instrument complexity:

The bonds issued in this transaction are complex instruments insofar as the associated pay-offs are not entirely predictable. In fact, the Issuer has full discretion to cancel the payment of interest for an indefinite period of time and on a non-cumulative basis. Also, the face value of the bonds may be impaired in the event that the trigger level is reached. Moreover, an appreciation of the nominal value is foreseen but it remains subject to the agreement of Bank Al-Maghrib. Finally, a coupon increase is possible but remains at the sole discretion of the Issuer and there is no deterministic mechanism for its activation. These aspects make the future cash flows of bonds difficult to predict, as their forecasting requires several assumptions and parameters (financial health of the Issuer, forecast level of prudential ratios, other commitments and obligations of the Issuer, etc.). The nature of bonds means that their management, particularly their valuation, is complex;

→Risk related to the perpetual nature of these securities:

Perpetual subordinated bonds are issued for an indefinite maturity and, consequently, the repayment of the capital can only be made at the initiative of the Issuer and after prior approval of Bank Al-Maghrib. Such repayment may not be made for a period of five years from the date of issue, subject to a minimum of five years' notice;

→Risk linked to subordination clause:

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The capital and interests are subject to a subordination clause, according to which, in case of liquidation of the Issuer, the repayment will take place only after payment of all the traditional, privileged or unsecured creditors and after all the other subordinated loans with a fixed or indefinite duration without mechanisms of cancellation of the coupons and absorption of the losses, which have been issued and which could be issued subsequently by the Issuer in Morocco or abroad;

→Risk linked to the depreciation of the nominal value of securities (loss absorption mechanism):

Once the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, becomes lower than the trigger fixed by the issuer (fixed at 6.0% within the framework of the current operation note and this, in accordance with the provisions of the technical notice of Bank Al-Maghrib fixing the methods of application of Circular No. 14/G/2013 relating to the capital of credit institutions) On an individual or consolidated basis, the securities are depreciated by the amount corresponding to the difference between the theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of CET1 ratio and the effective CET1 capital.

Interest will therefore be calculated on the basis of the nominal amount which is subject to change as defined in the loss absorption mechanism.

However, after a possible depreciation of the nominal value of the securities, and if the financial situation of the Issuer having required this depreciation improves, Bank Of Africa can immediately trigger, after prior agreement of Bank Al-Magrhib, the mechanism of appreciation in whole or in part of the nominal value having been depreciated. Bank of Africa constantly monitors compliance with the international standards of the Basel Committee and the regulatory directives of Bank AL-Maghrib. To this end, the Group has a regulatory risk management policy that enables it to:

- Have a solid financial base to meet all its commitments;
- Respect all the regulatory ratios required by Bank Al-Maghrib;
- Build up an additional capital cushion to absorb the impacts of regulatory and internal stress tests and to guarantee compliance with post-stress test thresholds, namely:
  - a Tier 1 capital ratio of at least 9%;
  - a ratio of at least 12% of total Tier 1 and Tier 2 capital
- Meet the requirements of the regulator in terms of reporting solvency ratios (half-yearly Pillar III publications intended to guarantee transparency of financial information: details of prudential ratios, composition of regulatory capital, breakdown of weighted risks).

As of 31 December 2020, Bank Of Africa's prudential ratios[8] are as follows

	Social Basis	*Consolidated Basis*
Tier 1 ratio (min. 9%)	**9.90%**	**9.00%**
Solvency ratio (min 12%)	**15.20%**	**12.30%**

Source: Bank of Africa

→Risk related to the possibility of cancellation of the payment of the interest amount:

The investor is subject to the risk of cancellation of the interest payment (in whole or in part) for an indefinite period of time and on a non-cumulative basis. The decision of this cancellation remains at the discretion of the Issuer, after prior agreement of Bank Al-Maghrib, in order to meet its obligations.

→Risk factors impacting the CET 1 ratio:

The deterioration of the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, to a level below 6.0%, thus triggering the depreciation of the nominal value of the securities, could be generated by several factors, including primarily:

[8] *Bank of Africa's reference document for the 2020 fiscal year, registered by the AMMC on 23 July 2021 under the reference EN/EM/012/2021.*

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- ✓ the realization of substantial losses following a possible increase in claims or an adverse and material change in the interest rate environment;
- ✓ the introduction of new accounting standards;
- ✓ the entry into force of new regulatory requirements.

In case of occurrence of one or more of these risk factors, the deterioration of the level of the CET 1 ratio can only occur if Bank of Africa and its shareholders do not implement all the corrective measures allowing it to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 9.0% and a minimum solvency ratio of 12.0%.

→Risk related to the liquidity and marketability risk:

Due to their complexity, the bonds covered by this operation note are not suitable for non-qualified investors. Therefore, the trading of said bonds is strictly reserved for the qualified investors listed in the current operation note, even on the secondary market. This limitation may reduce the liquidity of the bonds being issued here compared to other bonds whose marketability is not restricted.

→Risk related to the presence of several options for the benefit of the Issuer:

The bonds covered by this operation note contain several options in favor of the Issuer, namely:

- ✓ Early repayment option;
- ✓ Option to depreciate/appreciate the nominal value of securities;
- ✓ Option to cancel the payment of the interest amount.

Any potential investor should consider these options when making an investment decision based on their own objectives and constraints. The investor must also incorporate these options into the bidding proposal and the determination of the fair value of the securities.

→Risk linked to additional debt:

The Issuer may subsequently issue other debt ranking pari passu or superior to the bonds described in this operation note. These issuances would reduce the amount recoverable by the holders of these bonds in the event of liquidation of the Issuer.

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71 Angle Boulevard Mohammed V
Et Rue Azilal 3ème Etg
Casablanca

NOTICE

The above-mentioned information is only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) on 04 August 2021 under Reference No. VI/EM/016/2021.
AMMC recommends reading the entire prospectus, which is available to the public in French.

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Et Rue Azilal 3ème Etg
Casablanca