

SUMMARY OFFER DOCUMENT



Subordinated debt issue of up to MAD 1,000,000,000

The prospectus approved by the AMMC comprises:

- This offer document
- BANK OF AFRICA's reference document for the 2021 financial year, registered by the AMMC 16 June 2022 with reference number EN/EM/009/2022.



	Tranche A (Fixed rate – unlisted)	Tranche B (Revised annually – unlisted)
Maximum size	MAD 1,000,000,000	
Maximum number of securities	10,000 subordinated notes	
Nominal value	MAD 100,000	
Maturity	10 years	10 years
Securities' tradability	Over the counter (off-exchange)	
Nominal interest rate	Fixed	Revised annually
	Based on the benchmark yield for 10-year Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 22 June 2022, plus a risk premium of between 75 and 85 basis points	For the first year, the nominal interest rate will be the full 52-week money market rate based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 22 June 2022, plus a risk premium of between 70 and 80 basis points
Repayment of principal	At maturity	At maturity
Risk premium	Between 75 and 85 basis points	Between 70 and 80 basis points
Repayment guarantee	No specific guarantee is provided under the terms of this issue	
Allotment method	French auction method with priority given to Tranche A (fixed rate) and then tranche B (rate revised annually)	

Subscription period: from 23 June 2022 to 27 June 2022 inclusive

Subscription is strictly reserved for the Moroccan qualified investors listed in this offer document.

Advisory institution	Book-runner
BMCE CAPITAL CONSEIL	BANK OF AFRICA BMCE GROUP

MOROCCAN CAPITAL MARKETS AUTHORITY'S APPROVAL VISA

In accordance with the provisions of the AMMC circular published in application of Article 5 of *Dahir* No. 1-12-55 of 28 December 2012 promulgating Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering, this prospectus has been approved by the AMMC 16 June 2022 with reference number VI/EM/015/2022.

This offer document forms only part of the prospectus approved by the AMMC. The latter comprises the following documents:

- This offer document
- BANK OF AFRICA's reference document for the 2021 financial year, registered by the AMMC 16 June 2022 with reference number EN/EM/009/2022.

INTELLIGENT CAPITAL LTD
Company No 10107882

WARNING

16 June 2022, the Moroccan Capital Markets Authority (AMMC) approved the prospectus with reference number VI/EM/015/2022 related to BANK OF AFRICA's subordinated debt issue.

A subordinated note differs from a classic bond in terms of the rank of claims contractually defined by the subordination clause. The effect of the subordination clause is, in the event of the issuer's winding up, to subordinate the repayment of the note to that of all preferred and common stockholders.

The prospectus comprises:

- This offer document
- BANK OF AFRICA's reference document for the 2021 financial year, registered by the AMMC 16 June 2022 with reference number EN/EM/009/2022.

The AMMC-approved prospectus is available at any time:

- ✓ At BANK OF AFRICA's head office at 140 Boulevard Hassan II, Casablanca and on its website at <https://www.ir-bankofafrica.ma/> and
- ✓ From its advisory institution, BMCE Capital Conseil at 63 Boulevard Moulay Youssef, Casablanca.

The prospectus is available to the general public on the AMMC's website at www.ammc.ma.

This summary offer document has been translated by Intelligent Lingua Limited for which the said translator and BANK OF AFRICA are jointly responsible.

In the event of any discrepancy between the contents of this summary offer document and that of the AMMC-approved prospectus, the latter alone shall be deemed authoritative.

■ PART I: Overview of BANK OF AFRICA's subordinated debt issue

I. Offer structure

BANK OF AFRICA envisages issuing 10,000 subordinated notes, each with a nominal value of 100,000 dirhams. The overall amount issued will be 1,000,000,000 dirhams, broken down as follows:

- Tranche A, with a 10-year maturity, a fixed rate, not listed on the Casablanca Stock Exchange, with repayment of the principal at maturity, for up to 1,000,000,000 dirhams, the nominal value of each security being 100,000 dirhams ('**Tranche A**').
- Tranche B, with a 10-year maturity, a rate revised annually, not listed on the Casablanca Stock Exchange, with repayment of the principal at maturity, for up to 1,000,000,000 dirhams, the nominal value of each security being 100,000 dirhams ('**Tranche B**').

The total amount allotted to Tranches A and B must not under any circumstance exceed 1,000,000,000 dirhams.

Complying with the decision of the Annual General Meeting of 29 June 2021 and with the provisions of Article 298 of Act No. 17-95, in the event that the subordinated debt issue is not fully subscribed, the amount issued will be limited to the actual subscription amount.

Subscription is strictly reserved for the Moroccan qualified investors mentioned in this offer document.

The reason for restricting subscriptions to Moroccan qualified investors is to make it easier to manage subscriptions on the primary market. Any investor wishing to acquire notes may of course do so on the secondary market.

II. Transaction aims

The primary aim of this transaction is to:

- Enable BANK OF AFRICA to bolster its current level of regulatory capital and, as a result, strengthen its capital adequacy ratio
- Finance the Bank's organic growth in Morocco and overseas
- Anticipate changes to regulatory requirements in those countries in which it has operations.

In accordance with Bank Al-Maghrib's Circular No. 14/G/2013, as amended and completed, as to how credit institutions should calculate regulatory capital, the funds raised from this transaction will be classified as supplementary (Tier 2) capital.

III. Information about BANK OF AFRICA's subordinated notes

Warning

A subordinated note differs from a classic bond in terms of the rank of claims contractually defined by the subordination clause. The effect of the subordination clause is, in the event of the issuer's winding up, to subordinate the repayment of the note to that of all preferred and common stockholders.

1. Features of Tranche A subordinated notes (fixed-rate, 10-year maturity, not listed on the Casablanca Stock Exchange)

Features of Tranche A	
Type of securities issued	Subordinated notes not listed on the Casablanca Stock Exchange, in non-physical form, and registered in a financial intermediary's account at Maroclear, the central securities depository
Legal form	Subordinated notes in bearer form
Maximum tranche size	MAD 1,000,000,000
Maximum number of securities issued	10,000 subordinated notes
Nominal value	MAD 100,000
Issue price	100% of the nominal value i.e. MAD 100,000 at the subscription date
Repayment price	100% of the nominal value i.e. MAD 100,000 at the repayment date
Maturity	10 years
Subscription period	From 23/06/2022 to 27/06/2022 inclusive
Cum-coupon date	29/06/2022
Maturity date	29/06/2032
Allotment method	French auction method with priority given to Tranche A (fixed rate) and then Tranche B (rate revised annually)
Nominal interest rate	<p>Fixed rate</p> <p>The nominal interest rate will be based on the benchmark yield for 10-year Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 22/06/2022, plus a risk premium of between 75 and 85 basis points.</p> <p>In the event that the benchmark yield for 10-year Treasury bonds is not directly observable on the curve, the benchmark yield will be determined by the linear interpolation method, using both the opening and the closing values of the note's entire 10-year maturity (actuarial basis).</p> <p>This benchmark yield will be published 22/06/2022 by BANK OF AFRICA on its website and in a journal containing legal notices 22/06/2022.</p>
Risk premium	Between 75 and 85 basis points
Interest	<p>Interest will be paid annually on the anniversary of the loan's cum-coupon date i.e. 29 June each year. Payment will be made on that day or the first business day after 29 June if the latter is not a business day.</p> <p>Interest on the subordinated notes will cease to accrue from the date that the capital is repaid by BANK OF AFRICA. Deferment of interest is not possible under the terms of this transaction.</p> <p>Interest will be calculated as per the following formula:</p> <p style="text-align: center;">[Nominal x nominal interest rate]</p>
Repayment of capital	For Tranche A, not listed on the Casablanca Stock Exchange, the principal will be repaid at maturity.

	<p>In the event that a merger, demerger or partial contribution of BANK OF AFRICA's assets occurs during the loan term, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for BANK OF AFRICA's rights and obligations.</p> <p>The repayment of the capital is, in the event of BANK OF AFRICA's winding up, subordinate to all claims by preferred and common stockholders.</p>
Securities' tradability	<p>Tradable over the counter.</p> <p>No restriction is imposed under the terms of the issue on the free tradability of the subordinated notes.</p>
Assimilation clauses	<p>Subordinated notes issued in the context of this transaction will not be assimilated into subordinated notes previously issued.</p> <p>In the event that BANK OF AFRICA were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, provided that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.</p>
Loan's ranking/Subordination	<p>The capital and interest are subject to a subordination clause.</p> <p>Application of this clause does not in any way infringe the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations and subscribers' rights to obtain payment for their securities in capital and interest.</p> <p>In the event of BANK OF AFRICA's winding up, repayment of the capital and interest in respect of the subordinated securities issued will only occur after all preferred stockholders and common stockholders have been repaid. These subordinated securities will rank alongside all other subordinated loans which have already been or may subsequently be issued by BANK OF AFRICA in Morocco and overseas, pro-rata to their amount, where applicable.</p>
Maintaining the loan's ranking	<p>BANK OF AFRICA shall undertake, until all such securities have effectively been repaid, to not prioritise other subordinated securities which it may subsequently issue, in terms of their repayment ranking in the event of the company's winding up, without granting the same rights to this loan's subordinated securities.</p>
Repayment guarantee	<p>No specific guarantee is provided under the terms of this issue.</p>
Credit rating	<p>BANK OF AFRICA has not solicited a credit rating for the issued securities.</p>
Noteholders' representative	<p>A meeting of the Board of Directors 15 June 2022 appointed Mr Hamad JOUAHRI as the noteholders' interim representative. It is specifically stipulated that the aforementioned interim representative will be identical for Tranches A and B, which are grouped together within the same and single entity.</p> <p>In addition, the interim representative will convene a general meeting of the noteholders, within 6 months of the subscription period's closing date, to appoint a permanent representative, in accordance with the terms by which they are able to access and exercise their rights as well as any incompatibility provided for in Articles of 301(i) and 301(ii) of Act No. 17-95 relating to public limited companies, as amended and completed.</p> <p>The Board of Directors, meeting 15 June 2022, set, as required, the interim representative's annual remuneration at 100,000 dirhams (inclusive of all taxes). The public will be informed of the representative's remuneration when the notice convening the general meeting of noteholders is published.</p> <p>In accordance with Article 302 of the aforementioned Act, the noteholders' representative is entrusted with powers to carry out any necessary management action on the noteholders' behalf and to protect their shared interests, unless a general meeting of noteholders has decided to curtail those powers.</p> <p>There are no shareholding or business ties between BANK OF AFRICA and Mr Hamad Jouahri.</p>

	Furthermore, Mr Jouahri also represents noteholders in respect of bonds previously issued by BANK OF AFRICA between 2012 and 2021.
Governing law	Moroccan law
Competent jurisdiction	Casablanca Commercial Court

2. Features of Tranche B subordinated notes (rate revised annually, 10-year maturity, not listed on the Casablanca Stock Exchange)

Features of Tranche B	
Type of securities issued	Subordinated notes not listed on the Casablanca Stock Exchange, in non-physical form, and registered in a financial intermediary's account at Maroclear, the central securities depository
Legal form	Subordinated notes in bearer form
Maximum tranche size	MAD 1,000,000,000
Maximum number of securities issued	10,000 subordinated notes
Nominal value	MAD 100,000
Issue price	100% of the nominal value i.e. MAD 100,000 at the subscription date
Repayment price	100% of the nominal value i.e. MAD 100,000 at the repayment date
Loan's maturity	10 years
Subscription period	From 23/06/2022 to 27/06/2022 inclusive
Cum-coupon date	29/06/2022
Maturity date	29/06/2032
Allotment method	French auction method with priority given to Tranche A (fixed rate) and then Tranche B (rate revised annually)
Nominal interest rate	Rate revised annually
	For the first year, the nominal interest rate will be the full 52-week money market rate based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 22/06/2022, plus a risk premium of between 70 and 80 basis points.
	This benchmark yield and the nominal interest rates will be published 22/06/2022 by BANK OF AFRICA on its website and in a journal containing legal notices 22/06/2022.
Calculation method	At each anniversary, the benchmark yield will be the full 52-week money market rate based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib five business days prior to each anniversary.
	A risk premium of between 70 and 80 basis points will be added to the resulting benchmark rate, which will be decided at the subscription's closing. BANK OF AFRICA will notify subordinated noteholders of the rate via its website 5 business days prior to each anniversary.
	In the event that the 52-week rate is not directly observable, BANK OF AFRICA will determine the benchmark yield by the linear interpolation method, using both the opening and the closing values of the note's entire 52-week maturity (monetary basis).

	<p>This linear interpolation will be arrived at by converting the rate immediately above that of the 52-week maturity (actuarial basis) into the equivalent money market rate.</p> <p>The calculation formula is:</p> $(((\text{Actuarial rate} + 1) ^ {k/\text{exact number of days}})-1) \times 360/k,$ <p>where k is the maturity of the actuarial rate requiring conversion.</p> <p>*Exact number of days is 365 or 366 days</p>
Risk premium	Between 70 and 80 basis points
Date for determining the interest rate	<p>The coupon will be revised annually on the anniversary of the loan's cum-coupon date i.e. 29 June each year.</p> <p>BANK OF AFRICA will notify subordinated noteholders of the rate via its website 5 business days prior to each anniversary.</p>
Interest	<p>Interest will be paid annually on the anniversary of the loan's cum-coupon date i.e. 29 June each year. Payment will be made on that day or the first business day after 29 June if the latter is not a business day.</p> <p>Interest on the subordinated notes will cease to accrue from the date that the capital is repaid by BANK OF AFRICA. Deferment of interest is not possible under the terms of this transaction.</p> <p>Interest will be calculated as per the following formula:</p> <p style="text-align: center;">[Nominal x nominal interest rate x (exact number of days/360 days)]</p>
Repayment of capital	<p>For Tranche B, not listed on the Casablanca Stock Exchange, the principal will be repaid at maturity.</p> <p>In the event that a merger, demerger or partial contribution of BANK OF AFRICA's assets occurs during the loan term, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for BANK OF AFRICA's rights and obligations.</p> <p>The repayment of the capital is, in the event of BANK OF AFRICA's winding up, subordinate to all claims by preferred and common stockholders.</p>
Securities' tradability	<p>Tradable over the counter.</p> <p>No restriction is imposed under the terms of the issue on the free tradability of the subordinated notes.</p>
Assimilation clauses	<p>Subordinated notes issued in the context of this transaction will not be assimilated into subordinated notes previously issued.</p> <p>In the event that BANK OF AFRICA were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, provided that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.</p>
Loan's ranking/Subordination	<p>The capital and interest are subject to a subordination clause.</p> <p>Application of this clause does not in any way infringe the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations and subscribers' rights to obtain payment for their securities in capital and interest.</p> <p>In the event of BANK OF AFRICA's winding up, repayment of the capital and interest in respect of this issue's subordinated securities will only occur after all preferred stockholders and common stockholders have been reimbursed. These subordinated securities will rank alongside all other subordinated loans which have already been or may subsequently be issued by BANK OF AFRICA in Morocco and overseas, pro-rata to their amount, where applicable.</p>
Maintaining the loan's ranking	BANK OF AFRICA shall undertake, until all such securities have effectively been repaid, to not prioritise other subordinated securities which it may subsequently issue, in terms of their repayment ranking in the event of the

	company's winding up, without granting the same rights to this loan's subordinated securities.
Repayment guarantee	No specific guarantee is provided under the terms of this issue.
Credit rating	BANK OF AFRICA has not solicited a credit rating for the issued securities.
Noteholders' representative	<p>A meeting of the Board of Directors 15 June 2022 appointed Mr Hamad JOUAHRI as the noteholders' interim representative. It is specifically stipulated that the aforementioned interim representative will be identical for Tranches A and B, which are grouped together within the same and single entity.</p> <p>In addition, the interim representative will convene a general meeting of the noteholders, within 6 months of the subscription period's closing date, to appoint a permanent representative, in accordance with the terms by which they are able to access and exercise their rights as well as any incompatibility provided for in Articles of 301(i) and 301(ii) of Act No. 17-95 relating to public limited companies, as amended and completed.</p> <p>The Board of Directors, meeting 15 June 2022, set, as required, the interim representative's annual remuneration at 100,000 dirhams (inclusive of all taxes). The public will be informed of the representative's remuneration when the notice convening the general meeting of noteholders is published.</p> <p>In accordance with Article 302 of the aforementioned Act, the noteholders' representative is entrusted with powers to carry out any necessary management action on the noteholders' behalf and to protect their shared interests, unless a general meeting of noteholders has decided to curtail those powers.</p> <p>There are no shareholding or business ties between BANK OF AFRICA and Mr Hamad Jouahri.</p> <p>Furthermore, Mr Jouahri also represents bondholders in respect of bonds previously issued by BANK OF AFRICA between 2012 and 2021.</p>
Governing law	Moroccan law
Competent jurisdiction	Casablanca Commercial Court

IV. Event of Default

The term 'Event of Default' may be defined as the non-payment of some or all of the interest due and/or the non-repayment of the principal due by the Company at maturity with regard to any debt security unless payment is made within 14 business days of its due date.

If an Event of Default were to occur, the noteholders' representative must immediately file a formal request with the Company to resolve the Event of Default together with an order to pay any interest due by the Company within 14 business days following the formal request.

If the Company has not resolved the Event of Default within 14 business days following the date on which it received the formal request, the noteholders' representative may, after convening a general meeting of noteholders and, if the latter, fulfilling legal requirements regarding quorum validity and voting majorities and, notifying the Issuer in writing with copies sent to the depositary agent and to the AMMC, may request payment of the entire sum issued. This would automatically oblige the Company to repay the principal plus any interest accrued since the last interest payment date plus any accrued interest outstanding. The capital is the initial capital (initial nominal value x number of securities) or in the event of repayment, the capital remaining due.

V. Risks in connection with the subordinated notes

1. General risks in connection with the subordinated notes

→ Interest rate risk:

This subordinated debt issue to which this securities note refers envisages a fixed-rate tranche (Tranche A) based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 22 June 2022. As a result, the value of fixed-rate securities might fluctuate upwards or downwards, depending on the trend in the benchmark yield curve for Treasury bonds traded on the secondary market as published by Bank Al Maghrib.

→ Repayment default risk:

The subordinated notes to which this offer document refers may present a risk that BANK OF AFRICA is unable to fulfil its contractual obligations vis-à-vis noteholders, resulting in the non-repayment of interest and principal.

→ Subordination risk:

This debt issue is subject to a subordination clause. In the event of BANK OF AFRICA's winding up, repayment of the capital and interest in respect of the subordinated securities issued will only occur after all preferred stockholders and common stockholders have been repaid.

→ Liquidity risk:

Subscribers to BANK OF AFRICA's subordinated notes may be exposed to liquidity risk on the secondary corporate bond market. The liquidity of BANK OF AFRICA's subordinated notes may be temporarily affected as a function of market conditions (e.g. liquidity, yield curve trends, etc.).

VI. Transaction calendar

The following table outlines the transaction calendar:

Order	Stage	Date
1	AMMC visa obtained	Thursday 16 June 2022
2	Prospectus excerpt published on BANK OF AFRICA's website	Thursday 16 June 2022
3	BANK OF AFRICA publishes a press release in a journal containing legal notices	Friday 17 June 2022
4	Benchmark yields monitored	Wednesday 22 June 2022
5	Benchmark yields and nominal interest rates published on BANK OF AFRICA's website	Wednesday 22 June 2022
6	Benchmark yields and nominal interest rates published in a journal containing legal notices	Wednesday 22 June 2022
7	Subscription period opens	Thursday 23 June 2022
8	Subscription period closes	Monday 27 June 2022
9	Settlement and delivery	Wednesday 29 June 2022
10	BANK OF AFRICA publishes the transaction results and its decision on interest rates in a journal containing legal notices and on its website	Wednesday 29 June 2022

■ PART II: Information about the Issuer, BANK OF AFRICA

I. General information

Company name:	BANK OF AFRICA, abbreviated to 'BOA'
Head office:	140, avenue Hassan II, Casablanca
Telephone:	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
Life:	99 years
Trade Register registration number:	27,129 Casablanca
Financial year:	From 1 January to 31 December
Purpose: (Article 3 of the Memorandum and Articles of Association)	<p>BANK OF AFRICA's purpose, under <i>Dahir</i> No. 1-14-193 of 1st Rabi I 1436 promulgating Act No. 103-12 relating to credit and similar institutions, is to:</p> <ul style="list-style-type: none"> Conduct any type of banking, foreign exchange, treasury, guarantee, acceptance, discount, rediscount, current account overdraft transactions and any form of short-, medium- and long-term lending; contract any loan and any commitment in any currency; buy, sell or dispose of any movable or immovable property; conduct any type of transit, fee-based or precious metals transaction Make any investment, subscription, stock market or other purchase or sale in cash or using futures in any type of security or other financial instrument Make, hold or manage investments in any banking, financial, real estate, industrial or commercial undertaking for its own account or on behalf of third parties And, generally, conduct any banking, financial, commercial, industrial, movable and immovable transaction that may be directly or indirectly related to its purpose
Share capital at 30 April 2022:	MAD 2,056,066,480 comprising 205,606,648 shares, each with a par value of 10 dirhams
Legal documents:	The Company's legal documents, including the Memorandum and Articles of Association, the minutes of shareholder meetings and the statutory auditors' reports, may be consulted at BANK OF AFRICA's head office
List of applicable legislation:	<p>By virtue of its legal form, BANK OF AFRICA is governed by Moroccan law and Act No. 17-95, amended and completed:</p> <p>By virtue of its business activity, BANK OF AFRICA is governed by <i>Dahir</i> No. 1-14-193 of 1st Rabi I 1436 promulgating Act No. 103-12 relating to credit and similar institutions (Banking Act)</p> <p>By virtue of its shares being listed on the Casablanca Stock Exchange, its bond issues and its certificate of deposit issuance programme, BANK OF AFRICA is subject to all legal and regulatory provisions relating to financial markets including:</p>

- The *dahir* promulgating Act No. 19-14 relating to the stock exchange, securities brokerage firms and investment advisors
- General Rules of the Stock Exchange approved by Decree No. 2208-19 of 3 July 2019 of the Minister of the Economy and Finance
- Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering
- Act No. 43-12 relating to the AMMC
- The AMMC's General Rules, approved by Decree No. 2169-16 of the Minister of the Economy and Finance
- AMMC circulars
- *Dahir* No. 1-95-03 of 26 January 1995 promulgating Act No. 35-94 relating to certain negotiable debt securities and the Ministry of Finance and Foreign Investment's Decree No. 2560-95 of 9 October 1995 relating to negotiable debt securities
- *Dahir* No. 1-96-246 of 9 January 1997 promulgating Act No. 35-96 relating to establishing a Central Securities Depository and a system for registering certain types of securities in accounts, as amended and completed
- The General Rules of the Central Securities Depository, approved by Decree No. 932-98 of 16 April 1998 of the Minister of the Economy, Finance, Privatisation and Tourism, amended and completed by Decree No. 1961-01 of 30 October 2001
- *Dahir* No. 1-04-21 of 21 April 2004, promulgating Act No. 26-03 relating to public offerings on the Moroccan stock market, as amended and completed.

Tax regime:	BANK OF AFRICA, as a credit institution, is liable to payment of corporation tax (37%) and VAT (10%)
Competent court in the event of litigation:	Casablanca Commercial Court

II. BANK OF AFRICA's shareholders

1. Ownership structure

At 30 April 2022, BANK OF AFRICA's share capital stood at MAD 2,056,066,480, comprising 205,606,648 fully paid-up shares of the same class and with the same rights, each with a par value of 10 dirhams.

It is worth recalling that BANK OF AFRICA underwent a 10-for-1 stock split 22 September 2008 which resulted in each share having a par value of MAD 10 versus MAD 100 previously, in accordance with the provisions of Act No. 20-05, amending and completing Act No. 17-95 of 30 August 1996 relating to public limited companies.

Table 1: Ownership structure at 31 December 2021

Shareholder	31/12/2021	
	Number of shares	% of share capital
Controlling interest	72 998 783.00	35.51%
RMA*	56 347 727	27.41%
O CAPITAL GROUP	14 840 339	7.22%
SFCM	1 810 717	0.88%
Long-term shareholders	97 056 421.00	47.20%
Banque Fédérative du Crédit Mutuel	50 492 025	24.56%
Caisse de Dépôt et de Gestion	17 108 805	8.32%
BRITISH INTERNATIONAL INVESTMENT Group plc	11 056 220	5.38%
MAMDA/MCMA Group	10 310 563	5.01%
MAMDA	41	0%
MCMA	6 282 315	3%
MAC	4 028 207	2%
CIMR**	8 088 808	3.93%
Others	35 551 444.00	17.29%
BANK OF AFRICA staff	2 210 244	1.07%
Free float	33 341 200	16.22%
Total	205 606 648	100.00%

Source: Bank Of Africa

* including shares held in RMA's specialised mutual funds (2,768,647 in 2017 and 2018, 2,826,851 in 2019, 2,930,019 in 2020 and 2,930,019 shares in 2021)

2. Board of Directors

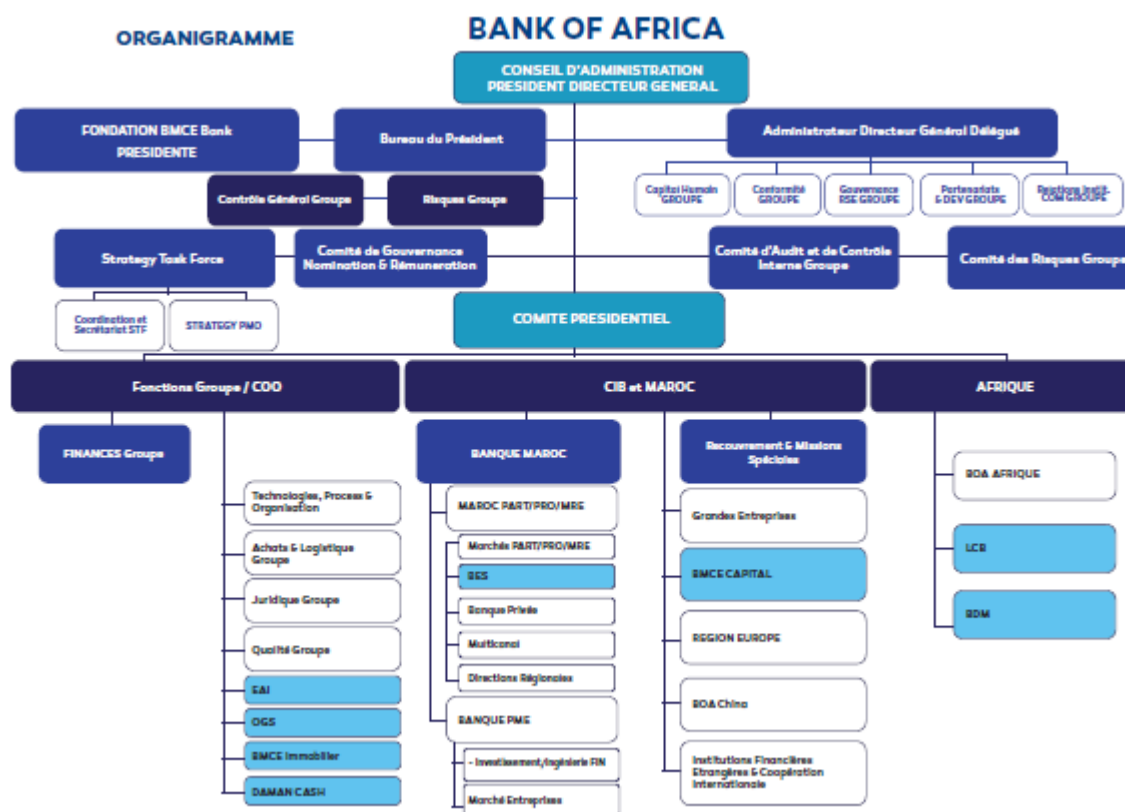
Table 2: Board members (April 2022)

Director	Date initially appointed	Description	Term of office expiry
Mr Othman BENJELLOUN	1995	Chairman & Chief Executive Officer	AGM convened to approve the financial statements 2024
RMA represented by Mr Zouheir BENSALD	1994	Mr Zouheir BENSALD is Chief Executive Officer of RMA, a BANK OF AFRICA shareholder	AGM convened to approve the financial statements 2024
BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL (Crédit Mutuel/Alliance Fédérale Group holding company) represented by Mr Lucien MIARA	2005	Mr Lucien MIARA is an Advisory Board Member of Caisse Fédérale de Crédit Mutuel, which has a 93% stake in BFCM, a BANK OF AFRICA shareholder	AGM convened to approve the financial statements 2025
CAISSE DE DÉPÔT ET DE GESTION (*) represented by Mr Abdellatif ZAGHNOUN	2010	CDG had a seat on BANK OF AFRICA's Board of Directors from 1966 to 1997 before being reappointed at the Annual General Meeting of 26 May 2010. Mr Abdellatif ZAGHNOUN is Chief Executive Officer of CDG, a BANK OF AFRICA shareholder	AGM convened to approve the financial statements 2021
O CAPITAL GROUP represented by Mr Hicham EL AMRANI	2021	Mr Hicham EL AMRANI is Deputy Chief Executive Officer of O CAPITAL GROUP, a BANK OF AFRICA shareholder	AGM convened to approve the financial statements 2026
Mr Azeddine GUESSOUS	2017	Mr Azeddine GUESSOUS sat on the Board as an <i>Intuitu Personae</i> Director from 2005 to 2008, then as RMA's permanent representative before being reappointed as an <i>Intuitu Personae</i> Director in 2017	AGM convened to approve the financial statements 2022
British International Investment represented by Mr MARC BEAUJEAN	2019	M. Marc BEAUJEAN is a Director of BANK OF AFRICA and British International Investment's representative. He is the founder, in 2019, and principal partner of Beaujean & Partners, a strategic consulting firm specialising in banking and insurance. He is also Chief Executive Officer of Atlantic Financial Group S.A.	AGM convened to approve the financial statements 2023
Mr Mohamed KABBAL	2021	Independent Director Chancellor of the Euromed University of Fez Director of BMCE BANK 1997-2000	AGM convened to approve the financial statements 2026
Mr François HENROT (*)	2016	Independent Director	AGM convened to approve the financial statements 2021
Mr Brian C. Mck. HENDERSON (*)	2016	Independent Director	AGM convened to approve the financial statements 2021

Mrs Nezha LAHRICHI	2021	Independent Director	AGM convened to approve the financial statements 2026
Mr Abdou BENSOUDA	2018	<i>Intuitu Personae</i> Director Director of O Capital Group, one of BANK OF AFRICA's key shareholders	AGM convened to approve the financial statements 2023
Mr Brahim BENJELLOUN TOUIMI (*)	2004	Deputy Chief Executive Officer Chairman of the Board of BOA GROUP (Luxembourg)	AGM convened to approve the financial statements 2021
Mrs Myriem BOUAZZAOUI	2021	<i>Intuitu Personae</i> Director Chief Executive Officer of BMCE Capital Gestion	AGM convened to approve the financial statements 2026

Source: Bank Of Africa

III. BANK OF AFRICA's organisational structure (December 2021)



VIII. Business activity

1. Loan growth

For the period under review, the following table shows loan growth by customer type:

Table 3: Net loans by customer type for the period 2019-2021

MAD M	2019	2020	Change	2021	Change
Loans and advances to credit and similar institutions	27 260	24 849	-8.84%	27 491	10.63%
Loans and advances to customers	118 909	128 926	8.42%	129 800	0.68%
Operating loans	27 062	30 699	13.44%	33 939	10.55%
Consumer loans	8 162	7 687	-5.82%	7 636	-0.66%
Equipment loans	21 818	19 988	-8.39%	20 382	1.97%
Property loans	40 441	40 966	1.30%	41 131	0.40%
Other loans	15 264	23 023	50.83%	18 533	-19.50%
Accounts receivable acquired through factoring	2 284	2 114	-7.44%	2 954	39.74%
Accrued interest receivable	743	727	-2.15%	668	-8.12%
Non-performing loans	3 135	3 722	18.72%	4 556	22.41%
Total loans	146 169	153 775	5.20%	157 291	2.29%

Source: Bank Of Africa – parent company¹

In the period ended 31 December 2019, outstanding loans rose by 5.5% to MAD 146,169 million. This was primarily due to a 13.7% increase in operating loans to MAD 27,062 million and a 1.2% rise in equipment loans to MAD 21,818 million, offset by a 7.6% fall in consumer loans to MAD 8,162 million.

In the period ended 31 December 2020, outstanding loans rose by 5.2% to MAD 153,775 million. This was primarily due to a 13.4% increase in operating loans to MAD 30,699 million and a 50.8% jump in other loans to MAD 23,023 million, offset by an 8.4% fall in equipment loans to MAD 19,988 million.

In the period ended 31 December 2021, outstanding loans rose by 2.3% to MAD 157,291 million. This was primarily due to a 10.6% increase in operating loans to MAD 33,939 million, driven primarily by *Damane Oxygène/Relance* loans with outstandings up MAD 7.8 billion or +20% year-on-year and loans to credit and similar institutions 10.6% ahead at MAD 27,491 million.

It is worth noting that the 19.5% drop in other loans was due to a decline of almost 6% in non-performing loan outstandings. The 39.7% increase in accounts receivable acquired through factoring was due to a 19% year-on-year in VAT and corporation tax factoring products.

2. Customer deposit growth

The following table shows customer deposit growth by product type for the period 2019-21:

Table 4: Customer deposit growth by product type

MAD M	2019	2020	Change	2021	Change
Sight deposits in credit	79 773	85 864	7.64%	91 385	6.43%
Savings accounts	24 486	25 028	2.21%	25 883	3.42%
Term deposits	23 359	17 452	-25.29%	19 219	10.12%
Other accounts in credit	6 371	6 140	-3.63%	4 761	-22.46%
Accrued interest payable	452	309	-31.64%	306	-0.97%
Total customer deposits	134 441	134 793	0.26%	141 554	5.02%

Source: Bank Of Africa – parent company

¹ Includes the financial statements of head office entities, Morocco-based branches and a number of overseas branch offices and branches such as Paris, Shanghai and Tangier Offshore

In the period ended 31 December 2019, customer deposits rose by 4.4% to MAD 134,441 million, primarily due to an 8.7% increase in sight deposits in credit to MAD 79,773 million and a 1.5% rise in savings accounts to MAD 24,486 million.

In the period ended 31 December 2020, customer deposits were broadly unchanged (+0.3%) at MAD 134,793 million, primarily due to a 25.3% decline in term deposits to MAD 17,452 million, offset by a 7.6% increase in sight deposits in credit to MAD 85,864 million.

In the period ended 31 December 2021, customer deposits rose by 5% to MAD 141,554 million, primarily due to a 6.4% increase in sight deposits in credit to MAD 91,385 million and a 10.1% rise in term deposits to MAD 19,219 million, offset by a 22.5% drop in other accounts in credit to MAD 4,761 million.

It is worth noting that average interest-bearing deposit outstandings rose by 1.9% or MAD 0.9 billion whilst non-interest-bearing deposit outstandings increased by 7% or almost MAD 5.5 billion in 2021. As a result, the Bank's cost of funding improved despite a modest rise in the average cost of capital for interest-bearing deposits.

PART III: Financial information

I. BANK OF AFRICA's consolidated financial position

1. BANK OF AFRICA's consolidated income statement at 31 December 2021

The following table shows the consolidated income statement at 31 December 2021:

Table 5: Consolidated income statement over the period 2019-2021

MAD K	2019	2020	Change	2021	Change
Interest and similar income	15 350 928	15 709 686	2.34%	15 633 205	-0.49%
Interest and similar expenses	-5 436 906	-5 281 297	-2.86%	-4 723 235	-10.57%
NET INTEREST INCOME	9 914 022	10 428 389	5.19%	10 909 970	4.62%
Fees received	3 240 485	3 098 389	-4.39%	3 270 301	5.55%
Fees paid	-529 236	-456 931	-13.66%	-482 732	5.65%
FEE INCOME	2 711 249	2 641 458	-2.57%	2 787 569	5.53%
Net gains or losses resulting from net hedging positions					
Net gains or losses on financial instruments at fair value through profit or loss	353 259	377 678	6.91%	295 267	-21.82%
Net gains or losses on trading assets/liabilities	343 728	310 364	-9.71%	201 082	-35.21%
Net gains or losses on other assets/liabilities at fair value through profit or loss	9 531	67 314	606.26%	94 185	39.92%
Net gains or losses on financial instruments at fair value through other comprehensive income	231 334	226 137	-2.25%	206 498	-8.68%
Net gains or losses on debt instruments through other comprehensive income	19 627	5 449	-72.24%	-	-
Remuneration of equity instruments (dividends) through other comprehensive income (non-recyclable)	211 707	220 688	4.24%	206 498	-6.43%
Net gains or losses from available-for-sale financial assets					
Net gains or losses from the derecognition of financial assets at amortised cost					
Net gains or losses from reclassifying financial assets at amortised cost as financial assets at fair value through profit or loss					
Net gains or losses from reclassifying financial assets through other comprehensive income as financial assets at fair value through profit or loss					
Net income from insurance activities					
Net income from other activities	1 235 176	792 923	-35.80%	1 007 557	27.07%
Expenses from other activities	-584 437	-464 539	-20.52%	-599 779	29.11%
NET BANKING INCOME	13 860 603	14 002 045	1.02%	14 607 082	4.32%
General operating expenses	-7 117 766	-7 845 739	10.23%	-6 908 034	-11.95%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-947 015	-954 340	0.77%	-1 048 117	9.83%
GROSS OPERATING INCOME	5 795 821	5 201 967	-10.25%	6 650 932	27.85%
Cost of risk	-2 196 435	-3 451 978	57.16%	-2 924 731	-15.27%
OPERATING INCOME	3 599 386	1 749 989	-51.38%	3 726 201	112.93%

Share of earnings of companies accounted for using the equity method	69 866	59 700	-14.55%	84 710	41.89%
Net gains or losses on other assets	-13 106	67 658	ns	23 920	-64.65%
Changes in value of goodwill				0	-
PRE-TAX INCOME	3 656 146	1 877 347	-48.65%	3 834 831	104.27%
Corporate income tax	-1 080 129	-513 528	-52.46%	-985 455	91.90%
NET INCOME	2 576 017	1 363 819	-47.06%	2 849 376	108.93%
Non-controlling interests	654 507	625 987	-4.36%	842 162	34.53%
NET INCOME attributable to shareholders of the parent company	1 921 510	737 832	-61.60%	2 007 214	172.04%

Source: Bank Of Africa

2. BANK OF AFRICA's consolidated balance sheet at 31 December 2021

ASSETS - MAD K	2019	2020	Change	2021	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	14 450 591	16 291 624	12.74%	19 737 051	21.15%
Financial assets at fair value through profit or loss		0		0	
- Financial assets held for trading purposes	29 913 430	29 529 201	-1.28%	35 604 594	20.57%
- Financial assets at fair value through profit or loss	794 295	774 086	-2.54%	807 037	4.26%
Derivative hedging instruments					
Available-for-sale financial assets					
Financial assets at fair value through other comprehensive income					
- Debt instruments at fair value through other comprehensive income (recyclable)	1 667 868	1 222 818	-26.68%	1 708 897	39.75%
- Equity instruments at fair value through other comprehensive income (non-recyclable)	4 446 599	4 642 101	4.40%	4 969 163	7.05%
Held-to-maturity investments					
Securities at amortised cost	30 042 750	37 324 605	24.24%	38 926 888	4.29%
Loans and advances to credit and similar institutions at amortised cost	22 403 739	22 392 263	-0.05%	21 001 481	-6.21%
Loans and advances to customers	186 645 591	194 166 699	4.03%	197 020 207	1.47%
Revaluation adjustment (assets) for portfolios hedged against interest rate risk					
Financial investments from insurance operations					
Current tax assets	920 499	797 935	-13.31%	981 203	22.97%
Deferred tax assets	1 767 563	2 083 871	17.90%	2 466 604	18.37%
Prepayments, accrued income and other assets	6 631 296	6 751 532	1.81%	6 497 978	-3.76%
Non-current assets held for sale					
Investments in companies accounted for using the equity method	930 990	962 952	3.43%	1 003 557	4.22%
Investment property	3 800 224	3 684 810	-3.04%	3 560 318	-3.38%
Property, plant and equipment	9 222 503	8 945 178	-3.01%	8 517 859	-4.78%
Intangible assets	1 079 156	1 310 012	21.39%	1 222 904	-6.65%
Goodwill	1 032 114	1 032 114	0.00%	1 032 114	0.00%
Total Assets	315 749 207	331 911 802	5.12%	345 057 854	3.96%

LIABILITIES - MAD K	2019	2020	Change	2021	Change
Amounts due to central banks, the Public treasury and postal cheque centre					
Financial liabilities measured using the fair value option through profit or loss					
- Financial liabilities held for trading purposes					
- Financial liabilities at fair value through profit or loss					
Derivative hedging instruments					
Debt securities issued	16 346 393	14 111 265	-14%	11 828 034	-16%
Amounts due to credit and similar institutions	45 071 844	59 960 481	33%	60 283 987	1%
Amounts due to customers	202 816 657	207 086 841	2%	218 973 241	6%
Revaluation adjustment (liabilities) on portfolios hedged against interest rate risk					#DIV/0!
Current tax liabilities	1 396 103	877 982	-37%	1 357 479	55%
Deferred tax liabilities	1 179 957	1 258 073	7%	1 187 570	-6%
Accruals, deferred income and other liabilities	10 379 406	9 634 263	-7%	9 717 696	1%
Liabilities related to non-current assets held for sale					#DIV/0!
Technical provisions for insurance contracts					#DIV/0!
Provisions	1 172 574	1 407 895	20%	1 613 520	15%
Subsidies - public funds and special guarantee funds					#DIV/0!
Subordinated debt	9 590 170	9 594 473	0%	10 597 210	10%
TOTAL LIABILITIES	287 953 104	303 931 273	6%	315 558 737	4%
Shareholders' equity					#DIV/0!
Share capital and related reserves	18 473 069	19 624 631	6%	19 292 416	-2%
Consolidated reserves		0			#DIV/0!
- Attributable to shareholders of the parent company	1 474 765	1 587 064	8%	1 920 836	21%
- Non-controlling interests	4 149 154	4 283 718	3%	4 357 111	2%
Gains and losses recognised directly in equity					#DIV/0!
- Attributable to shareholders of the parent company	618 563	609 900	-1%	587 204	-4%
- Non-controlling interests	504 535	511 398	1%	492 175	-4%
Net income for the period					#DIV/0!
- Attributable to shareholders of the parent company	1 921 510	737 832	-62%	2 007 213	172%
- Non-controlling interests	654 507	625 987	-4%	842 162	35%
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	27 796 103	27 980 530	1%	29 499 117	5%
TOTAL LIABILITIES	315 749 207	331 911 802	5.12%	345 057 854	3.96%

Source: Bank Of Africa – consolidated financial statements under IFRS

3. BANK OF AFRICA's consolidated income statement at 31 March 2022

Consolidated income statement under IFRS	31/03/2022	31/03/2021	Change
Interest and similar income	3 820 710	3 630 919	5%
Interest and similar expenses	- 1 087 645	-1 105 886	-2%
Net interest income	2 733 065	2 525 033	8%
Fees received	866 790	764 984	13%
Fees paid	- 148 999	-102 941	45%
FEE INCOME	717 791	662 043	8%
Net gains or losses resulting from net hedging positions	-	0	
Net gains or losses on financial instruments at fair value through profit or loss	80 525	192 115	-58%
<i>Net gains or losses on trading assets/liabilities</i>	51 538	178 866	-71%
<i>Net gains or losses on other assets/liabilities at fair value through profit or loss</i>	28 987	13 249	119%
Net gains or losses on financial instruments at fair value through other comprehensive income	20 680	18 936	9%
<i>Net gains or losses on debt instruments through other comprehensive income</i>			
<i>Remuneration of equity instruments (dividends) through other comprehensive income (non-recyclable)</i>	20 680	18 936	9%
Net gains or losses from the derecognition of financial assets at amortised cost			
Net gains or losses from reclassifying financial assets at amortised cost as financial assets at fair value through profit or loss			
Net gains or losses from reclassifying financial assets through other comprehensive income as financial assets at fair value through profit or loss			
Net income from insurance activities			
Net income from other activities	201 325	195 897	3%
Expenses from other activities	- 123 879	-130 264	-5%
Net banking income	3 629 507	3 463 760	5%
General operating expenses	- 1 684 839	-1 633 092	3%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	- 264 253	-236 749	12%
Gross operating income	1 680 415	1 593 919	5%
Cost of risk	- 685 544	-753 076	-9%
Operating income	994 871	840 843	18%
Share of earnings of companies accounted for using the equity method	21 009	25 788	-19%
Net gains or losses on other assets	- 8 445	1 349	-726%
Changes in value of goodwill	-	0	
Pre-tax income	1 007 435	867 980	16%
Corporate income tax	- 263 295	-167 324	57%
Income net of tax from discontinued operations		0	
Net income	744 140	700 656	6%
Non-controlling interests	260 684	257 858	1%
Net income attributable to shareholders of the parent company	483 456	442 798	9%

4. BANK OF AFRICA's consolidated balance sheet at 31 March 2022

ASSETS UNDER IFRS	31/03/2022	31/03/2021	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	16 067 259	19 737 051	-18.6%
Financial assets at fair value through profit or loss	-	-	-
- Financial assets held for trading purposes	38 252 865	35 604 594	7.4%
- Financial assets at fair value through profit or loss	766 451	807 037	-5.0%
Derivative hedging instruments	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-
- Debt instruments at fair value through other comprehensive income (recyclable)	1 809 131	1 708 897	5.9%
- Equity instruments at fair value through other comprehensive income (non-recyclable)	5 023 737	4 969 163	1.1%
Securities at amortised cost	41 798 200	38 926 888	7.4%
Loans and advances to credit and similar institutions at amortised cost	24 562 020	21 001 481	17.0%
Loans and advances to customers at amortised cost	197 762 786	197 020 207	0.4%
Revaluation adjustment for portfolios hedged against interest rate risk	-	-	-
Financial investments from insurance operations	-	-	-
Current tax assets	961 150	981 203	-2.0%
Deferred tax assets	2 530 269	2 466 604	2.6%
Prepayments, accrued income and other assets	5 824 095	6 497 978	-10.4%
Non-current assets held for sale	-	-	-
Investments in companies accounted for using the equity method	974 238	1 003 557	-2.9%
Investment property	3 569 052	3 560 318	0.2%
Property, plant and equipment	8 735 454	8 517 859	2.6%
Intangible assets	1 218 003	1 222 904	-0.4%
Goodwill	1 032 114	1 032 114	0.0%
TOTAL ASSETS UNDER IFRS	350 886 824	345 057 854	1.7%

Source: Bank Of Africa – consolidated financial statements under IFRS

LIABILITIES UNDER IFRS	31/03/2022	31/03/2021	Change
Amounts due to central banks, the Public treasury and postal cheque centre			
Financial liabilities measured using the fair value option through profit or loss			
- Financial liabilities held for trading purposes	-		
- Financial liabilities at fair value through profit or loss	-		
Derivative hedging instruments			
Debt securities issued	12 049 961	11 828 034	1.9%
Amounts due to credit and similar institutions	57 763 196	60 283 987	-4.2%
Amounts due to customers	225 314 418	218 973 241	2.9%
Revaluation adjustment on portfolios hedged against interest rate risk	-	-	-
Current tax liabilities	1 291 257	1 357 479	-4.9%
Deferred tax liabilities	1 191 450	1 187 570	0.3%
Accruals, deferred income and other liabilities	10 996 502	9 717 696	13.2%
Liabilities related to non-current assets held for sale	-	-	-
Liabilities under insurance contracts	-	-	-
Provisions	1 664 632	1 613 520	3.2%
Subsidies - public funds and special guarantee funds	-	-	-
Subordinated debt	10 655 571	10 597 210	0.6%
TOTAL LIABILITIES	320 926 987	315 558 737	1.7%
Shareholders' equity			
Share capital and related reserves	19 290 667	19 292 416	0.0%
Consolidated reserves	-	-	-
- Attributable to shareholders of the parent company	3 776 922	1 920 836	96.6%
- Non-controlling interests	5 050 497	4 357 111	15.9%
Gains and losses recognised directly in equity	-	-	-
- Attributable to shareholders of the parent company	595 690	587 204	1.4%
- Non-controlling interests	501 920	492 175	2.0%

Net income for the period	-	-	#DIV/0
- Attributable to shareholders of the parent company	483 456	2 007 213	-75.9%
- Non-controlling interests	260 684	842 162	-69.0%
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	29 959 838	29 499 117	1.6%
TOTAL LIABILITIES UNDER IFRS	350 886 824	345 057 854	1.7%

Source: Bank Of Africa – consolidated financial statements under IFRS

II. BANK OF AFRICA parent company's financial position

1. BANK OF AFRICA parent company's income statement at 31 December 2021

	2019	2020	Change	2021	Change
OPERATING INCOME FROM BANKING OPERATIONS	11 145 100	11 448 179	2.72%	10 625 860	-7.18%
Interest, remuneration and similar income from transactions with credit institutions	761 414	710 550	-6.68%	253 901	-64.27%
Interest, remuneration and similar income from transactions with customers	5 467 179	5 334 205	-2.43%	5 498 366	3.08%
Interest and similar income from debt securities	511 501	557 275	8.95%	619 182	11.11%
Income from equity securities and Sukuk certificates	658 083	611 251	-7.12%	883 776	44.58%
Income from <i>Mudarabah</i> and <i>Musharakah</i> securities	-	-	-	-	-
Income from lease-financed non-current assets	16 627	28 781	73.10%	23 052	-19.91%
Income from <i>Ijarah</i> assets	-	-	-	-	-
Fee income	1 265 476	1 115 875	-11.82%	1 187 270	6.40%
Other banking income	2 464 820	3 090 242	25.37%	2 160 313	-30.09%
Transfer of expenses on investment deposits received	-	-	-	-	-
OPERATING EXPENSES ON BANKING OPERATIONS	4 668 371	5 147 548	10.26%	3 718 456	-27.76%
Interest and expenses on transactions with credit and similar institutions	1 279 079	1 250 026	-2.27%	609 909	-51.21%
Interest and expenses on transactions with customers	1 282 212	1 052 972	-17.88%	851 876	-19.10%
Interest and similar expenses on debt securities issued	255 028	229 687	-9.94%	578 119	151.70%
Expenses on <i>Mudarabah</i> and <i>Musharakah</i> securities	-	-	-	-	-
Expenses on lease-financed non-current assets	13 568	16 216	19.52%	20 169	24.38%
Expenses on <i>Ijarah</i> assets	-	-	-	-	-
Other banking expenses	1 838 484	2 598 647	41.35%	1 658 383	-36.18%
Transfer of income on investment deposits received	-	-	-	-	-
NET BANKING INCOME	6 476 731	6 300 631	-2.72%	6 907 404	9.63%
Non-banking operating income	190 578	472 279	147.81%	165 316	-65.00%
Non-banking operating expenses	63 685	29 683	-53.39%	133 670	350.33%
GENERAL OPERATING EXPENSES	3 645 941	3 432 499	-5.85%	3 648 638	6.30%
Employee expenses	1 631 096	1 553 520	-4.76%	1 673 566	7.73%
Taxes other than on income	117 836	93 624	-20.55%	80 689	-13.82%
External expenses	1 617 320	1 479 989	-8.49%	1 566 034	5.81%
Other general operating expenses	8 994	8 887	-1.19%	9 287	4.50%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	270 695	296 479	9.53%	319 062	7.62%
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	2 122 518	2 585 199	21.80%	1 637 721	-36.65%

Provisions for non-performing loans and signature loans	858 615	1 651 794	92.38%	982 064	-40.55%
Losses on irrecoverable loans	930 178	783 717	-15.75%	350 559	-55.27%
Other provisions	333 725	149 688	-55.15%	305 098	103.82%
WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	1 212 727	1 035 725	-14.60%	473 658	-54.27%
Write-backs for non-performing loans and signature loans	1 171 684	968 557	-17.34%	276 070	-71.50%
Amounts recovered on impaired loans	30 543	27 808	-8.95%	18 879	-32.11%
Other write-backs	10 500	39 360	274.86%	178 709	354.04%
INCOME FROM ORDINARY OPERATIONS	2 047 889	1 761 253	-14.00%	2 126 349	20.73%
Non-recurring income		-		128 676	N/A
Non-recurring expenses	35 100	762 260	2071.68%	244 682	-67.90%
PRE-TAX INCOME	2 012 789	998 993	-50.37%	2 010 343	101.24%
Corporate income tax	640 941	274 812	-57.12%	509 470	85.39%
NET INCOME FOR THE YEAR	1 371 848	724 181	-47.21%	1 500 873	107.25%

2. BANK OF AFRICA parent company's consolidated balance sheet at 31 December 2021

ASSETS - MAD K	2019	2020	Change	2021	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	5 110 572	4 700 288	-8.03%	7 323 591	55.81%
Loans and advances to credit and similar institutions	22 149 097	20 148 615	-9.03%	20 167 359	0.09%
Sight	7 698 907	3 934 452	-48.90%	4 768 697	21.20%
Fixed term	14 450 190	16 214 163	12.21%	15 398 662	-5.03%
Loans and advances to customers	116 625 100	126 812 254	8.73%	126 845 452	0.03%
Cash and consumer loans and participatory financing arrangements	35 594 227	38 746 351	8.86%	41 883 548	8.10%
Equipment loans and participatory financing arrangements	22 104 094	20 263 591	-8.33%	20 664 448	1.98%
Mortgage loans and participatory financing arrangements	40 527 424	41 057 176	1.31%	41 207 258	0.37%
Other loans and participatory financing arrangements	18 399 355	26 745 136	45.36%	23 085 198	-13.68%
Factoring receivables	2 283 749	2 113 945	-7.44%	2 954 347	39.76%
Trading and available-for-sale securities	30 005 813	30 931 541	3.09%	37 687 594	21.84%
Treasury bonds and similar assets	10 154 073	9 458 897	-6.85%	14 923 138	57.77%
Other debt securities	506 783	220 787	-56.43%	231 115	4.68%
Equity securities	19 267 730	21 193 183	9.99%	22 493 714	6.14%
Sukuk certificates	77 227	58 674	-24.02%	39 627	-32.46%
Other assets	3 459 599	4 831 475	39.65%	7 831 620	62.10%
Investment securities	4 375 064	8 433 543	92.76%	8 936 596	5.96%
Treasury bonds and similar assets	2 125 081	4 115 642	93.67%	4 812 092	16.92%
Other debt securities	2 249 983	4 317 901	91.91%	4 124 504	-4.48%
Sukuk certificates	0	-	-	-	-
Investments in associates and similar assets	10 691 682	10 873 764	1.70%	11 639 853	7.05%
Investments in related companies	8 630 476	8 892 226	3.03%	9 199 560	3.46%
Other equity securities and similar assets	2 061 206	1 981 538	-3.87%	2 440 293	23.15%
<i>Mudarabah and Musharakah securities</i>	0	-	-	-	-
Subordinated loans	192 807	200 743	4.12%	195 925	-2.40%
Investment deposits given	0	-	-	-	-
Leased and rented assets	191 147	190 816	-0.17%	167 733	-12.10%
Ijara assets	0	-	-	-	-
Intangible assets	410 050	583 738	42.36%	714 004	22.32%
Property, plant and equipment	5 470 550	5 395 263	-1.38%	2 637 210	-51.12%
Total Assets	200 965 233	215 215 987	7.09%	227 101 284	5.52%

LIABILITIES - MAD K	2019	2020	Change	2021	Change
Amounts due to central banks, the Public treasury and postal cheque centre		-		-	
Amounts due to credit and similar institutions	22 630 542	37 034 499	63.65%	40 581 191	9.58%
Sight	1 932 813	2 539 628	31.40%	3 010 935	18.56%
Fixed term	20 697 729	34 494 871	66.66%	37 570 256	8.92%
Customer deposits	134 441 241	134 792 521	0.26%	141 554 206	5.02%
Sight deposit accounts in credit	79 783 847	85 875 583	7.64%	91 396 132	6.43%
Savings accounts	24 562 835	25 102 696	2.20%	25 927 402	3.29%
Term deposits	23 723 341	17 674 709	-25.50%	19 469 487	10.15%
Other accounts in credit	6 371 218	6 139 533	-3.64%	4 761 185	-22.45%
Amounts due to customers on participatory products	0	-		-	
Debt securities issued	9 372 817	8 166 405	-12.87%	8 117 463	-0.60%
Negotiable debt securities	8 872 817	7 666 405	-13.60%	8 117 463	5.88%
Bonds	500 000	500 000	0.00%	500 000	0.00%
Other debt securities issued	0	-		-	
Other liabilities	3 968 135	3 543 407	-10.70%	3 766 247	6.29%
Provisions, contingent liabilities	1 117 336	1 221 143	9.29%	1 294 922	6.04%
Statutory provisions	0	514 706	#DIV/0!	396 735	-22.92%
Subsidies, public funds and special guarantee funds	0	-		-	
Subordinated debt	9 590 170	9 594 473	0.04%	10 597 210	10.45%
Investment deposits received	0	-		-	
Revaluation reserve	0	-		-	
Reserves and premiums related to capital	16 474 865	17 568 566	6.64%	17 236 350	-1.89%
Share capital	1 998 204	2 056 066	2.90%	2 056 067	0.00%
Shareholders, unpaid share capital (-)	0	-		-	
Retained earnings (+/-)	75	20	-73.33%	20	0.00%
Net income to be appropriated (+/-)	0	-		-	
Net income for the year (+/-)	1 371 848	724 181	-47.21%	1 500 873	107.25%
Total Liabilities	200 965 233	215 215 987	7.09%	227 101 284	5.52%

5. BANK OF AFRICA parent company's income statement at 31 March 2022

	31/03/2022	31/03/2021	Change
OPERATING INCOME FROM BANKING OPERATIONS	3 228 516	2 932 612	10.1%
Interest, remuneration and similar income from transactions with credit institutions	94 072	95 444	-1.4%
Interest, remuneration and similar income from transactions with customers	1 327 077	1 265 032	4.9%
Interest and similar income from debt securities	158 238	139 911	13.1%
Income from equity securities and Sukuk certificates	316 579	348 601	-9.2%
Income from <i>Mudarabah</i> and <i>Musharakah</i> securities	-	0	
Income from lease-financed non-current assets	4 239	5 872	-27.8%
Income from <i>Ijarah</i> assets	-	0	
Fee income	304 683	292 103	4.3%
Other banking income	1 023 628	785 649	30.3%
Transfer of expenses on investment deposits received	-	0	
OPERATING EXPENSES ON BANKING OPERATIONS	1 344 297	1 069 466	25.7%
Interest and expenses on transactions with credit and similar institutions	151 775	222 423	-31.8%
Interest and expenses on transactions with customers	209 987	211 167	-0.6%
Interest and similar expenses on debt securities issued	137 730	51 928	165.2%
Expenses on <i>Mudarabah</i> and <i>Musharakah</i> securities	-	0	
Expenses on lease-financed non-current assets	4 798	5 142	-6.7%
Expenses on <i>Ijarah</i> assets	-	0	
Other banking expenses	840 007	578 806	45.1%
Transfer of income on investment deposits received	-	0	
NET BANKING INCOME	1 884 219	1 863 146	1.1%
Non-banking operating income	27 955	16 252	72.0%
Non-banking operating expenses	8 349	14 356	-41.8%
GENERAL OPERATING EXPENSES	874 320	865 449	1.0%
Employee expenses	412 624	399 247	3.4%
Taxes other than on income	13 195	19 349	-31.8%
External expenses	364 594	366 423	-0.5%
Other general operating expenses	2 000	2 789	-28.3%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	81 907	77 641	5.5%
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	342 108	377 890	-9.5%
Provisions for non-performing loans and signature loans	326 611	374 808	-12.9%
Losses on irrecoverable loans	11 876	3 082	285.3%
Other provisions	3 621	0	
WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	24 966	34 187	-27.0%
Write-backs for non-performing loans and signature loans	23 231	33 367	-30.4%
Amounts recovered on impaired loans	1 735	820	111.6%
Other write-backs	-	0	
INCOME FROM ORDINARY OPERATIONS	712 363	655 890	8.6%
Non-recurring income	32 838	32 169	2.1%
Non-recurring expenses	70 283	61 128	15.0%
PRE-TAX INCOME	674 918	626 931	7.7%
Corporate income tax	132 921	106 608	24.7%
NET INCOME FOR THE YEAR	541 997	520 323	4.2%

6. BANK OF AFRICA parent company's balance sheet at 31 March 2022

ASSETS	31/03/2022	31/03/2021	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	5 034 658	7 323 591	-31.3%
Loans and advances to credit and similar institutions	20 580 242	20 167 359	2.0%
Sight	5 661 479	4 768 697	18.7%
Fixed term	14 918 763	15 398 662	-3.1%
Loans and advances to customers	127 663 032	126 845 452	0.6%
Cash and consumer loans and participatory financing arrangements	39 738 704	41 888 548	-5.1%
Equipment loans and participatory financing arrangements	21 000 393	20 664 448	1.6%
Mortgage loans and participatory financing arrangements	40 818 311	41 207 258	-0.9%
Other loans and participatory financing arrangements	26 105 624	23 085 198	13.1%
Factoring receivables	2 798 520	2 954 347	-5.3%
Trading and available-for-sale securities	40 636 214	37 687 594	7.8%
Treasury bonds and similar assets	16 621 878	14 923 138	11.4%
Other debt securities	140 176	231 115	-39.3%
Equity securities	23 834 533	22 493 714	6.0%
Sukuk certificates	39 627	39 627	0.0%
Other assets	7 842 688	7 831 620	0.1%
Investment securities	9 190 884	8 936 596	2.8%
Treasury bonds and similar assets	5 008 267	4 812 092	4.1%
Other debt securities	4 182 617	4 124 504	1.4%
Sukuk certificates	-	-	-
Investments in associates and similar assets	11 837 473	11 639 853	1.7%
Investments in related companies	9 328 611	9 199 560	1.4%
Other equity securities and similar assets	2 508 862	2 440 293	2.8%
<i>Mudarabah and Musharakah securities</i>	-	-	-
Subordinated loans	200 727	195 925	2.5%
Investment deposits given	-	-	-
Leased and rented assets	164 458	167 733	-2.0%
Ijara assets	-	-	-
Intangible assets	730 793	714 004	2.4%
Property, plant and equipment	2 793 941	2 637 210	5.9%
Total Assets	229 473 630	227 101 284	1.0%

LIABILITIES	31/03/2022	31/03/2021	Change
Amounts due to central banks, the Public treasury and postal cheque centre	-	-	
Amounts due to credit and similar institutions	38 058 853	40 581 191	-6.2%
Sight	5 937 609	3 010 935	97.2%
Fixed term	32 121 244	37 570 256	-14.5%
Customer deposits	145 187 327	141 554 206	2.6%
Sight deposit accounts in credit	94 464 160	91 396 132	3.4%
Savings accounts	26 172 411	25 927 402	0.9%
Term deposits	20 322 453	19 469 487	4.4%
Other accounts in credit	4 228 303	4 761 185	-11.2%
Amounts due to customers on participatory products	-	-	
Debt securities issued	8 147 303	8 117 463	0.4%
Negotiable debt securities	8 147 303	8 117 463	0.4%
Bonds	-	-	
Other debt securities issued	-	-	
Other liabilities	4 425 695	3 766 247	17.5%
Provisions, contingent liabilities	1 298 752	1 294 922	0.3%
Statutory provisions	366 573	396 735	-7.6%
Subsidies, public funds and special guarantee funds	-	-	
Subordinated debt	10 655 571	10 597 210	0.6%
Investment deposits received	-	-	
Revaluation reserve	-	-	
Reserves and premiums related to capital	17 234 601	17 236 350	0.0%
Share capital	2 056 066	2 056 067	0.0%
Shareholders, unpaid share capital (-)	-	-	
Retained earnings (+/-)	20	20	0.0%
Net income to be appropriated (+/-)	1 500 873	-	
Net income for the year (+/-)	541 997	1 500 873	-63.9%
Total Liabilities	229 473 630	227 101 284	1.0%

■ PART III: Risks

I. Risks in connection with the Issuer, BANK OF AFRICA

1. Counterparty risk management

Net loans distributed by the Bank (consolidated basis) to customers and to credit institutions totalled MAD 218 billion at 31 December 2021 versus MAD 216 billion the previous year.

Non-performing loans rose faster than loan growth, primarily due to the Group introducing its convergence policy and to the stricter regulatory environment. The Group's non-performing loan ratio increased year-on-year from 9.6% in 2020 to 10% in 2021. The loan-loss coverage ratio stood at 65.3% at 31 December 2021, an improvement on 2020 (64.5%).

The reason why the Group's non-performing loan ratios are below the industry average is due to BOA Group subsidiaries' loan portfolios having a high exposure to corporate customers, which provide solid guarantees.

The Bank has made a considerable effort to clean up its customer loan portfolio and continues to do so as part of its risk management policy in compliance with Bank Al Maghrib's prudential rules as well as adopting healthy risk management practices.

The Bank's resulting risk management policy is underpinned by various governing bodies as well as an ongoing proactive management approach.

The following bodies are involved in managing and monitoring the risks of the Bank and of the Group:

- The Group Audit and Internal Control Committee (Group CACI).
- The General Management Committee (CDD), which is responsible for translating and monitoring the Group's corporate strategy into operational initiatives and measures.
- The Credit Committees, which approve all loan commitments.
- The Committee for supervising accounts showing anomalies and downgrading.
- The Group Risk Committee, which assists the Board of Directors in matters such as strategy and risk management. In particular, it ensures that overall risk policy is adapted to the risk profile of both the Bank and of the Group, the degree of risk aversion, its systemic importance, its size and its capital base.
- The Group Risk Steering and Management Committee and BANK OF AFRICA's Risk Management and Steering Committee, which are sub-committees of BANK OF AFRICA's General Management Committee. They ensure that risk steering policy is effective and consistent with risk management policy relating to credit, market and operational risks.

The Bank's credit division operates in accordance with the general credit policy approved by the Group's senior management bodies. The Group's requirements in terms of ethics, reporting lines, compliance with procedures and discipline in risk analysis are guiding principles. This general policy is further broken down into specific policies and procedures depending on the character of specific operations or counterparties, using an internal ratings system, a system for delegating authority and a system for managing limits so as to reduce concentration risk.

The system for delegating authority is one in which credit approval decisions are delegated to different levels of authority depending on the customer segment, the cumulative amount of credit offered to the customer and the type of exposure (public enterprises, semi-public enterprises, exposure to banks, etc.).


The Bank's ratings system is a two-dimensional system, combining a credit rating, enabling the Bank to assess the risk inherent in the transaction and a financial rating, based on the borrower's financial standing. In addition to these quantitative factors, other qualitative factors are taken into consideration when attributing a rating e.g. growth potential, business sector, parent company's rating, country risk as well as payment incidents.

In accordance with the Basel regulations, Bank Al-Maghrib has set a minimum number of classes that a ratings model should contain:

- 7 classes for healthy counterparties
- 1 class for defaulting counterparties

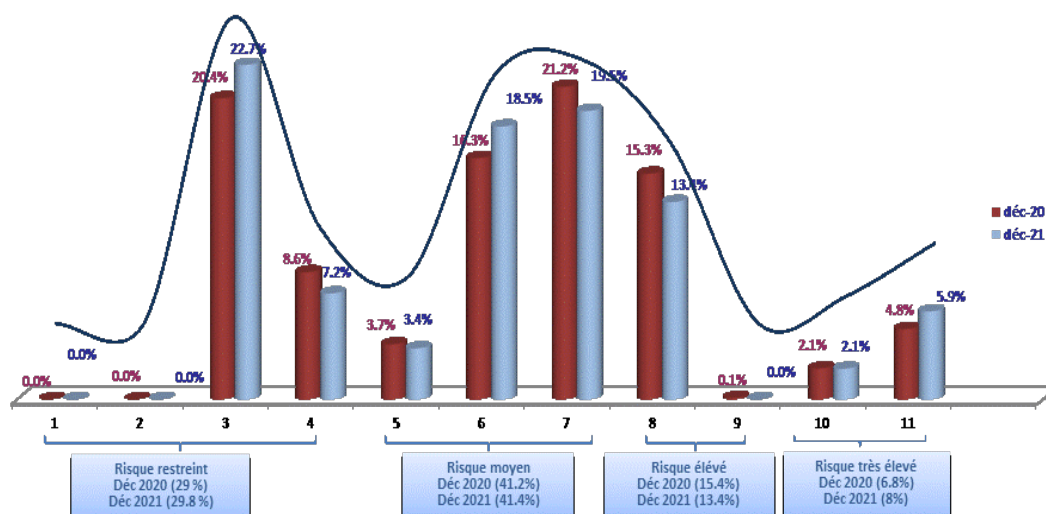
BANK OF AFRICA has adopted an 11-level ratings scale to attribute a final counterparty rating:

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

“Healthy” ratings	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	
“In default” ratings	9	Pre-doubtful
	10	Doubtful
	11	Irrecoverable

Source: BANK OF AFRICA

- The following chart shows the breakdown of loan commitments by risk category at 31 December 2021:



It is worth noting that customers placed on the watch list are specifically monitored and that their corresponding loan commitments are provisioned under General Risk Provisions, in accordance with regulatory requirements.

1. Interest rate risk and liquidity risk

1. Liquidity risk analysis

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

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

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

There are two major sources of liquidity risk:

- The institution's inability to raise the required funds to deal with unexpected situations in the short term, such as a massive deposit withdrawal or a maximum drawdown of off-balance sheet commitments
- A mismatch of assets and liabilities or the financing of medium- or long-term assets by short-term liabilities. An acceptable liquidity level is a level that enables the Bank to finance asset growth and to fulfil its commitments when they are due, thereby protecting the Bank from any eventual crisis.

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

- The Liquidity Coverage Ratio (LCR), which stood at 175% on a consolidated basis at 31 December 2021
- The profile of static periodic or cumulative gaps in dirhams and in foreign currencies, which enables the Bank to measure the level of liquidity risk incurred over the short, medium and long term.

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

Monetary liabilities stood at MAD 25,740 million with an equivalent duration of 38.14 days whilst liquid assets amounted to MAD 36,410.54 million at 31. December 2021.

It is also worth pointing out that Treasury bonds accounted for 98.6% of the Bank's fixed income assets, implying almost full liquidity. This asset category stood at MAD 8,863 million.

2. Interest rate risk analysis

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

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

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

The Bank's strategy in terms of interest rate risk management is aimed at ensuring earnings stability when interest rates change, thereby protecting net interest income and optimising the economic value of equity.

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

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

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

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

The assets primarily consist of Treasury bonds, negotiable debt securities and other bonds.

These assets are mainly financed by short-term liabilities with a duration of 38.14 days.

Stress test simulations were carried out to measure the impact from a change in interest rates on net interest income and the economic value of shareholders' equity. At 31 December 2021, if the trading book portfolio were excluded, the impact from a +200-basis points change in interest rates on net interest income was estimated to be negative MAD 253 million or -5.86% of projected net interest income whilst the impact from a -200-basis points change was estimated to be positive MAD 248 million or +5.75% of projected net interest income. The change in the economic value of shareholders' equity, if the trading book portfolio were excluded, in the event of a 200-basis points shock, was estimated to be MAD 937 million or 7.5% of regulatory capital.

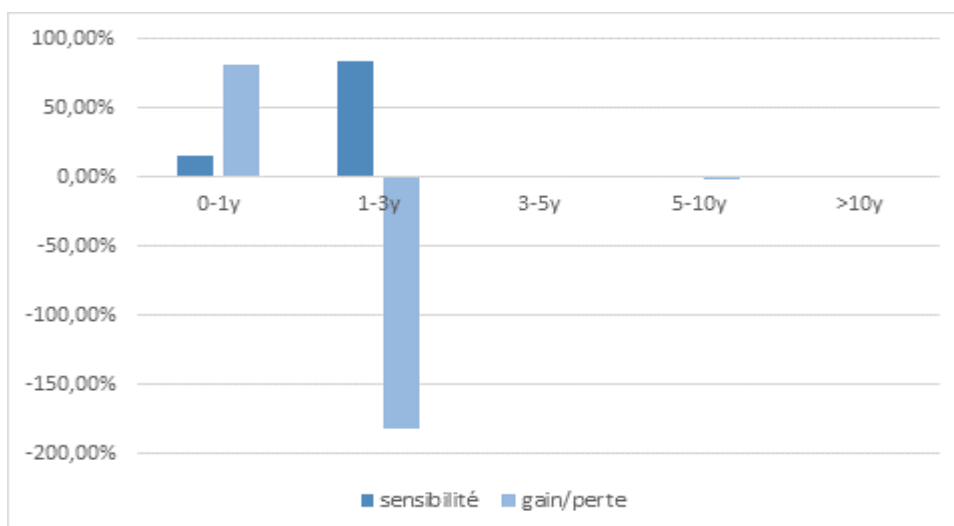
Fixed income portfolio

At 31 December 2021, the fixed income portfolio had an average duration of 1.46 years and an average sensitivity of 1.44 years. Its market value was MAD 8,986 million.

A parallel 50 bps move in interest rates would result in an average loss of MAD 65 million.

A parallel 100 bps move in interest rates would result in an average loss of MAD 130 million.

The following sensitivity spectrum shows the breakdown of overall sensitivity by different categories of paper and therefore the choice of interest rate projections on different maturities



1) Foreign exchange risk

Table 1 Foreign exchange risk by currency

	Net long position*	Net short position*	% shareholders' equity
EUR	29.66	-	0.14%
LYD	0.01	-	0.00004%
QAR	1.93	-	0.01%
BHD	0.42	-	0.002%
SEK	0.14	-	0.001%
CHF	-	7.64	0.04%
TND	84.25	-	0.40%
CAD	7.18	-	0.03%
DZD	0.26	-	0.001%
KWD	-	0.18	0.001%
SAR	7.39	-	0.04%
AED	39.08	-	0.19%
JPY	-	7.29	0.03%
DKK	-	0.82	0.004%
NOK	7.34	-	0.03%
USD	-	33.51	0.16%
GBP	-	8.90	0.04%

Source: Bank Of Africa

(*) Assets-liabilities in the same currency +/- net forward commitments +/- options delta - Data at 31/12/2021

The net balance of positions was as follows:

- For long positions: MAD 178 million or 0.84% of net shareholders' equity
- For short positions: MAD 58 million or 0.28% of net shareholders' 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 shareholders' equity per foreign currency and 20% for foreign currencies as a whole.

2) Regulatory risk

Local subsidiaries as well as the Economic Intelligence Centre continuously monitor regulatory developments in those countries in which the Group has operations. The results are regularly shared with the Risk departments, as part of the Group risk community, to estimate the potential impact on subsidiaries' loan portfolios and on the Group as a whole. These factors are taken into consideration when setting exposure limits on a parent and consolidated basis.

Table 2 Capital adequacy ratio at 31 December 2021 (Basel III) on a consolidated basis

	Risk-weighted assets (MAD K)
Weighted credit risk	222 904 789
Weighted market risk	9 732 152
Weighted operational risk	26 022 125
Total risk-weighted assets	258 659 066

Source: BANK OF AFRICA

Table 3 Tier 1 capital ratio

	Total (MAD K)
Tier 1 capital	25 174 837
Total risk-weighted assets	258 659 066
Tier 1 capital ratio	9.7%

Source: BANK OF AFRICA

Table 4 Minimum capital adequacy ratio

	Total (MAD K)
Tier 1 capital	25 174 837
Eligible capital	32 366 469
Total risk-weighted assets	258 659 066
Minimum capital adequacy ratio	12.5%

Source: BANK OF AFRICA

The Bank's capital adequacy ratio, which reflects its ability to meet its entire obligations from shareholders' equity, remains above the regulatory minimum of 11.5%.

This ratio was 12.5% on a consolidated basis at 31 December 2021.

It is also worth noting that an Internal Capital Adequacy Assessment Process (ICAAP) has been introduced in Morocco. Its aim is to ensure that the Bank has adequate capital to meet all material risks on a permanent basis. This process is underpinned by 3 main aspects:

- The risk appetite framework, which outlines the governance and organisational framework and the process for determining risk appetite within the Bank.
- The risk appetite statement which, consistent with the Group's strategic development plan, determines risk appetite guidelines that reflect the Bank's risk profile. These guidelines are broken down into quantitative indicators to which thresholds have been added.
- Identifying and quantifying the risks (capital buffer) to which the institution is exposed (excluding credit, market and operational risk).

The risks retained with regard to Pillar 2, for which capital requirements need to be potentially quantified, include interest rate, liquidity, customer concentration, geographical concentration, sector concentration, country, structural exchange rate, non-compliance, legal and reputational risk.

These risks have been identified on the basis of the regulatory authorities' regulatory recommendations and international banking practice.

The Bank's capital buffer is designed to mitigate the most prominent risks that might impact its profitability, solvency and liquidity as a function of its resilience to adverse market situations.

Bank Al-Maghrib does not insist on any specific model for calculating the capital buffer but, instead, has allowed banks to develop their own calculation methodology (internal model).

Since the methodology for calculating the risk buffer has already been determined, the current focus is on gauging capital requirements and determining and deciding on the capital buffer to be factored into BANK OF AFRICA S.A.'s capital adequacy ratio.

As part of the process of steering its ratios, BANK OF AFRICA has adopted a number of measures to optimise its use of capital. The Group may, among other things, decide to cut back on lending for a given period. This will enable the Bank to steer growth of its risk-weighted assets.

Bank Al-Maghrib, assuming a macro-prudential supervisory role, may request that credit institutions establish a capital buffer known as a 'counter-cyclical capital buffer' on an individual and/or consolidated basis. The said buffer, ranging from 0% to 2.5% of risk-weighted risks, will be constituted from Tier 1 core capital.

Table 5 Projected minimum capital adequacy ratio

Parent company	Dec-21	Jun-22	Dec-22	Jun-23
Core capital	12 921	13 381	13 566	13 731
Tier I capital	14 921	15 381	15 566	15 731
Tier II capital	21 067	21 927	22 512	23 127
Risk-weighted assets	140 955	143 856	146 173	148 454
CET 1 ratio	9.2%	9.3%	9.3%	9.2%
Tier 1 capital ratio	10.6%	10.7%	10.6%	10.6%
Capital adequacy ratio	14.9%	15.2%	15.4%	15.6%

Consolidated	Dec-21	Jun-22	Dec-22	Jun-23
Core capital	23 175	23 546	24 483	26 450
Tier I capital	25 175	25 546	26 483	28 450
Tier II capital	32 366	33 196	34 533	36 950
Risk-weighted assets	258 659	273 636	281 274	288 285
CET 1 ratio	9.0%	8.6%	8.7%	9.2%
Tier 1 capital ratio	9.7%	9.3%	9.4%	9.9%
Capital adequacy ratio	12.5%	12.1%	12.3%	12.8%

Source: BANK OF AFRICA

BANK OF AFRICA's projected capital ratios on an individual and consolidated basis remain above the current regulatory minimum requirements of 9.0% for the Common Equity Tier 1 ratio (CET1) and 12% for the capital adequacy ratio thanks to the Group's internal capital management policy.

3) Operational risk

Operational risk is defined as the risk of loss due to inadequate or failing internal procedures, systems failure or external events that are liable to impact the smooth running of the business.

The Bank's operational risk management policy has three aims:

- Identify, analyse and appraise operational risks
- Appraise internal control procedures
- Monitor operational risks using alert indicators.

Operational risk is managed by adopting preventive and/or corrective action to counter the major risks identified.

The risk management system is regularly reviewed and monitored to ensure its ongoing improvement.

Operational risks or losses may be analysed, classified and ranked on the basis of the following factors: cause, effect (financial impact or otherwise), score, qualification, level of control and event type under Basel.

The senior management of the entity in question, General Management and the Board of Directors are regularly notified of operational risk exposure and any losses incurred. The management system is properly documented, ensuring compliance with a formalised set of checks and internal procedures and corrective measures in the event of non-compliance. Internal and/or external auditors are invited to periodically review management processes and systems for measuring operational risk. These audits relate to units' activities and the independent operational risk management function. Operational risk management at BANK OF AFRICA Group has been entirely automated by means of specialised MEGA HOPEX software. This software, which has been rolled out across the Bank and at Moroccan and European subsidiaries, is now used to collect risk events and map operational risks and key risk indicators.

Information technology risk is included within the Operational Risk Mapping of the Group's business activities. Shortcomings have been identified as far as the Group's information systems integration is concerned. The IS-Convergence project endeavours to address this risk.

In response to the COVID-19 pandemic and under the aegis of the Group's governance bodies, Group Risk Management has endeavoured to bolster risk management systems so as to better absorb anticipated shocks and make the Group more resilient.

As with the Group's various projects which aim to restructure and integrate the risk function across the entire Group, such as the Convergence Programme, the Group has wanted to continue in a similar vein by extending the Internal Crisis Recovery Plan (PRCI) and ICAAP system to systemically important subsidiaries, particularly given that, for some, it has become a regulatory requirement.

Credit risk management system

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

The roll-out of market risk management system is complete at the BOA Benin pilot site.

In addition, the ICAAP and PPR (PRCI equivalent) systems have been implemented by a number of subsidiaries that are systemically important to BOA Group. These include BOA Benin, Burkina Faso, Togo, Niger and BOA West Africa.

As far as compliance with US FATCA regulations is concerned, it is worth noting that, since early 2018, BANK OF AFRICA has initiated a Group-wide project with the help of a world-renowned consulting firm with recognised expertise in this area. All subsidiaries which had to be certified by the end of 2018 are now certified. Since FATCA certification takes effect from the date that an institution is registered on the US tax authorities' website ('Effective Date'), the other Group entities that are liable have had to be certified on a gradual basis prior to 2021. In short, BANK OF AFRICA Group is fully compliant with FATCA requirements.

The Business Continuity Plan is a response to the growing demand to minimise the impact in the event of any interruption to the Bank's operations. This is due to a growing reliance on the resources underpinning those operations, including human, IT or logistical resources.

The Plan comprises a set of measures and procedures aimed at ensuring that the Bank, under different crisis scenarios such as a major shock, is able to maintain essential services in fail-soft mode on a temporary basis, prior to resuming normal operations as planned.

A targeted rescue organisation has been set up, along with alternative locations and backup systems. A specific project is underway at Group level, with disaster avoidance planning a priority.

The main strategic transversal principles underpinning the Business Continuity Plan are as follows:

- BANK OF AFRICA has a moral responsibility to enable its customers to access the funds that they have entrusted to it. Any breach of this obligation in times of crisis may have an impact on public order. This principle shall prevail above any other.
- BANK OF AFRICA must fulfil its obligations towards Morocco's interbank clearing system.
- BANK OF AFRICA intends, as a priority, to fulfil its existing legal and contractual obligations (relating to loans and other commitments) before assuming any other obligation.
- BANK OF AFRICA intends to maintain its international credibility by guaranteeing, as a priority, its commitments vis-à-vis foreign correspondents:
 - ✓ BANK OF AFRICA Group's existing customers take priority over all others using its services
 - ✓ Services are provided along the entire chain from front-office to back-office e.g. from branch level up until they are recognised in accounting terms.

IT risk

Incidents which are considered an operational risk are reported via the MEGA HOPEX solution. The latter is used by operational risk correspondents, coordinators and liaison officers at various levels of the Bank and at those subsidiaries in which the solution has been implemented to declare operational risk incidents on an ongoing basis.

4) Non-operating asset risk

The Bank possesses a stock of non-operating property assets that were acquired as dation-in-payment. As a result, the Bank is exposed to the risk of not being able to sell these assets or having to dispose of them at a loss. BANK OF AFRICA's non-operating property portfolio was valued at MAD 4.9 billion at 31 December 2021. The sum of MAD 4.9 billion includes assets recognised under the Bank's non-operating assets as well as assets held by the Group's real estate subsidiaries.

5) Country risk

By country risk is meant the possibility that a sovereign counterparty of a given country, or other counterparties of this country, may be unable or unwilling to fulfil its obligations to a foreign country due to socio-political, economic or financial reasons.

Country risk may also result from restrictions to the free movement of capital or other political or economic factors and is therefore referred to as transfer risk. It may also arise from other risks in connection with the occurrence of events impacting the value of the commitments to the country in question (natural disasters, external shocks).

The primary aim of the Group's country risk policy is to establish a system that enables the Group to appraise, restrict, mitigate and, if necessary, suspend, in both a prudent and synchronised manner, its exposure to high-risk countries.

The Group's country risk policy comprises, in addition to the country risk management strategy, the principles for identifying, managing and controlling these risks as well as the organisational bodies responsible. The system for delegating and reducing exposure is the core feature of this managerial approach to risk prevention. The system has been designed so as to be increasingly restrictive as country risk increases. The level of exposure is therefore calibrated to the level of country risk, reflected by the rating assigned to each country and the extent to which each Group entity is capitalised.

The majority of BANK OF AFRICA's loan commitments are to Morocco-based counterparties. The Bank's exposure to foreign counterparties primarily relates to foreign credit institutions. These loan commitments are:

- Authorised after a rating is assigned and fundamental analysis carried out for each counterparty
- Monitored on a monthly basis with a regulatory statement filed with the central bank.

These statements provide an overview of BANK OF AFRICA Group's overall exposure to foreign banking counterparties. They reflect risk exposure by country and include all balance sheet and off-balance sheet assets representing loans and advances to residents of foreign countries.

In addition to these statements, Group Risk Management prepares a monthly analytical report on BANK OF AFRICA Group's foreign exposure. This report enables the Group to assess its level of foreign exposure and provide a framework for monitoring risk trends for each country.

Monthly reporting by overseas subsidiaries and the parent company enables the Group Risk Management Department to assess each country's potential risk factors and helps to establish risk-mitigation strategies.

Stress tests are carried out every six months to assess the impact from such circumstances on the Group's capital adequacy and non-performing loan profile. These stress tests cover countries to which the Group has significant exposure as well as those which are politically unstable.

As part of its strategic development plan, BANK OF AFRICA is studying various scenarios including bolstering and/or maintaining its presence in some countries whilst withdrawing from others.



6) COVID-19 pandemic unpredictable in terms of its duration and impact

SMEs, known for their fragility in financial, structural and human terms, form the bedrock of the Moroccan economy. Implementing sustainability criteria is not easy in a context in which priority is given to their survival and sustainability.

The crisis engendered by the COVID-19 pandemic has underlined this fragility. Against such a backdrop, BANK OF AFRICA has supported those corporate and small business customers impacted by the pandemic by *Crédit Relance*, a medium- to long-term loan designed to help customers fund their working capital needs.

Despite the various efforts made to promote CSR in Morocco, a number of obstacles exist which make it difficult for businesses, particularly SMEs, to implement CSR initiatives. These primarily include:

- The lack of any meaningful inspection framework regarding non-compliance with environmental and social regulations
- Non-application of the 'polluter-pays' principle
- Failure to penalise businesses which fail to comply with the law or don't take their responsibilities seriously
- The lack of a 'genuine' civil society which would encourage businesses to adopt responsible practices.

The crisis may have a lasting impact, particularly on certain sectors of the economy. Deteriorating economic conditions are likely to impact the operating environment for many of BANK OF AFRICA's customers, which in turn is likely to negatively impact BOA's revenues and the cost of risk due to rising default rates and non-performing loans. However, the loan loss provisioning policy adopted by the Group, underpinned by BAM's Circular 19G and its policy of placing 'fragile' loans on a watchlist and increasing loan loss provisions, will enable the Group to proactively manage the anticipated rise in loan defaults.

It is worth mentioning that the Economic Watch Committee decided to continue with support measures such as the *Relance* product for the hospitality sector until the end of June 2021. These measures are likely to limit the adverse impact that the COVID crisis is likely to have on banks' expected credit losses. Every effort has therefore been made to mitigate the effects of the crisis, the consequences of which remain highly dependent on how the pandemic develops and the manner in which new variants of the virus are controlled.

7) Environmental-related financial risk

Appraising and managing environmental and social risks and impacts are an integral part of the overall risk management process for funded projects. It is essential for the sustainable and successful environmental performance of projects.

The due diligence process implemented by BANK AFRICA aims to:

- Identify the environmental, social and health and safety impacts/risks that may arise
- Assess whether a project complies with national regulations, IFC performance standards, the World Bank's general and business sector guidelines, the Equator Principles and best environmental and social practices
- Draw up an action plan to mitigate these risks and resolve any detected incidents of non-compliance.

During the 2021 financial year, no financial risk related to environmental issues was recorded.

WARNING

The above information forms only part of the prospectus approved by the Moroccan Capital Markets Authority (AMMC) 16/06/2022 with reference number VI/EM/015/2022.

The AMMC recommends that interested parties read the entire prospectus which is available to the general public in French.