





# MANAGEMENT REPORT

## MANAGEMENT REPORT

### DRAFT BOARD OF DIRECTORS' MANAGEMENT REPORT TO THE COMBINED GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders, Ladies and Gentlemen,

We are honoured to invite you to the Combined General Meeting of Shareholders in accordance with BANK OF AFRICA's Memorandum and Articles of Association, the amended and completed Act 17-95 relating to limited companies and Articles 29 et seq. of the Memorandum and Articles of Association to report on BANK OF AFRICA's business activity and results for the period ended 31 December 2022 and its future prospects and to submit, for your approval, the balance sheet and annual financial statements for the said period as well as submitting, for your approval, an increase in share capital by incorporating reserves and issuing bonus shares.

These financial statements are attached to this report.

The statutory notices have been sent to you on a regular basis and all documents and items as required by the applicable regulations have been made available to shareholders within the requisite deadlines.

### CONSOLIDATED RESULTS AND BALANCE SHEET INDICATORS

#### BANK OF AFRICA GROUP'S FINANCIAL PERFORMANCE

BANK OF AFRICA Group's total assets stood at MAD 383 billion at 31 December 2022, an increase of 11% compared to 31 December 2021.

BANK OF AFRICA Group's shareholders' equity attributable to shareholders of the parent company stood at MAD 25.2 billion, an increase of 6% versus 31 December 2021.

Regulatory capital was also bolstered after successfully issuing MAD 1 billion of subordinated debt in first half 2022 as well as MAD 500 million of AT1 capital with a loss-absorption provision in second half 2022, thereby boosting Tier 1 capital.

Consolidated outstanding customer loans rose by 6.3% from MAD 197 billion in 2021 to MAD 209 billion in 2022. Excluding resales, customer loans increased by 7.4%.

Customer deposits increased by 12.4% over the same period to MAD 246 billion versus MAD 219 billion at 31 December 2021.

As far as the Group's consolidated financial performance was concerned, net banking income rose by 7% year-on-year to MAD 15.6 billion in 2022.

Gross operating income was MAD 7.3 billion, up 10.4% compared to 2021.

The consolidated cost of risk declined by 9.5% to MAD 2.6 billion at 31 December 2022 versus MAD 2.9 billion the previous year with the cost of risk in 2021 impacted by a downgrade to Burkina Faso's credit rating, which therefore required significant additional provisioning under IFRS.

Net income attributable to shareholders of the parent company rose by 15% year-on-year to MAD 2,305 million at 31 December 2022.

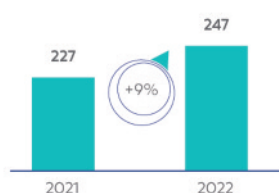
The Group's net income amounted to MAD 3,540 million, up 24% year-on-year.



## RESULTS AND CONTRIBUTIONS FROM BANK OF AFRICA SA'S OPERATIONS

The Bank's total assets rose by almost 9% to MAD 247 billion at 31 December 2022 versus MAD 227 billion at 31 December 2021.

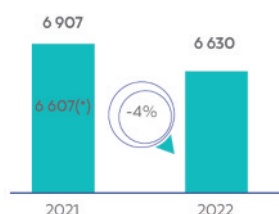
Total assets (MAD billions)



The Bank's net banking income, restated for exceptional dividend income from European subsidiaries in 2021, was broadly unchanged on the previous year at MAD 6,630 million in 2022, due to a combination of:

- A 4% year-on-year increase in net interest income, primarily driven by:

Net banking income (MAD millions)

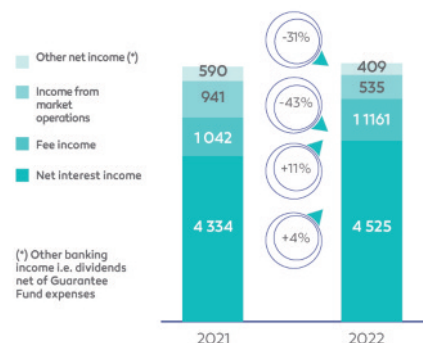


(\*) +0%, restated for exceptional dividend income from European subsidiaries in 2021

(i) 3% growth in average outstanding loans, primarily due to short-term loans to corporates and (ii) Growth of almost 5% in outstanding deposits, primarily driven by a 9% increase in average non-interest-bearing deposits, enabling the Bank to optimise its funding costs.

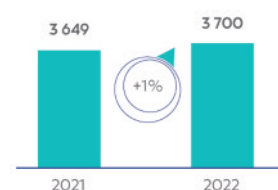
- Robust growth of 11% in fee income due to a recovery in international operations (currency exchange, overseas trade, bank cards etc.).
- A decline in the value of the investment portfolio due to a 20% fall in the stock market and a 100 basis points increase in the key lending rate, which impacted the Treasury yield curve, resulting in a 200 basis points steepening.
- A 24% fall in dividend income following exceptional dividend income from European subsidiaries in 2021 (MAD 300 million)

## Breakdown of net banking income (MAD millions)



General expenses were contained at MAD 3,700 million at 31 December 2022, up 1%, due to strong cost control measures despite inflationary pressure on costs.

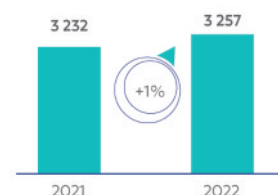
## General operating expenses (MAD millions)



The cost-to-income ratio stood at 55.8% in 2022 versus a restated cost-to-income ratio of 55.2% at 31 December 2021.

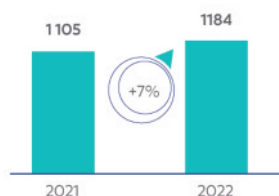
Gross operating income grew by 1% to MAD 3,257 million at 31 December 2022.

## Gross operating income (MAD millions)



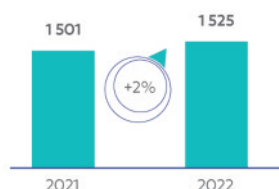
The overall cost of risk rose by 1% to MAD 1,184 million at 31 December 2022 versus MAD 1,105 million at 31 December 2021, after factoring in a cost of risk on customer loans of MAD 956 million gross versus MAD 928 million in 2021. As a result, the cost of risk as a percentage of average outstanding loans to customers stood at 0.8%, unchanged on the previous year.

#### Overall cost of risk (MAD millions)



BANK OF AFRICA SA's net income was MAD 1,525 million at 31 December 2022 versus MAD 1,501 million at 31 December 2021, up 2%.

#### Parent net income (MAD millions)



## HIGHLIGHTS OF THE BANK'S MOROCCAN OPERATIONS

### The Bank's funding sources

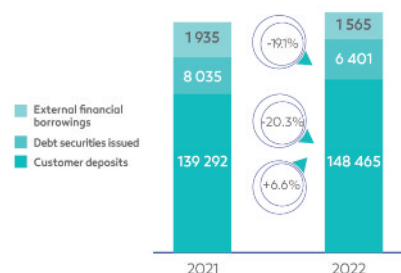
In 2022, the Bank's funding sources increased by 4.7% year-on-year to MAD 156 billion at 31 December 2022, primarily driven by a 10.4% increase in non-interest-bearing deposits in 2022. The Bank's share of the funding market was 13.31% at 31 December 2022.

#### Share of the customer deposit funding market



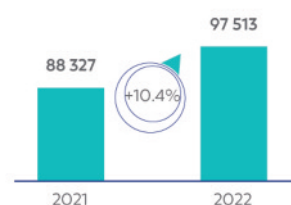
As far as a breakdown of the Bank's funding sources was concerned, the share of non-interest-bearing deposits improved, accounting for 66% of total funding sources at 31 December 2022 versus 63% at 31 December 2021.

#### Funding sources (MAD millions)



Sight deposit accounts in credit grew by 10.4% to MAD 97 billion at 31 December 2022, driven by (i) an 8.3% or MAD 5.2 billion increase in cheque account outstandings to MAD 68 billion at 31 December 2022 and (ii) a 15.4% or MAD 4 billion rise in current account outstandings to MAD 30 billion.

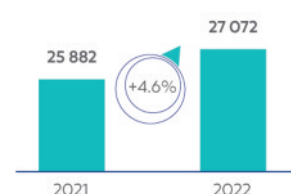
#### Sight deposit accounts in credit (MAD millions)



The Bank's share of sight deposit accounts in credit increased by 0.16 percentage points to 12.76% at 31 December 2022 versus 12.60% at 31 December 2021.

Passbook savings account outstandings grew by 4.6% to MAD 27 billion at 31 December 2022. The Bank's share of passbook savings accounts rose by 0.23 percentage points from 14.92% at 31 December 2021 to 15.15% at 31 December 2022.

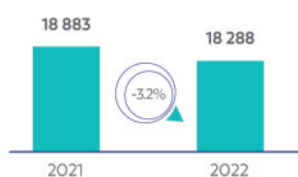
#### Savings accounts (MAD millions)





Term deposits stood at almost MAD 18 billion at 31 December 2022 versus MAD 19 billion at 31 December 2021, a proactive reduction in line with industry trends (-3.2%). The Bank's share of term deposits stood at 13.69% at 31 December 2022, broadly unchanged on 31 December 2021.

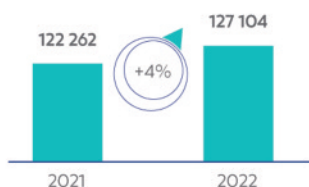
#### Term deposits (MAD millions)



#### Loans and advances to customers (\*)

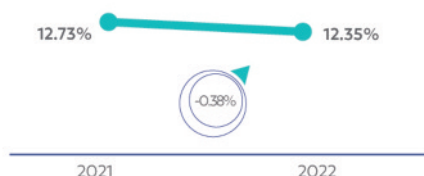
Loans and advances to customers, including finance companies, remained on an upward trend, up 4% to MAD 127 billion at 31 December 2022 versus MAD 122 billion at 31 December 2021. This was primarily due to growth in short-term loans to corporates.

#### Loans and advances to customers (MAD millions)



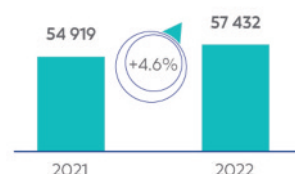
The Bank's share of the loan market contracted by 0.38 percentage points from 12.73% at 31 December 2021 to 12.35% at 31 December 2022.

#### Share of the loan market



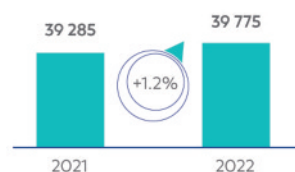
Corporate loans registered growth of 4.6% to almost MAD 57 billion at 31 December 2022, primarily driven by 9.6% growth in operating loans. The Bank's share of the corporate loan market contracted by 0.42% to 9.60% at 31 December 2022.

#### Corporate loans (MAD millions)



Retail loans grew by 1.2% to almost MAD 40 billion at 31 December 2022, due to a combination of a 3.3% increase in consumer loans and 0.8% growth in home loans. The Bank's share of the home loan market stood at 14.32% at 31 December 2022, down 0.09 percentage points.

#### Retail loans (MAD millions)



#### NET BANKING INCOME

Net banking income stood at MAD 6,630 million at 31 December 2022 versus MAD 6,907 million at 31 December 2021. Restated for exceptional dividend income from European subsidiaries in 2021, net banking income was broadly unchanged despite the challenging interest rate environment.

(\*) including finance companies

## Net interest income

Net interest income rose by almost 4% to MAD 4,525 million at 31 December 2022 versus MAD 4,334 million at 31 December 2021, driven by.

- i) An increase of almost 5% year-on-year or MAD 6.4 billion in average deposits at 31 December 2022, driven primarily by non-interest-bearing deposits which rose by 8.6% or nearly MAD 7.2 billion, with cheque account outstandings up almost MAD 4 billion and current account outstandings ahead by MAD 3 billion. The fact that sight deposits account for a large proportion of the Bank's funding sources enables the Bank to optimise its cost of funding.
- ii) 3% growth in average outstanding loans, primarily short-term loans to corporates.

## Fee income

Fee income rose by 11.5% to MAD 1,161 million at 31 December 2022, primarily driven by a strong performance from international operations:

- Growth of 172% in OTC currency exchange consistent with a 189% increase in OTC currency exchange volumes with borders fully reopened in 2022.

### OTC currency exchange (MAD millions)



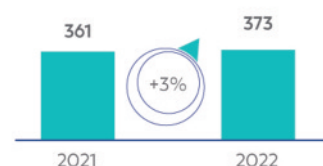
- 17% growth in overseas trade fees due to an increase in transaction volumes, primarily outgoing transfers (+60%), incoming transfers (+28%) and import documentary collections (+34%).

### Overseas trade fees (MAD millions)



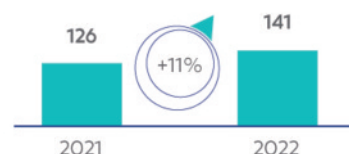
- A 3% increase in fees on packages and account management fees due to a combination of:
- A 7% increase in fees on packages in 2022, driven by a rise of almost 12% in the overall number of packages with 81,653 new packages subscribed.

### Account management fees and fees on packages (MAD millions)



- A decline in account management fees as a result of account consolidation.
- Growth of almost 11% in bank card fees due to growth of 33% in international bank card products and 16% in Morocco.

### Bank card fees (MAD millions)





## Income from Market Operations

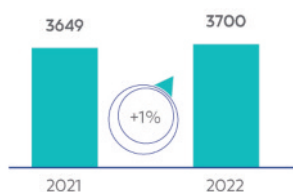
Reported income from market operations, excluding net interest margin, stood at MAD 536 million at 31 December 2022 versus MAD 941 million at 31 December 2021. Overall income from market operations, including interest on fixed income securities, fell by 10% compared to 2021 in line with estimates. This was due to:

- The impact of rising interest rates and a steepening of the yield curve across all maturities (almost +200 basis points), which impacted the value of the mutual fund portfolio in 2022.
- A 20% fall in the stock market which also impacted the equity mutual fund portfolio, resulting in a capital loss for the year ended 31 December 2022.
- 55% growth in foreign exchange income to MAD 626 million in 2022 versus MAD 405 million in 2021, driven by a 35% increase in commercial volumes and a 100% rise in bank note transfer volumes, which went some way to offsetting the challenging environment faced by the fixed income business.

## GENERAL OPERATING EXPENSES

General operating expenses stood at MAD 3,700 million at 31 December 2022, broadly unchanged compared to 2021, resulting in a cost-to-income ratio of 55.8% in 2022 versus a restated cost-to-income ratio of 55.2% at 31 December 2021.

General operating expenses (MAD millions)



- Employee expenses rose by 4% to MAD 1,736 million in 2022 versus MAD 1,674 million in 2021 after factoring in staff redundancy costs as part of a head office staff rationalisation plan resulting in 314 full-time equivalent employees (-6%) being made redundant.
- Other operating expenses fell by 1% to MAD 1,964 million as part of a cost optimisation process which has seen either growth being curtailed or a reduction in day-to-day expenditure.

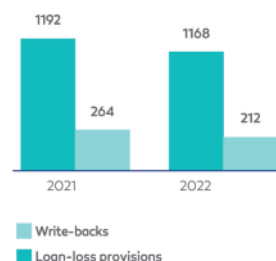
## COST OF RISK

The overall cost of risk stood at MAD 1,184 million at 31 December 2022 versus MAD 1,105 million at 31 December 2021.

Loan-loss provisions on customer accounts stood at MAD 1,168 million at 31 December 2022 versus MAD 1,192 million at 31 December 2021.

Cost of risk as a percentage of average outstanding loans to customers stood at 0.8% or MAD 956 million gross versus MAD 928 million in 2021.

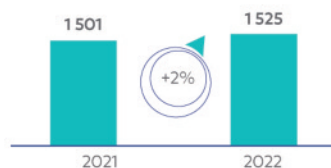
Loan-loss provisions and write-backs (MAD millions)



## NET INCOME

BANK OF AFRICA S.A.'s net income stood at MAD 1,525 million at 31 December 2022 versus MAD 1,501 million at 31 December 2021, up 2%.

Parent company net income (MAD millions)



## SPECIALISED FINANCIAL SERVICES

Contribution	SFS		Salafin		Maghrébaïl		M.Factoring		RM Experts		Euler Hermes Acmar	
MAD millions	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21
Consolidated net banking income	701	641	312	300	374	328	14	11	0.8	1.2	na	na
Change		9%		4%		14%		18%		-36%		
General expenses	-259.9	-259.9	-140	-135	-70	-80	-22.2	-21.2	-27.2	-24.1	na	na
Change		0.0%		4%		-12%		5%		13%		
Cost of risk	-267	-213	-102	-100	-159	-111	-6.2	-2.3	na	na	na	na
Change		26%		2%		44%		172%				
Net income attributable to shareholders of the parent company	128	131	54	58	66	61	0.5	3.6	0.9	0.7	6.3	6.9
Change		-2%		-8%		9%		-85%		35%		-9%

The contribution from Specialised Financial Services to net income attributable to shareholders of the parent company fell by 2% from MAD 131 million at 31 December 2021 to MAD 128 million at 31 December 2022.

Salafin's parent net income rose by a modest 1% to MAD 85.8 million in 2022 versus MAD 84.7 million in 2021. SALAFIN continued to see strong top-line growth with net banking income 3% higher, underpinned by a 15% year-on-year increase in production due to a strong performance from two market segments – car loans and personal loans.

Maghrebail's parent net income increased by 20% to MAD 119 million. This was primarily driven by an increase in net banking income which reached MAD 441 million. This subsidiary performed strongly at the commercial level with production growing by 9% to MAD 3.7 billion. Maghrebail is ranked just behind WAFABAIL with a 24% share of the market.

Maroc Factoring's net banking income rose by 8% to MAD 33 million. In 2022, this subsidiary booked exceptional provisions as a result of an ongoing tax audit. The cost of risk was bolstered by an additional provision of MAD 3.7 million versus MAD 1.8 million in 2021. Maroc Factoring closed 2022 with net income of MAD 0.5 million versus MAD 3.6 million in 2021.

RM Experts registered parent net income of MAD 4.2 million in 2022 versus MAD 2.2 million in 2021, an increase of 94%.

## INVESTMENT BANKING AND ASSET MANAGEMENT

The Investment Banking & Asset Management business line comprises BMCE Capital, BMCE Capital Bourse and BMCE Capital Gestion.

Contribution	Investment banking and Asset Management		BMCE Capital		BK Bourse		BK Gestion	
MAD millions	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21
Consolidated net banking income	345.9	362.1	174.3	184.7	18.4	20.4	153.2	157.0
Change		-4%		-6%		-10%		-2%
General expenses	-287.9	-282.7	-230.3	-224.3	-14.4	-15.6	-43.2	-42.7
Change		2%		3%		-7%		1%
Cost of risk	0.0	-7.2	0.0	0.0	0.0	0.9	0.0	-8.0
Change								
Net income attributable to shareholders of the parent company	85.7	94.9	29.9	38.3	-1.2	0.4	57.1	56.2
Change		-10%		-22%				2%



The contribution to net income from the Investment Banking & Asset Management business fell by 10% year-on-year to MAD 85.7 million in 2022.

BMCE Capital's parent net income stood at MAD 30.6 million at 31 December 2022, down 19% on the previous period.

BMCE Capital Bourse registered a loss of MAD 1.3 million in 2022 versus a profit of MAD 0.5 million in 2021. Against a backdrop of rising interest rates and with the MASI registering a 20% fall, securities brokerage firms were impacted by both a drop in volumes and market liquidity.

BMCE Capital Gestion posted positive growth in net income which rose by 2% year-on-year to MAD 57.3 million in 2022.

## OTHER MOROCCAN OPERATIONS

BANK OF AFRICA Group's 'Other operations' comprise Locasom, EurAfric Information (EAI), CID, AML and BTI, the majority of which are consolidated under the equity method.

Contribution	Others		Locasom		EAI		CID		AML		bti Bank	
MAD millions	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21
Consolidated net banking income	163	144	163	144	na	na	na	na	na	na	na	na
Change		13%		13%								
General expenses	-119.6	-111	-119.6	-111	na	na	na	na	na	na	na	na
Change		8%		8%								
Cost of risk	-1.08	-0.8	-1.08	-0.8	na	na	na	na	na	na	na	na
Change		-31%		-31%								
Net income attributable to shareholders of the parent company	20.3	-23.1	11.8	11	-1.7	-1.3	6.5	4.7	23	-16.1	-19.3	-21.5
Change				7%		-34%		39%				10%

Locasom, a specialist vehicle leasing subsidiary, posted parent net income of MAD 20 million in 2022, broadly unchanged compared to 2021.

EAI, a technology subsidiary, saw turnover grow by 51% to MAD 406 million and registered net income of MAD 2.4 million in 2022 versus MAD 2.9 million in 2021.

CID, an engineering company specialising in civil engineering, building, transport, and hydraulic projects, posted net income of MAD 16.8 million in 2022 versus MAD 12 million in 2021, an increase of 39%.

Africa Morocco Link ('AML'), a subsidiary specialising in maritime transport, posted exceptional profit of MAD 45 million in 2022 after registering a loss of MAD 31.6 million in 2021. The maritime transport industry was an obvious beneficiary of reduced incidence of COVID-19 and the reopening of borders. AML operated two boats during 2022 and chartered an additional vessel in the summer for Operation MARHABA. As far as business activity was concerned, turnover rose sharply (+92%) to MAD 530 million.

Bank Al-Tamweel Wa Al-Inma ('BTI'), the Group's participatory bank, was restructured in 2022 and implemented a change in corporate strategy, resulting in shareholder ABG selling its stake in the bank in 2023. The focus of BTI's new strategic plan is to generate immediate gains by working more closely with the BANK OF AFRICA network. The bank envisages a return to net profit by 2026 by bolstering capital and introducing specialist wakala financing arrangements. In 2022, net banking income increased by +18% to MAD 12 million versus MAD 10 million in 2021 with participatory financing arrangements up 13%. General operating expenses, despite falling by 8% in 2022, continue to negatively impact the bottom line. There was some improvement, however, in 2022 with the bank posting a net loss of MAD 35 million in 2022 versus a loss of MAD 41 million in 2021.

## RESULTS AND CONTRIBUTIONS FROM OVERSEAS OPERATIONS

Contribution	International		Europe		Africa	
MAD millions	D 22	D 21	D 22	D 21	D 22	D 21
Consolidated net banking income	8 232	7 239	637	554	7 595	6 685
Change		14%		15%		14%
General expenses	-4 309	-3 958	-310	-268	-3 999	-3 691
Change		9%		16%		8%
Cost of risk	-1 035	-1 388	-36	-20	-999	-1 367
Change		-25%		79%		-27%
Net income attributable to shareholders of the parent company	1 256	988	131	175	1 125	813
Change		27%		-25%		38%

In 2022, the contribution from overseas operations to consolidated net income attributable to shareholders of the parent company rose by 27% from MAD 988 million to MAD 1,256 million. Africa accounted for 49% of overall net income attributable to shareholders of the parent company and Europe 6%.

### EUROPEAN OPERATIONS

BANK OF AFRICA EUROPE posted parent net income of EUR 15.3 millions in 2022 versus MAD 10.9 million in 2021. Despite the unstable worldwide economic and financial environment, BOA Europe delivered an exceptional performance in terms of top-line growth and profitability in 2022.

Net banking income rose sharply to EUR 27.8 million in 2022 versus almost EUR 20 million in 2021 due to a strong performance from the trade finance portfolio.

BANK OF AFRICA UK registered a loss of GBP 0.9 million in 2022 versus a profit of GBP 5.6 million in 2021. The challenging global economic environment impacted both trading and profitability against a backdrop of commodity price inflation, rising interest rates in emerging markets and a decline in income from financial market operations after the decision was taken to shrink the fixed income portfolio. Net banking income stood at GBP 19.9 million in 2022 versus GBP 24.6 million in 2021.

### AFRICAN OPERATIONS

Contribution	Africa		BOA		LCB		BDM	
MAD millions	D 22	D 21	D 22	D 21	D 22	D 21	D 22	D 21
Consolidated net banking income	7 595	6 685	7 343	6 472	252	213	na	na
Change		14%		13%		19%		
General expenses	-3 999	-3 691	-3 796	-3 505	-203	-186	na	na
Change		8%		8%		9%		
Cost of risk	-999	-1 367	-883	-1 381	-116	13	na	na
Change		-27%		-36%				
Net income attributable to shareholders of the parent company	1 125	813	1 058	720	-23	14	90	79
Change		38%		47%				15%

BOA Africa's net banking income rose by 10.4% to EUR 689 million in 2022 versus EUR 624 million the previous year.

BOA's net income attributable to shareholders of the parent company increased by 18% year-on-year to EUR 217 million, driven by positive earnings growth across its entire subsidiary bank network, particularly within the WAEMU zone.

This performance was achieved despite a downgrade to Ghana's credit rating in the wake of that country's deteriorating economic and financial indicators. In response, the Group was obliged to recognise EUR 26 million of additional provisioning for exposure to Ghana's government bonds.

LCB Bank registered a profit of EUR 0.2 million versus a loss of EUR 0.4 million in 2021. Its contribution to net income attributable to shareholders of the parent company went from positive MAD 14 million in 2021 to negative MAD 23 million in 2022, due to a EUR 68 million increase in its exposure to Congo, resulting in a EUR 5 million increased cost of risk under IFRS.



Banque de Développement du Mali, accounted for under the equity method, saw its net income rise by 14% year-on-year to EUR 27.7 million in 2022, whilst its contribution to net income attributable to shareholders of the parent company increased to MAD 90 million versus MAD 79 million the previous year.

## THE BANK'S GROWTH PROSPECTS

In 2022, BANK OF AFRICA Group focused on drawing up and implementing the new Strategic Plan up to 2024. This plan reflects the Group's growth ambitions although amendments have been needed to reflect the changing economic landscape, characterised by (i) changes in the global environment – war in Ukraine, inflation, interest rate hikes, etc. and (ii) tighter regulatory constraints.

Against such a backdrop, the Strategic Plan is underpinned by the following goals:

### In Morocco, by:

- Improving the Network's business model as part of a customer-centric approach aimed at being more commercially efficient.
- Initiating an operational efficiency programme aimed at reducing business line and support costs and improving cost management.
- Building an innovation-based bank which leverages digital transformation.

### And overseas, by:

- Accelerating the operational efficiency programme – rationalising operations and costs, integrating digital technology and bolstering Group synergies.
- Optimising the functioning of the Group's European operations.

The Group has identified the following strategic priorities to achieve its 2024 goals:

- Improve performance by (i) boosting net banking income (ii) rationalising operations and costs, particularly through technological innovation.
- Ensure the long-term viability of the existing African portfolio, establish global business lines and explore targeted expansion in the continent's most attractive countries
- Become a more integrated bank to improve performance management, better manage risk and generate additional synergies.

In addition, to support its development, in 2022, the Bank bolstered shareholders' equity by issuing a MAD 1 billion subordinated note and a MAD 500 million perpetual subordinated note containing a loss-absorption and coupon-cancellation provision.

## LIQUIDITY AND INTEREST RATE RISK MANAGEMENT SYSTEM

BANK OF AFRICA has adopted a system for steering balance sheet risks such as liquidity and interest rate risks to enable it to continuously monitor changes as a function of financial market trends and their impact on the Bank's operations.

In order to maintain balance sheet stability over the medium to long term, the liquidity and interest rate risk management system is designed to:

- Ensure earnings stability when interest rates change, thereby maintaining net interest income and optimising the economic value of equity
- Ensure an adequate level of liquidity, thereby enabling the Bank to meet its obligations at any given time and protect it from any eventual crisis
- Ensure that the risk inherent in its foreign exchange positions does not have a negative impact on the Bank's profit margins
- Steer the Bank's strategy in such a way as to be able to take full advantage of any possible growth opportunities.

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

- Set asset-liability policy
- Organise and steer asset-liability sub-committees
- Possess in-depth knowledge of the types of risk inherent in the Bank's operations and keep abreast of any changes in these risks as a function of financial market trends, risk management practices and the Bank's operations

- Review and approve procedures aimed at mitigating the risks inherent in the Bank's operations in terms of credit approval, investments, trading and other significant activities and products
- Master the reporting systems that measure and control the main risk sources on a daily basis
- Regularly review and approve risk limits as a function of any eventual change in the Group's strategy, approve new products and react to significant changes in market conditions
- Ensure that the different business lines are properly managed by HR and that the latter possesses an appropriate level of competence, experience and expertise in relation to the activities that they oversee.

### **Responsibilities of the different departments involved in interest rate and liquidity risk management**

Every department within the Bank is involved in ensuring short- and medium-term balance sheet stability with the responsibilities of each party clearly defined in respect of interest rate and liquidity risk management.

In this regard, each of the Bank's entities will have its own budget and medium-term goals, approved by the Executive Committee – Morocco & International. This enables the relevant bodies to monitor and control, in an orderly manner, implementation of the three-year plan whilst ensuring balance sheet stability and compliance with regulatory capital requirements.

The ALM department regularly monitors developments in the Bank's balance sheet structure by comparison with the plan and will signal any divergence at ALCO committee meetings, attended by representatives of each entity, to ensure that any required corrective measures are taken.

### **Liquidity risk**

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

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

Such an event may be due to reasons other than liquidity, for example, significant losses that result from 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 171% on a consolidated basis at 30 June 2021 and above the regulatory requirement of 100% set by Bank Al Maghrib
- The Bank's cumulative gap profile – this method of periodic or cumulative gaps in dirhams and in foreign currencies helps measure the level of liquidity risk incurred by the Bank over the short, medium and long term.

This method is used to estimate net refinancing needs over different time periods and to determine an appropriate hedging strategy.

### **Interest rate risk**

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

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

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



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

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

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

### Sensitivity in the value of the banking portfolio

Simulation-based stress tests are carried out to assess the impact from a change in interest rates on net interest income and on the economic value of equity.

At 31 December 2022, 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 0.023 billion or -0.52% of projected net interest income. The impact from a -200-basis points change was estimated to be positive MAD 0.018 billion or +0.41% of projected net interest income.

The change in the economic value of equity, if the trading book portfolio were excluded, in the event of a 200-basis points shock, was estimated to be MAD 1.213 billion or 8.92% of regulatory capital.

## CONTRIBUTION FROM SUBSIDIARIES TO NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

CONTRIBUTIONS (MAD millions)	dec. 22	% breakdown	dec. 21	% breakdown	Change
<b>MOROCCAN OPERATIONS</b>	<b>1 049</b>	<b>46%</b>	<b>1 019</b>	<b>51%</b>	<b>3%</b>
<b>BANK OF AFRICA</b>	<b>816</b>	<b>35%</b>	<b>816</b>	<b>41%</b>	<b>0%</b>
<b>SUBSIDIARY OPERATIONS</b>	<b>234</b>	<b>10%</b>	<b>202</b>	<b>10%</b>	<b>15%</b>
<b>SPECIALISED FINANCIAL SERVICES</b>	<b>128</b>	<b>6%</b>	<b>131</b>	<b>7%</b>	<b>-2%</b>
SALAFIN	54	2%	58	3%	
MAGHREBAIL	66	3%	61	3%	
MAROC FACTORING	0.5	0.0%	3.6	0.2%	
RM EXPERTS	0.9	0.0%	0.7	0.03%	
EULER HERMES ACMAR	6.3	0.3%	6.9	0.3%	
<b>INVESTMENT BANKING &amp; ASSET MANAGEMENT</b>	<b>86</b>	<b>4%</b>	<b>95</b>	<b>5%</b>	<b>-10%</b>
BMCE CAPITAL	30	1%	38	2%	
BMCE CAPITAL BOURSE	-1.2	-0.1%	0.4	0.0%	
BMCE CAPITAL GESTION	57	2%	56	3%	
<b>OTHERS</b>	<b>20</b>	<b>1%</b>	<b>-23</b>	<b>-1.2%</b>	
LOCASOM	12	1%	11	0.5%	
EURAFRIC INFORMATION	-1.69	0%	-1.26	-0.1%	
AML	23.0	1%	-16.1	-0.8%	
Bti bank	-19	-1%	-21	-1.1%	
CID	6.5	0.3%	4.7	0.2%	
<b>OVERSEAS OPERATIONS</b>					
<b>EUROPE</b>	<b>131</b>	<b>6%</b>	<b>175</b>	<b>9%</b>	<b>-25%</b>
<b>AFRICA</b>	<b>1 125</b>	<b>49%</b>	<b>813</b>	<b>41%</b>	<b>38%</b>
BOA	1 058	46%	720	36%	47%
LCB Bank	-23	-1%	14	0.7%	
Banque de Développement du Mali	90	4%	79	4%	15%
<b>NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>2 305</b>	<b>100%</b>	<b>2 007</b>	<b>100%</b>	<b>14.8%</b>

## LIST OF APPOINTMENTS OF BANK OF AFRICA'S DIRECTORS

### **Othman Benjelloun, Chairman and Chief Executive Officer of BANK OF AFRICA**

- Chairman and Chief Executive Officer of BANK OF AFRICA
- Chairman and Chief Executive Officer of O CAPITAL GROUP
- Chairman and Chief Executive Officer of O CAPITAL AFRICA
- Chairman and Chief Executive Officer of Cap Estate
- Chairman and Chief Executive Officer of Internationale de Financement et de Participation (Interfina)
- Chairman and Chief Executive Officer of O Tower
- Chairman and Chief Executive Officer of Ranch Adarouch
- Chairman and Chief Executive Officer of Société Financière du Crédit du Maghreb (S.F.C.M.)
- Chairman and Chief Executive Officer of BAB Consortium
- Chairman of the Board of Directors of BMCE International Holding (B.I.H.)
- Chairman of the Board of Directors of Medi Telecom
- Chairman of the Board of Directors of MBT
- Chairman of the Board of Directors of Revly's Marrakech
- Chairman of the Board of Directors of RMA
- Chairman of the Board of Directors of RMA Alternative Investments
- Chairman of the Board of Directors of RMA Asset Management
- Chairman of the Board of Directors of RMA Capital
- Chairman of the Board of Directors of RMA Mandates
- Chairman of the Board of Directors of Société d'Aménagement Tanger Tech
- Chairman of the Board of Directors of Sensyo Pharmatech
- Chairman of the Supervisory Board of Financière Yacout
- Chairman of the Board of O CAPITAL EUROPE
- Director of Argan Invest
- Director of Casablanca Finance City Authority
- Director of Maghrebail
- Director of Medi 1 Radio, O CAPITAL Group's representative
- Director of the Moroccan Bank Deposit Guarantee Management Company
- Chairman of the Professional Association of Moroccan Banks (GPBM)
- Chairman of the Othman Benjelloun Foundation
- Sole partner of Cap Chiadma



**Mr Zouheir Bensaid,  
Representative of RMA**

- Director of Air Arabia
- Director of AKWA AFRICA
- Director of Argan Invest
- Director, representative of RMA, BANK OF AFRICA
- Board Member, representative of RMA, BMCI LEASING
- Director of Cap Estate
- Board Member, representative of RMA, CAT
- Director, representative of BANK OF AFRICA, CFG
- Director of CTM
- Director, representative of O Capital Group, DBM Media Group
- Director of Decrow Capital
- Director of EurAfric Information
- Director of Finatech
- Supervisory Board Member, representative of RMA, FONCIERE EMERGENCE
- Supervisory Board Member of Risma
- Board Member, representative of O Capital Group, HANOUTY SHOP
- Chairman of the Board of Directors of Infra Invest
- Director of Lydec
- Director of Maghrebail
- Chief Operating Officer of MBT
- Chairman and Chief Executive Officer and Director, representative of RMA, Medium Finance
- Director of Mutandis
- Director of Mutandis Automobile
- Director of Mutatis
- Director of O Capital France
- Director of O Capital Group
- Director of O Tower
- Director, representative of RMA, Revly's
- Director of Risma
- Chief Operating Officer of RMA
- Chief Operating Officer of RMA Alternative Investments
- Chief Operating Officer of RMA Asset Management
- Chairman of the Board of Directors of RMA Assistance



- Chairman of the Board of Directors of CDG Développement
- Chairman of the Board of Directors of CGI
- Vice-Chairman of the Board of Directors of SONADAC
- Chairman of the Board of Directors of AUDA
- Chairman of the Board of Directors of SAZ
- Chairman of the Board of Directors of Société de Développement de Saidia (SDS)
- Chairman of the Board of Directors of Société d'Aménagement et de Promotion de la Station de Taghazout (SAPST)
- Chairman of the Board of Directors of MADAEF
- Director of Al Akhawayn University
- Member of the Board of Directors of Al Omrane Holding Company
- Director of Euro-Mediterranean University of Fez
- Director of the Professional Association of Moroccan Banks (GPBM)

#### **Mr Hicham El Amrani, Representative of O Capital Group**

- Director of BANK OF AFRICA, O CAPITAL GROUP's permanent representative
- Director of BANK OF AFRICA, O CAPITAL GROUP's permanent representative and Member of the Group Risks Committee
- Director and Chairman of the Audit Committee of AIR ARABIA MAROC, INTERFINA's permanent representative
- Chairman and Chief Executive Officer of ARGAN INVEST
- Director of BLACKPEARL FINANCE
- Director of BRICO-INVEST, INTERFINA's permanent representative
- Director of CAP D'ARGENT, FINANCIERE YACOUT's permanent representative
- Director and Deputy Chief Executive Officer of CAP ESTATE, O CAPITAL GROUP's representative
- Director of COLLIERS INTERNATIONAL MOROCCO
- Director and Chairman of the Strategy Committee, Member of the Audit Committee and of the HR Committee of CTM
- Director of CTM MESSAGERIE
- Director and Vice-Chairman of the Board of Directors of DBM MEDIA GROUP (ex-Africa Teldis & Communication)
- Member of the Executive Board of FINANCIERE YACOUT
- Director of FINATECH GROUP
- Founder Member and Director of the Othman BENJELLOUN Foundation
- Director and Chairman of the Audit Committee, Member of the Strategy Committee and of the HR Committee of MEDITELECOM (Orange)
- Director and Deputy Chief Executive Officer of INTERFINA
- Director of O CAPITAL AFRICA

- Director of O CAPITAL EUROPE
- Director and Deputy Chief Executive Officer of O CAPITAL GROUP (main post)
- Director of O TOWER, O CAPITAL GROUP's permanent representative
- Director of REVLY'S, INTERFINA's permanent representative
- Member of the Supervisory Board and Member of the Audit Committee of RISMA
- Director, Member of the Audit Committee and Chairman of the Strategy Committee of RMA
- Director of SFCM, O CAPITAL GROUP's permanent representative

**Mr Azeddine Guessous,  
Intuitu Personae Director and Permanent Representative of RMA**

- Intuitu Personae Director of BANK OF AFRICA, RMA's permanent representative
- Director of BANK OF AFRICA EUROPE (ex-BMCE International Madrid)
- Director of BOA Group
- Director of RMA
- Director of LOCASOM
- Director of SETTAVEX
- Director of SONASID
- Director of RISMA
- Director of CFG
- Director of MAROCAINE DES TABACS
- Director of ALMA PACK
- Director of ALMA BAT
- Director of AL AKHAWAYN

**Mr Marc Beaujean,  
Representative of British International Investment (CDC Ltd)**

- Director of BOA Group SA, BRITISH INTERNATIONAL INVESTMENT's representative (CDC Ltd)
- Independent Director, Arab International Bank of Tunisia
- Director, Broptimize (Belgium)
- Director, Enabling Qapital Luxembourg S.A.

**Mr Mohamed Kabbaj,  
Independent Director**

- Independent Director of BANK OF AFRICA
- Chairman of the Strategy Task Force Committee of BANK OF AFRICA
- Member of the Group Audit and Internal Control Committee of BANK OF AFRICA



**Mrs Nezha Lahrichi,  
Independent Director**

- Independent Director of BANK OF AFRICA

**Mr Abdou Bensouda,  
Intuitu Personae Director**

- Chairman of the Board of Directors of Olkad Group
- Chairman of O Capital IM
- Chairman of O Capital France
- Vice-Chairman of O Capital Green Investments
- Director of O Capital Europe
- Director of BANK OF AFRICA
- Director of Africa Investments Holdings
- Director of Bridges for Africa
- Director of Finatech Group
- Director of Argan Infrastructure Fund
- Director of Decrow Capital
- Director of Infra Invest
- Director of Argan Infra
- Director of Green of Africa
- Director of Dounia Productions
- Manager of FCOMI-L
- Manager of SCI O Capital Group
- Manager of Global Strategic Holdings
- Manager of B4 Advisory
- Director of Hoche Participations
- Director of O Capital Group
- Director of Moroccan Aerospace Investment Company
- Director of Valyans Consulting
- Director of BAB Consortium
- Director of Sensyo Pharmartech

**Mr Brahim Benjelloun-Touimi,  
Director and General Manager**

- Director and General Manager of BANK OF AFRICA
- Chairman of BOA Group Luxembourg
- Chairman of BOA WEST AFRICA
- Director of RMA
- Director of O CAPITAL GROUP
- Director of BMCE Bank Foundation
- Director of EURO INFORMATION France
- Chairman of the Supervisory Board of BMCE CAPITAL
- Chairman of the Board of Directors of BMCE ASSURANCES
- Vice-Chairman of the Board of Directors of BTI BANK
- Director of BOA UK
- Director of BMCE INTERNATIONAL HOLDINGS
- Director of BOA EUROPE
- Director of MAGHREBAIL
- Director of O'TOWER
- Director of PROPARCO, BANK OF AFRICA's permanent representative
- Director of the CASABLANCA STOCK EXCHANGE, BANK OF AFRICA's representative



**Mrs Myriem Bouazzaoui,  
Intuitu Personae Director**

- Director of BANK OF AFRICA
- Chief Executive Officer of BMCE Capital Gestion
- Member of the Executive Board of BMCE Capital
- Director of BMCE Capital Gestion Privée
- Director of BMCE Capital Solutions
- Director of BMCE Capital Investments
- Director of BMCE Capital Holding
- Director of BMCE Capital Securities (Tunisia)
- Director of BOA Capital Asset Management (Côte d'Ivoire)
- Director of BMCE Capital Research, BMCE Capital Gestion's representative
- Director of BMCE Capital Gestion sous Mandat, BMCE Capital Gestion's representative
- Director of BMCE Capital Titrisation, BMCE Capital Gestion's representative
- Director of BMCE Capital Gestion Privée International, BMCE Capital Gestion Privée's permanent representative
- Chair of the Board of Directors of BMCE Capital Asset Management (Tunisia)