



HALF-YEAR RESULTS

30 JUNE 2020

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

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

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

RESULTS DEMONSTRATING RESILIENCE DESPITE THE HEALTH CRISIS

- ④ **BANK OF AFRICA Group's business activity proved resilient with consolidated net banking income up by a modest 1% to MAD 7 billion at 30 June 2020, due to a 4.3% increase in net interest income and income from market operations, despite a fall in the other income sources.**
- ④ **The Bank's net banking income rose by 3.4% to MAD 3.6 billion due to a combination of (i) strong momentum by market operations in first half 2020 against a backdrop of lower interest rates, resulting in a 42% increase in income from market operations (ii) 2.7% growth in net interest income, due to a reduction in the cost of funding.**
- ④ **Strong momentum at the commercial level with consolidated outstanding loans rising by 5% to MAD 195.5 billion at 30 June 2020. Excluding resales to customers, customer loans rose by 3% to MAD 178 billion at 30 June 2020.**
 - **The increase in loans from Banking in Morocco** was primarily due to the performance of **corporate loans**, up 4.4%.
 - **BANK OF AFRICA's share of the loan market**, which was 12.28% at 31 December 2019, rose to 12.53% at 30 June 2020, an improvement of 25 basis points.
- ④ **Ongoing improvement in operational efficiency with good control of operating costs (-2%) for the Bank in first half 2020, resulting in a cost-to-income ratio of 47.6% at 30 June 2020 versus 50.2% at 30 June 2019, an improvement of 2.6 percentage points.**
- ④ **55% fall in the Bank's net income from MAD 1,059 million to MAD 476 million.**
- ④ **Fall in profits with net income attributable to shareholders of the parent company down 68% to MAD 373 million at 30 June due to a combination of:**
 - (i) **Incorporating the entire MAD 1 billion donation to the COVID-19 special fund.**
 - (ii) **A 68% increase in the consolidated cost of risk to MAD 1.5 billion at 30 June 2020 versus MAD 872 million at 30 June 2019, after factoring in the anticipated impact from the health crisis based on a dynamic and forward-looking loan-loss provisioning model.**
- ④ **15% increase in the contribution from African operations to net income attributable to shareholders of the parent company -excluding donation- from MAD 404 million at 30 June 2019 to MAD 465 million at 30 June 2020, accounting for 46% of net income attributable to shareholders of the parent company, including a 37% contribution from BOA Group.**
- ④ **Extraordinary General Meeting of 23 June 2020 authorising BANK OF AFRICA to carry out a capital increase by opting to convert the total or partial 2019 dividend entitlement into shares, up to a maximum total amount of 999,102,229 dirhams, inclusive of issue premium.**
- ④ **Helping customers and other citizens to manage the impact from the COVID-19 health crisis by (i) extending loan maturities with fee and late payment penalty waivers, (ii) extending maturities on home loans and consumer loans for retail customers suffering the economic consequences of the pandemic, (iii) automatically deferring repayments for customers with FOGARIM-backed housing loans.**
- ④ **Mobilising support for customers by launching two new products guaranteed by the Caisse Centrale de Garantie – *Damane Oxygène*, enabling COVID-19-stricken small businesses to finance current and operating expenses and *Damane Relance*, helping business customers with their recovery.**
- ④ **Launching *Crédit Entrepreneurs Covid-19*, an amortised loan repaid in equal instalments, enabling entrepreneurs encountering difficulties to meet current expenses.**
- ④ **Strongly supporting the economy by participating wholeheartedly in *Maroc PME's Imitaz and Istitmar* programmes, enabling small businesses to increase production capacity through investment in technology or in product manufacturing, with the aim of countering the negative impact from the health crisis on the domestic economy.**
- ④ **Partnering the European Bank for Reconstruction and Development (EBRD) in a EUR 145 million finance facility, the first of its kind in the forty or so countries in which this multilateral financial institution has operations, offered within the framework of the EBRD's 'resilience framework', established in response to the global health crisis.**
- ④ **Two agreements signed in support of Moroccan SMEs: (i) a tripartite agreement with the EIB benefiting the textile sector through a EUR 105 million funding line, to support customers affected by the health crisis, and (ii) amending the Public Sector Contract Guarantee Fund agreement with Finèa, to support those SMEs awarded public contracts by guaranteeing investment loans and short-term loans.**

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

- ④ **Under Chairman Othman Benjelloun's leadership, BANK OF AFRICA has contributed MAD 1 billion to the COVID-19 pandemic management fund established by His Majesty King Mohammed VI, an initiative which reflects the Group's strong commitment to the national cause during this period.**

ACCELERATED DIGITAL TRANSFORMATION BENEFITING CUSTOMERS

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

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

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

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

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

A SUSTAINABLE AND RESPONSIBLE GROWTH TRAJECTORY

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

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

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

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

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

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

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

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

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

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

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

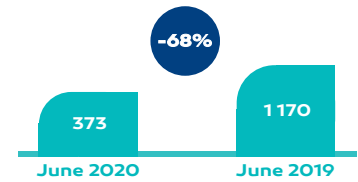
AT 30 JUNE 2020 BY GEOGRAPHICAL REGION (EXCLUDING DONATION)



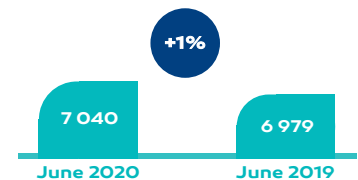
Morocco ● 48%
Africa ● 46%
Europe ● 6%

CONSOLIDATED BUSINESS ACTIVITY -MAD MILLIONS-

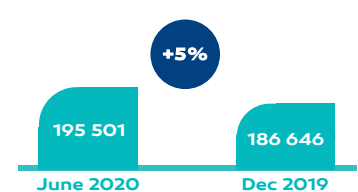
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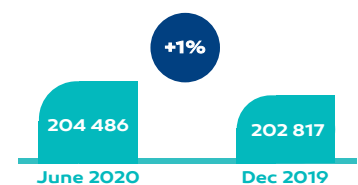
NET BANKING INCOME



LOANS

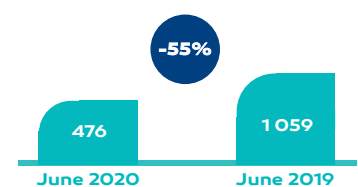


DEPOSITS

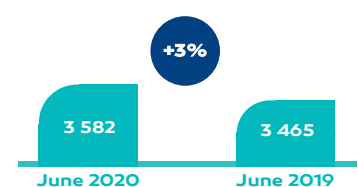


PARENT BUSINESS ACTIVITY -MAD MILLIONS-

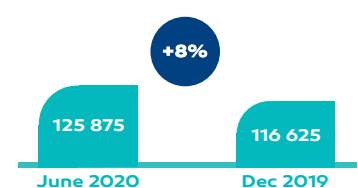
NET INCOME



NET BANKING INCOME



LOANS



DEPOSITS

