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BANK OF AFRICA
BMCE GROUP



FINANCIAL COMMUNICATION

DECEMBER 31, 2021

BANK OF AFRICA

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES 31 December 2021

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Established in 1959 and privatised in 1995, BANK OF AFRICA is a universal bank which offers a diversified range of products and services through a domestic network of 700 branches. BANK OF AFRICA, Morocco's third largest bank in terms of market share for deposits and loans, currently has operations in about thirty countries in sub-Saharan Africa, Europe and Asia.

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

The Group's activities in Morocco

BANK OF AFRICA's activities in Morocco include:

- Retail Banking, sub-divided by market specialisation - retail customers, professional banking customers, private clients and Moroccans living abroad;
- Corporate Banking, including SMEs and large enterprises.

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

- BMCE Capital, the Bank's investment banking subsidiary, is organised by business line on an integrated basis which include asset management, wealth management, brokerage and capital markets activities as well as M&A and other corporate advisory services.
- Specialised financial services, whose products are primarily marketed via the branch network, the aim being to develop intra-Group commercial and operational synergies – consumer credit, leasing, bank-insurance, factoring and vehicle leasing. RM Experts, subsidiary specialising in recovery, was established in 2010.

BANK OF AFRICA's international activities

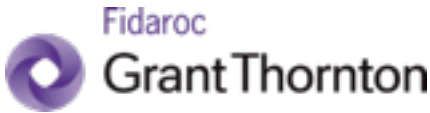
BANK OF AFRICA's international vocation can be traced back to its origins as a bank specialising in foreign trade. The Bank rapidly turned to international markets by building a strong presence in Europe. In 1972, it became the first Moroccan bank to open a branch in Paris. The Group's European activities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

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

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

Similarly, in 2003, in Congo Brazzaville, BANK OF AFRICA acquired a 25% stake in LCB Bank 37% as of 31 december, 2015 which it restructured, resulting in it becoming the undisputed market leader in its industry.

BANK OF AFRICA's development accelerated in 2008 following the acquisition of a 35% stake in BOA GROUP which has operations in some fifteen countries. BANK OF AFRICA has since increased its stake in the pan-African bank to 72.4%.



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GROUP BANK OF AFRICA BMCE GROUP

**STATUTORY AUDITORS' LIMITED AUDIT CERTIFICATE RELATING
TO THE PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021**

We have performed a limited audit of the provisional financial position of BANK OF AFRICA BMCE GROUP and its subsidiaries, comprising the consolidated statement of financial position, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and a selection of explanatory notes for the period from 1 January to 31 December 2021. This provisional financial position shows consolidated shareholders' equity of MAD 29.499.117 thousands, including consolidated net income of MAD 2.849.376 thousands. These provisional financial statements were drawn up by the Board of Directors 25 March 2022 against the evolving backdrop of the Covid-19 pandemic on the basis of the available information at that time.

We performed our limited audit in accordance with Moroccan accounting standards. These standards require that the limited audit is planned and performed with a view to obtaining reasonable assurance that the provisional consolidated statement of financial position mentioned in the paragraph above is free from material misstatement. A limited audit primarily involves interviews with the company's staff and the carrying out of analytical checks on financial data. It therefore provides less assurance than a full audit and, as a result, we are unable to express an opinion.

BANK OF AFRICA BMCE Group possesses a stock of non-operating real estate assets, acquired as dation-in-payment, These assets represented a total of 4.9 billion dirhams as of end of 2021. In accordance with the applicable regulatory requirements, assets of MAD 1.5 billion were identified as presenting uncertainties about their resale value.

On the basis of our limited audit, we have not identified any items that lead us to believe that the attached consolidated financial statements do not give a true and fair view of income from operations over the period and of the financial position and assets of BANK OF AFRICA BMCE Group at 31 December 2021, in accordance with international accounting standards (IAS/IFRS).

Casablanca, 25 March 2022

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

1.1. CONSOLIDATED BALANCE SHEET

The consolidated financial statements at 31 December 2021 were approved by the board of directors on 25 March 2022.

IFRS ASSETS	Note	dec.-21	dec.-20
Cash and amounts due from central banks and post office banks	4.1	19.737.051	16.291.624
Financial instruments at fair value through profit or loss		-	-
- Financial assets held for trading	4.2	35.604.594	29.529.201
- Other financial assets at fair value through profit or loss	4.2	807.037	774.086
Derivatives used for hedging purposes		-	-
Financial assets at fair value through equity		-	-
- Debt instruments recognised at fair value through recyclable equity	4.3	1.708.897	1.222.818
- Equity instruments reported at fair value through non-recyclable equity	4.3	4.969.163	4.642.101
Securities at amortized cost	4.4	38.926.888	37.324.605
Loans and receivables from credit institutions and similar, at amortized cost	4.5	21.001.481	22.392.263
Loans and receivables from customers, at amortized cost	4.5	197.020.207	194.166.699
Revaluation difference of hedged portfolios		-	-
Investments in insurance activities		-	-
Current tax asset	4.8	981.203	797.935
Deferred tax asset	4.8	2.466.604	2.083.871
Accruals and other assets	4.9	6.497.978	6.751.532
Non-current assets held for sale		-	-
Investments in companies accounted for by the equity method	4.10	1.003.557	962.952
Investment properties	4.11	3.560.318	3.684.810
Property, plant and equipment	4.11	8.517.859	8.945.178
Intangible assets	4.11	1.222.904	1.310.012
Goodwill	4.12	1.032.114	1.032.114
TOTAL IFRS ASSETS		345.057.854	331.911.802

(In thousand MAD)

IFRS LIABILITIES	Note	dec.-21	dec.-20
Central Banks, Treasury, Postal Check Service		-	-
Financial liabilities at fair value through profit or loss		-	-
- Financial liabilities held for trading purposes		-	-
- Financial liabilities at fair value through profit or loss on option		-	-
Derivatives hedging		-	-
Debt securities issued	4.7	11.828.034	14.111.265
Debts due to credit institutions and similar	4.5	60.283.987	59.960.481
Debts to customers	4.6	218.973.241	207.086.841
Revaluation difference of hedged portfolios		-	-
Current tax liability	4.8	1.357.479	877.982
Deferred tax liability	4.8	1.187.570	1.258.073
Accruals and other liabilities	4.9	9.717.696	9.634.263
Debts related to non-current assets held for sale		-	-
Liabilities relating to insurance activity contracts		-	-
Provisions for risks and charges	4.13	1.613.520	1.407.895
Subsidies - public funds allocated and special guarantee funds		-	-
Subordinated debt	4.6	10.597.210	9.594.473
TOTAL DEBTS		315.558.737	303.931.273
Equity			
Capital and related reserves		19.292.416	19.624.631
Consolidated reserves		-	-
- Group share		1.920.836	1.587.064
- Minority share		4.357.111	4.283.718
Gains and losses recognized directly in equity		-	-
- Group share		587.204	609.900
- Minority share		492.175	511.398
Earning for the exercise		-	-
- Group share		2.007.213	737.832
- Minority share		842.162	625.987
TOTAL CONSOLIDATED EQUITY		29.499.117	27.980.530
TOTAL IFRS LIABILITIES		345.057.854	331.911.802

(In thousand MAD)

1.2. CONSOLIDATED INCOME STATEMENT

	Note	dec.-21	dec.-20
Interest and similar income		15.633.205	15.709.686
Interest and similar expense		-4.723.235	-5.281.297
Net Interest income	2.1	10.909.970	10.428.389
Fees received and commission income		3.270.301	3.098.389
Fees paid and commission expense		-482.732	-456.931
Net fee income	2.2	2.787.569	2.641.458
Net gains or losses resulting from net position hedges		-	-
Net gain on financial instruments at fair value through profit or loss	2.3	295.267	377.678
Net gains or losses on transaction assets/liabilities		201.082	310.364
Net gains or losses on other assets/liabilities at fair value through profit or loss		94.185	67.314
Net gains on financial instruments at fair value through equity	2.4	206.498	226.137
Net gains or losses on debt instruments recorded as recyclable CP			5.449
Remuneration of equity instruments recognised as non-recyclable CP		206.498	220.688
Net gains on derecognised financial assets at amortised cost			
Gains or losses resulting from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss			
Gains or losses resulting from the reclassification of financial assets by CP as financial assets at fair value through profit or loss			
Net income from insurance activities			
Net income from other activities	2.5	1.007.557	792.923
Expenses from other activities	2.5	-599.779	-464.539
Net Banking Income		14.607.082	14.002.045
General Operating Expenses	2.6	-6.908.034	-7.845.739
Allowances for depreciation and amortization PE and intangible assets	2.6	-1.048.117	-954.340
Gross Operating Income		6.650.932	5.201.967
Cost of Risk		-2.924.731	-3.451.978
Operating Income		3.726.200	1.749.989
Share in net income of companies accounted for by equity method		84.710	59.700
Net gains or losses on other assets	2.7	23.920	67.958
Change in goodwill		-	-
Pre-tax earnings		3.834.831	1.877.347
Corporate income tax	2.8	-985.455	-513.528
Tax Net income from discontinued activities or operations held for sale			
Net Income		2.849.376	1.363.819
Non-controlling interests		842.162	625.987
Net income attributable to parent		2.007.214	737.832

(In thousand MAD)



1.3. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	CHANGES IN EQUITY DEC 20							
	Share Capital	Reserves related to stock	Treasury stock	Reserves & consolidated earnings	Unrealised or deferred gains or losses	Shareholder's Equity attributable to parent	Non-controlling interests	Total
Ending balance of adjusted Shareholder's Equity 31.12.2018	1.998.205	16.474.864	-	4.461.090	-446.253	22.487.906	5.308.196	27.796.102
Change in the accounting methods								
Beginning Balance of Shareholder's Equity 01.01.2019	1.998.205	16.474.864	-	4.461.090	-446.253	22.487.906	5.308.196	27.796.102
Operations on capital	57.861	1.093.701		-1.093.701		57.861		57.861
Share-based payment plans								
Operations on treasury stock								
Dividends				-255.802		-255.802	-502.837	-758.639
Net Income				737.832		737.832	625.986	1.363.818
Changes in assets and liabilities recognised directly in equity					-14.730	-14.730		-14.730
Transfer to earnings					54.597	54.597	33.724	88.321
Unrealized or deferred gains or losses	-	-	-	-	39.867	39.867	33.724	73.591
Change in the scope of consolidation								
Others				-508.237		-508.237	-43.967	-552.204
Ending balance of Shareholder's Equity 31.12.2019	2.056.066	17.568.565	-	3.341.182	-406.386	22.559.427	5.421.103	27.980.530
Comptabilisation des pertes de crédit attendues (sur instruments financiers)								
Beginning balance of Shareholder's Equity 01.01.2020	2.056.066	17.568.565	-	3.341.182	-406.386	22.559.427	5.421.103	27.980.530
Operations on capital		-332.215		332.215				
Share-based payment plans								
Operations on treasury stock								
Dividends				-1.028.033		-1.028.033	-516.561	-1.544.594
Net Income				2.007.213		2.007.213	842.162	2.849.376
Changes in assets and liabilities recognised directly in equity					19.582	19.582	-38	19.544
Transfer to earnings					-35.036	-35.036	-73.617	-108.653
Unrealized or deferred gains or losses	-	-	-	-	-15.454	-15.454	-73.655	-89.109
Change in the scope of consolidation								
Others				284.516		284.516	18.399	302.915
Ending balance of Shareholder's Equity 31.12.2020	2.056.066	17.236.350	-	4.937.094	-421.840	23.807.669	5.691.448	29.499.117

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

	dec.-21	dec.-20
Net income	2.849.376	1.363.819
Gains and losses recognised directly in equity and subsequently reclassified to income	-196.974	142.651
Transfer to earnings	-196.974	142.651
Financial assets at fair value through recyclable equity		
Revaluation differences		
Gains and losses recognised directly in equity and which will not subsequently be reclassified to income	34.274	-81.976
Actuarial gains and losses on defined benefit plans		
Items measured at fair value through non-recyclable equity	34.274	-81.976
Share of gains and losses recognised directly in equity on companies accounted for by the equity method		
Total gains and losses recognized directly in equity	-162.700	60.676
Net income and gains and losses recognised directly in equity	2.686.676	1.424.494
Group share	1.951.892	733.603
Minority interests' share	734.783	690.891

(In thousand MAD)

1.5. CASH FLOW STATEMENTS AS OF 31 DECEMBER 2021

	NOTE	dec-21	dec-20
Net Income Before Tax		3.834.831	1.877.347
+/- Net depreciation/amortization expense on property, plant, and equipment and intangible assets	2.6	1.057.794	954.340
+/- Impairment of goodwill and other non- current assets			
+/- Impairment of financial assets	2.7	154.474	190.303
+/- Net allowances for provisions	2.7	1.941.416	2.196.280
+/- Share of earnings in subsidiaries accounted for by equity method	4.10	-84.710	-59.700
+/- Net loss (income) from investing activities		152.304	-592.445
+/- Net loss (income) from financing activities		-	
+/- Other movements		-570.699	74.622
Non monetary items included in pre-tax net income and other adjustments		2.650.578	2.763.400
+/- Cash flows related to transactions with credit institutions		-209.918	10.498.337
+/- Cash flows related to transactions with customers		10.969.470	-8.189.863
+/- Cash flows related to transactions involving other financial assets and liabilities		-17.712.835	-3.105.869
+/- Cash flows related to transactions involving non financial assets and liabilities		9.710.108	-2.344.868
+/- Taxes paid		-829.786	-1.111.654
Net Decrease / (increase) in assets and liabilities from operating activities		1.927.039	-4.253.917
Net Cash Flows from Operating Activities		8.412.448	386.829
+/- Cash Flows related to financial assets and equity investments		-2.338.997	-268.892
+/- Cash flows related to investment property		31.317	176.889
+/- Cash flows related to PP&E and intangible assets		-996.818	-32.510
Net Cash Flows from Investing Activities		-3.304.499	-124.513
+/- Cash flows related to transactions with shareholders		846.700	-657.011
+/- Cash flows generated by other financing activities		-1.102.283	-2.274.578
Net Cash Flows from Financing Activities		-255.584	-2.931.589
Effect of movements in exchange rates on cash and equivalents		-440.672	63.473
Net increase/(Decrease) in cash and cash equivalents		4.411.694	-2.605.799
Net Balance of demand loans and deposits- credit institutions		18.267.870	20.873.669
Loan and loan of cash	4.1	16.291.624	14.450.591
Ending Balance of Cash and Equivalents		1.976.247	6.423.079
Net Balance of cash accounts and accounts with central banks and post office banks		22.679.565	18.267.870
Net Balance of demand loans and deposits- credit institutions	4.1	19.737.051	16.291.624
Loan and loan of cash		2.942.513	1.976.247
Net increase in cash and equivalents		4.411.694	-2.605.799

1.6. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

1.6.1. Applicable accounting standards

The Group's first consolidated financial statements to be prepared in accordance with international accounting standards (IFRS) were those for the period ended 30 June 2008 with an opening balance on 1st January 2007.

The Group's consolidated financial statements have been prepared in accordance with international accounting standards (International Financial Reporting Standards - IFRS), as approved by the IASB.

The Group has not opted for early adoption of the new standards, amendments and interpretations adopted by the IASB where retrospective application is permitted.

1.6.2. Consolidation principles

a. Scope of consolidation

The scope of consolidation includes all Moroccan and foreign entities in which the Group directly or indirectly holds a stake.

The Group includes within its scope of consolidation all entities, whatever their activity, in which it directly or indirectly holds 20% or more of existing or potential voting rights. In addition, it consolidates entities if they meet the following criteria:

- The subsidiary's total assets exceed 0.5% of the parent company's;
- The subsidiary's net assets exceed 0.5% of the parent company's;
- The subsidiary's banking income exceeds 0.5% of the parent company's ;
- "Cumulative" thresholds which ensure that the combined total of entities excluded from the scope of consolidation does not exceed 5% of the consolidated total.

b. Consolidation methods

The method of consolidation adopted (fully consolidated or accounted for under the equity method) will depend on whether the Group has full control, joint control or exercises significant influence.

At 31 December 2021, no Group subsidiary was jointly controlled.

c. Consolidation rules

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated companies, and the transactions themselves, including income, expenses and dividends, are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired.

Translation of financial statements prepared in foreign currencies

The Group's consolidated financial statements are prepared in dirhams. The financial statements of companies whose functional currency is not the dirham are translated using the closing rate

method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expenditures are translated at the average rate for the period.

d. Business combinations and measurement of goodwill

Cost of a business combination

The cost of a business combination is measured as the aggregate fair value of assets acquired, liabilities incurred or assumed and equity instruments issued by the acquirer in consideration for control of the acquired company. Costs attributable to the acquisition are recognised through income.

Allocating the cost of a business combination to the assets acquired and liabilities incurred or assumed

The Group allocates, at the date of acquisition, the cost of a business combination by recognising those identifiable assets, liabilities and contingent liabilities of the acquired company which meet the criteria for fair value recognition at that date.

Any difference between the cost of the business combination and the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised under goodwill.

Goodwill

At the date of acquisition, goodwill is recognised as an asset. It is initially measured at cost, that is, the difference between the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.

The Group has adopted from 2012 the "full goodwill" method for new acquisitions. This method consists of measuring goodwill based on the difference between the cost of the business combination and minority interests over the fair value of the identifiable assets, liabilities and contingent liabilities.

It is worth noting that the Group has not restated business combinations occurring before 1 January 2008, the date of first-time adoption of IFRS, in accordance with IFRS 3 and as permitted under IFRS 1.

Measurement of goodwill

Following initial recognition, goodwill is measured at cost less cumulative impairment.

In accordance with IAS 36, impairment tests must be conducted whenever there is any indication of impairment that a unit may be impaired and at least once a year to ensure that the goodwill recognised for each CGU does not need to be written down.

The recoverable amount of a cash-generating unit is the higher of the net fair value of the unit and its value in use.

At 31 December 2021, the Group carried out impairment tests to ensure that cash-generating units' carrying amount did not exceed their recoverable amount.

Fair value is the price that is likely to be obtained from selling the CGU in normal market conditions.

Value in use is based on an estimate of the current value of future cash flows generated by the unit's activities as part of the Bank's market activities:



- If the subsidiary's recoverable amount is more than the carrying amount, then there is no reason to book an impairment charge;
- If the subsidiary's recoverable amount is less than the carrying amount, the difference is recognised as an impairment charge. It will be allocated to goodwill as a priority and subsequently to other assets on a pro-rata basis.

The Bank has employed a variety of methods for measuring CGU value in use depending on the subsidiary. These methods are based on assumptions and estimates:

- A revenue-based approach, commonly known as the "dividend discount model", is a standard method used by the banking industry. The use of this method depends on the subsidiary's business plan and will value the subsidiary based on the net present value of future dividend payments. These flows are discounted at the cost of equity.
- The "discounted cash flow method" is a standard method for measuring firms in the services sector. It is based on discounting available cash flows at the weighted average cost of capital.

Step acquisitions

In accordance with revised IFRS 3, the Group does not calculate additional goodwill on step acquisitions once control has been obtained.

In particular, in the event that the Group increases its percentage interest in an entity which is already fully consolidated, the difference at acquisition date between the cost of acquiring the additional share and share already acquired in the entity is recognised in the Group's consolidated reserves.

1.6.1.2. Financial assets and liabilities

a. Loans and receivables

Loans and receivables include credit provided by the Group.

Loans and receivables are initially measured at fair value or equivalent, which, as a general rule, is the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees and commission included in the initial value of the loan, is calculated using the effective interest method and taken to income over the life of the loan.

b. Securities

Classification of securities

IFRS 9 replaces the classification and valuation models for financial assets provided for in IAS 39 by a model comprising only 3 accounting categories :

- Depreciated cost;
- Fair value through equity: changes in fair value of the financial instrument are impacted in «other items of the comprehensive income» («fair value by OCI»);
- Fair value through profit or loss: changes in the fair value of the instrument are impacted in net income.

The classification of a financial asset in each category is based on:

- business model defined by the company
- and the characteristics of its contractual cash flows (the «cash flow» criterion) solely payments of principal and interest», or «SPPI»).

The management methods relate to the way the company manages its financial assets in order to generate cash flows and create cash flow and value. The business model is specified for an asset portfolio and does not constitute an intention on a case-by-case basis for an individual financial asset.

IFRS 9 distinguishes three management models:

- The collection of contractual cash flows, the business model «Collection»;
- The collection of contractual flows and the sale of assets, the model of management « Collection and Sale »;
- Other management intentions, i.e. the «Other / Sale» management model.

The second criterion («SPPI» criterion) is analysed at the contract level. The test is satisfied when the funding is only eligible for reimbursement of the principal and when the payment of interest received reflects the value of the time of money, credit risk associated with the instrument, other costs and risks of a traditional loan agreement as well as a reasonable margin, whether the interest rate is fixed or variable.

The criteria for classifying and measuring financial assets depend on the nature of the financial asset, as qualified:

- debt instruments (i.e. loans and fixed or determinable income securities)
- ; or
- equity instruments (i.e. shares).

The classification of a debt instrument in one of the asset classes is a function of the management model applied to it by the company and the characteristics of the contractual cash flows of the instrument (SPPI criterion). Debt instruments that respond to the SPPI criterion and the «Collection» management model are classified as follows amortised cost. If the SPPI criterion is verified but the business model is the collection and sale, the debt instrument is classified at fair value by equity (with recycling). If the SPPI criterion is not verified and the business model is different, the debt instrument is classified as fair value value by result.

Under IFRS 9, equity instruments held by (stocks) are:

- always measured at fair value through profit or loss,
- except those not held for trading for which the standard allows the irrevocable election to be made at the time of recognition of each financial asset, to recognise it at fair value by counterpart of other comprehensive income (fair value through profit or loss OCI), with no possibility of recycling by result. Assets classified in this category will not be depreciated. In the event of a transfer, these changes are not recycled to the income statement, the gain or loss on disposal is recognised in shareholders' equity. Only dividends are recognised in result.

IFRS 9 provides for models for classifying and measuring financial liabilities according to 3 accounting categories:

- financial liability at amortised cost;
- financial liability at fair value through profit or loss;
- financial liability at fair value through profit or loss on option.

On the initial recognition date, a financial liability may be designated, on irrevocable option, at fair value through profit or loss:

- under certain conditions when the liability contains embedded derivatives

; or

- if this leads to more relevant information as a result of the elimination or the significant reduction of a distortion of accounting treatment (« mismatch»); or

- whether the liabilities are managed with other financial instruments that are measured and managed at fair value in accordance with an investment policy or risk management and that information is communicated on this to key management personnel within the meaning of IAS 24.

In addition, for these liabilities, the standard allows for the recognition of the change in fair value attributable to the change in credit risk in other comprehensive income. However, this processing is only possible to the extent that it does not contribute to creating or aggravate an accounting mismatch

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

Temporary acquisitions and sales

Repurchase agreements

Securities subject to repurchase agreements are recorded in the Group's balance sheet in their original category.

The corresponding liability is recognised in the under "Borrowings" as a liability on the balance sheet.

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables".

Securities lending and borrowing transactions

Securities lending transactions do not result in de-recognition of the lent securities while securities borrowing transactions result in recognition of a debt on the liabilities side of the Group's balance sheet.

Date of recognition of securities transactions

Securities recognised at fair value through income or classified under held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (recognised as loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date.

These transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire or until

the Group has substantially transferred all the risks and rewards related to ownership of the securities.

c. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the income statement, except for those arising from financial instruments earmarked as a cash flow hedge or a net foreign currency investment hedge, which are recognised in shareholders' equity.

d. Impairment and restructuring of financial assets

IFRS 9 introduces a new model for the recognition of impairment of financial assets based on expected credit losses. This model represents a change from the IAS 39 model that is based on proven credit losses.

Under IFRS 9, the portfolio is segmented into three Buckets in using the notion of significant degradation from the beginning:

- Bucket 1» consists of all sound financial assets that do not are not significantly degraded since the beginning and for which it will be calculated an expected credit loss within 1 year.

- Bucket 2» includes assets for which the credit risk has significantly increased since the beginning. A credit loss must then be calculated over the remaining useful life of the asset, or residual maturity.

- «Bucket 3» corresponds to all assets in default or those for which credit quality will deteriorate to the point that the recoverability of the is threatened. Bucket 3 corresponds to the scope of the provision under IAS 39. The entity recognises a demonstrated credit loss at maturity. Thereafter, if the conditions for the classification of instruments financial instruments in bucket 3 are no longer respected, these instruments are reclassified as bucket 2 and then as bucket 1 depending on the improvement of credit risk quality.

The definition of default is consistent with the one outlined in Circular 19G with a rebuttable assumption of default occurring when amounts are no later than 90 days past due.

The definition of default is used consistently to assess whether there is an increase in credit risk and to measure expected credit losses.

The monitoring of risk degradation is based on the monitoring systems of the internal risks, including in particular the monitoring of receivables and unpaid bills.

The significant increase in credit risk may be assessed on an individual or collective basis (by grouping together financial instruments based on common credit risk characteristics), taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Each instrument is assessed to ascertain whether there has been a significant increase in credit risk based on indicators and thresholds that vary depending on the kind of exposure and counterparty type.

A financial asset is also considered to have undergone a significant increase in credit risk if one or more of the following criteria are met:

- Financial asset placed on the watchlist
- Reorganised due to payment difficulties, although not defaulting
- Past-due event
- There are material adverse changes in the borrower's economic, commercial or financial operating environment
- Risks of financial difficulties have been identified, etc.

In order to compensate for the fact that some factors or indicators may not be available at a financial instrument level, on an individual basis, the standard allows for the entity to carry out an assessment as to whether there has been a significant increase in credit risk on appropriate groups or portions of a portfolio of financial instruments.

Shared credit risk characteristics may be used to constitute portfolios for the purpose of carrying out an assessment as to whether there has been a significant increase in credit risk on a collective basis. Shared credit risk characteristics include instrument type, credit risk ratings, collateral type, date of initial recognition, remaining term to maturity, industry, the borrower's geographical location, the value of the collateral relative to the financial asset if it has an impact on the probability of default occurring (for example, non-recourse loans in some countries, or on loan-to-value ratios), the distribution channel, the reason for raising finance, etc..

Expected credit losses are defined as being an estimate of credit losses weighted by the probability of their occurring over the financial instrument's expected lifetime. They are measured on an individual basis, for each exposure.

The calculation of impairment losses is based on three main criteria:

Probabilities of Default (PD)

The Probability of Default (PD) is the likelihood of a borrower defaulting on its financial obligations over the subsequent 12 months (1-year PD) or over the contract's remaining maturity (lifetime PD). The PD is the probability of a borrower defaulting over a particular time horizon 't'. The PD used to estimate expected losses according to IFRS 9 is calculated for each homogeneous risk class.

For financial assets that are in 'Bucket 1' (i.e. healthy, non-sensitive), a 12-month PD is calculated i.e. the probability of default occurring in the 12 months following the reporting date.

For financial assets in 'Bucket 2' (i.e. healthy, sensitive), a PD to maturity is calculated. And, by definition, financial assets in 'Bucket 3' (i.e. defaulting) have a PD of 1.

In order to calculate the 1-year PD for a given loan, BANK OF AFRICA has divided the portfolios' loans into homogeneous risk classes that are segmented on the basis of external ratings or delinquency classes.

Lifetime PDs are calculated by applying rating migration matrices to 1-year PDs, the latter resulting from external credit rating systems or delinquency classes. Rating migration matrices are determined by modelling, for each portfolio, how defaults develop between the date of initial recognition and a contract's maturity. Rating migration matrices are developed on the basis of statistical observations.

Loss Given Default (LGD)

The Loss Given Default (LGD) is the expected credit loss as a percentage of the exposure at default. The Loss Given Default is expressed as a percentage of EAD and is calculated using Global Recovery Rates (GRRs). GRRs are assessed by homogeneous risk class for a certain type of collateral based on historical recovery rates.

For sizeable loans in difficulty, if statistical modelling is not possible (limited number of observations, special characteristics, etc.), the expected future recoverable flows are estimated by the Group's recovery subsidiary. The LGD is the difference between the contractual cash flows and the estimated expected cash flows (including principal and interest).

Exposure At Default (EAD)

It is based on the amount to which the Group expects to be actually exposed at the time of default, either over the subsequent 12 months or over the remaining period to maturity.

The Group draws on existing concepts and systems to set these parameters. Expected credit losses on financial instruments are measured as the product of these three parameters.

Under IFRS 9, recognition of expected credit losses is based on forward-looking macroeconomic conditions.

The parameters are adjusted after factoring in the prevailing economic conditions based on macroeconomic research provided by in-company industry experts. As a result of this research and the expert opinion provided, PDs may be revised (upwards or downwards depending on the outlook) over a three-year horizon. The inclusion of other macroeconomic indicators is currently being phased in.

The organisational and management approach used to determine these scenarios is the same as that adopted for the budgeting process. These are reviewed annually based on suggestions from the economic research team and are validated by the General Management Committee.

For securities (which are overwhelmingly sovereign securities), the calculation of the depreciation is determined according to the following principles:

- When acquiring shares: all shares are considered as part of Bucket 1 regardless of the issuer's rating,
- In subsequent evaluations:
- In the event of a downgrade of the issuer's rating, the security changes to bucket 2
- On the basis of credit losses proven to be at maturity if the counterparty is in default - Bucket 3

Forbearance

The Bank complies with IFRS requirements in matters of forbearance agreements, particularly with regard to discounts applied to restructured loans. The amount deducted is recognised under cost of risk. If the restructured loan is subsequently reclassified as a performing loan, it is reinstated under net interest income over the remaining term of the loan.



Restructuring of assets classed as “Loans and receivables”

An asset classified in “Loans and receivables” is considered to be restructured due to the borrower’s financial difficulty when the Group, for economic or legal reasons related to the borrower’s financial difficulty, agrees to modify the terms of the original transaction that it would not otherwise consider, resulting in the borrower’s contractual obligation to the Group, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The Decrease in the asset value is recognised through income under “Cost of risk”.

For each loan, the discount is recalculated at the renegotiation date using original repayment schedules and renegotiation terms.

The discount is calculated as the difference between :

- The sum, at the renegotiation date, of the original contractual repayments discounted at the effective interest rate; and
- The sum, at the renegotiation date, of the renegotiated contractual repayments discounted at the effective interest rate. The discount, net of amortisation, is recognised by reducing loan outstandings through income. Amortisation will be recognised under net banking income.

e. Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or liabilities with another entity on terms that are potentially unfavourable to the Group, or to deliver a variable number of the Group’s treasury shares.

In the Group’s case, this concerns certificates of deposit issued by Group banks such as BANK OF AFRICA SA, BOA Group as well as notes issued by finance companies MAGHREBAIL and SALAFIN.

f. Treasury shares

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

“Treasury shares” refer to shares issued by the parent company, BANK OF AFRICA SA, or by its fully consolidated subsidiaries. Treasury shares held by the Group are deducted from consolidated shareholders’ equity regardless of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated income statement.

As of 31 December 2021, the Group does not hold any treasury shares.

g. Derivative instruments

All derivative instruments are recognised in the balance sheet on the trade date at the trade price and are re-measured to fair value on the balance sheet date.

Derivatives held for trading purposes are recognised “Financial assets at fair value through income” when their fair value is positive and in “Financial liabilities at fair value through income” when their fair value is negative.

Realised and unrealised gains and losses are recognised in the income statement under “Net gains or losses on financial instruments at fair value through income”.

h. Fair value measurement of own credit default risk (DVA) / counterparty risk (CVA)

Since the value of derivative products has not been material until now, the Bank will continue to monitor the extent to which this factor is significant in order to take into consideration fair value adjustments relating to its own credit default risk (DVA) / counterparty risk (CVA).

i. Determining the fair value of financial instruments

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Financial assets classified under “Financial assets at fair value through income” and “Available-for-sale financial assets” are measured at fair value.

Fair value in the first instance relates to the quoted price if the financial instrument is traded on a liquid market.

If no liquid market exists, fair value is determined by using valuation techniques (internal valuation models as outlined in Note 4.15 on fair value).

Depending on the financial instrument, these involve the use of data taken from recent arm’s length transactions, the fair value of substantially similar instruments, discounted cash flow models or adjusted book values.

Characteristics of a liquid market include regularly available prices for financial instruments and the existence of real arm’s length transactions.

Characteristics of an illiquid market include factors such as a significant Decline in the volume and level of market activity, a significant variation in available prices between market participants or a lack of recent observed transaction prices.

j. Income and expenses arising from financial assets and liabilities

The effective interest rate method is used to recognise income and expenses arising from financial instruments, which are measured at amortised cost.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

k. Cost of risk

“Cost of risk” includes impairment provisions net of write-backs and provisions for credit risk, losses on irrecoverable loans and amounts recovered on amortised loans as well as provisions and provision write-backs for other risks such as operating risks.

l. Offsetting financial assets and liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group

has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6.1.3. Property plant and equipment and intangible assets

a. Property, plant and equipment

The Group has opted for the cost model to measure property, plant and equipment and intangible assets.

It is worth noting that, in application of the option provided under IFRS 1, the Group has chosen to measure certain items of property, plant and equipment at the transition date at their fair value and use this fair value as deemed cost at this date.

In accordance with IAS 23, borrowing costs directly attributable to the acquisition are included in the acquisition cost of items of property, plant and equipment.

As soon as they are available for use, items of property, plant and equipment are amortised over the asset’s estimated useful life.

Given the character of the Group’s property, plant and equipment, it has not adopted any residual value except for transport equipment owned by LOCASOM, a subsidiary.

In respect of the Group’s other assets, there is neither a sufficiently liquid market nor a replacement policy over a period that is considerably shorter than the estimated useful life for any residual value to be adopted.

This residual value is the amount remaining after deducting from the acquisition cost all allowable depreciable charges.

Given the Group’s activity, it has adopted a component-based approach for property. The option adopted by the Group is a component-based amortised cost method by applying using a component-based matrix established as a function of the specific characteristics of each of the Group’s buildings.

Component-based matrix adopted by BANK OF AFRICA

	Head office property		Other property	
	Period	Share	Period	Share
Structural works	80	55%	80	65%
Façade	30	15%		
General & technical installations	20	20%	20	15%
Fixtures and fittings	10	10%	10	20%

Impairment

The Group has deemed that impairment is only applicable to buildings and, as a result, the market price (independently-assessed valuation) will be used as evidence of impairment.

b. Investment property

IAS 40 defines investment property as property held to earn rentals or for capital appreciation or both. An investment property generates cash flows that are largely independent from the company’s other assets in contrast to property primarily held for use in the production or supply of goods or services.

The Group qualifies investment property as any non-operating property.

The Group has opted for the cost method to value its investment property. The method used to value investment property is identical to that for valuing operating property.

In accordance with the requirements of paragraph 79(e) of IAS 40, the Group has investment properties whose acquisition cost is deemed to be substantially material valued by external surveyors at each balance sheet date (cf. 4.15 on fair value).

c. Intangible assets

Intangible assets are initially measured at cost which is equal to the amount of cash or cash equivalent paid or any other consideration given at fair value to acquire the asset at the time of its acquisition or construction.

Subsequent to initial recognition, intangible assets are measured at cost less cumulative amortisation and impairment losses.

The amortisation method adopted reflects the rate at which future economic benefits are consumed.

Impairment is recognised when evidence (internal or external) of impairment exists. Evidence of impairment is assessed at each balance sheet date.

Given the character of the intangible assets held, the Group considers that the concept of residual value is not relevant in respect of its intangible assets. As a result, residual value has not been adopted.

1.6.1.4. Leases

Group companies may either be the lessee or the lessor in a lease agreement.

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

a. Lessor accounting

Finance leases

In a finance lease, the lessor transfers the substantial portion of the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable.

The net income earned from the lease by the lessor is equal to the amount of interest on the loan and is taken to the income statement under “Interest and other income”. The lease payments are spread over the lease term and are allocated to reducing the principal and to interest such that the net income reflects a constant rate of return on the outstanding balance. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

Operating leases

An operating lease is a lease under which the substantial portion of the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor’s balance sheet and depreciated on a straight-line basis over the lease term. The depreciable amount excludes the asset’s residual value. The lease payments are taken to the income statement in full on a straight-line basis over the lease term.

Lease payments and depreciation expenses are taken to the income statement under “Income from other activities” and “Expenses from other activities”.

b. Lessee accounting

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease.

A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets after deducting the residual value from the amount initially recognised over the useful life of the asset. The lease obligation is accounted for at amortised cost.

The Operating leases

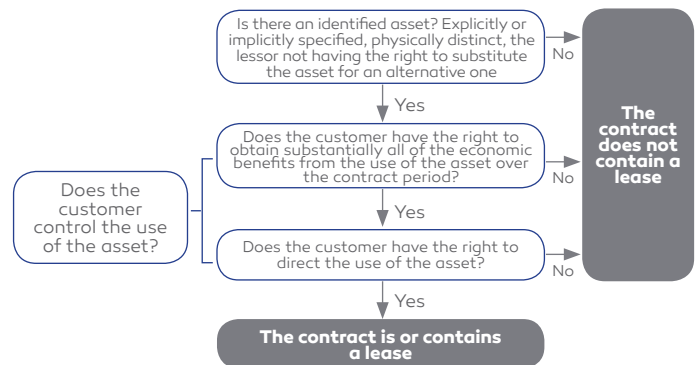
IFRS 16 ‘Leases’ will supersede IAS 17 from 1 January 2019. It will change the way in which leases are accounted for.

For all lease agreements, the lessee will be required to recognise a right-of-use asset on its balance sheet representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its income statement, the lessee will separately recognise the depreciation of the right-of-use asset and the interest expense on the lease liability. This treatment, which is currently applied by lessees to finance lease transactions, will subsequently be extended to operating leases.

Policies adopted

The transition method chosen by BANK OF AFRICA Group is the modified retrospective approach by which the lease liability is recognised at the present value of remaining lease payments at the time of first-time application (01/01/2019) with a right-of-use asset of an equivalent amount recognised at the same time. Consequently, first-time application of IFRS 16 had no impact on shareholders’ equity.

To identify leases that fall within the scope of this standard, the following criteria shall apply:



The contract does not contain a lease

The Group has adopted two simplification measures provided for under IFRS 16 regarding short-term contracts (up to 12 months) and contracts whose underlying assets are of limited value. The IASB recommends a guideline threshold of USD 5,000 or less.

The lease period

The period during which the Group has previously used particular types of property (leased or owned) and the underlying economic reasons thereof have been used to determine whether the group is reasonably certain of exercising an option or not.

The lease periods applied therefore depend on the type of property:

- For commercial leases, a period of 9 years on average has been applied;
- For residential leases, a period of 3 years;
- For leased vehicles, the period applied is that of the contract.

Lease period under IFRS 16			
Lease period	Non-cancellable period	Optional renewable periods <small>Lessor reasonably certain to exercise the renewal option</small>	Optional periods subsequent to termination dates <small>Lessor reasonably certain of not exercising the renewal option</small>

The liability related to the lease is equal to the present value of the lease payments and estimated payments at the end of the contract (early termination penalties if applicable and/or residual value guarantees if applicable).

The rate used to discount these payments is the incremental borrowing rate which is the rate of interest that a lessee would have to pay to borrow over a similar term to that of the lease liability.

1.6.1.5. non-current assets held for sale and discontinued activities

An asset is classified as held for sale if its carrying amount is obtained through the asset’s sale rather than through its continuous use in the business.

At 31 December 2021, the Group did not recognise any assets as held for sale or discontinued activities

1.6.2. Employee benefits

Classification of employee benefits

a. Short-term benefits

Short-term benefits are due within twelve months of the close of the financial year in which employees provided the corresponding services. They are recognised as expenses in the year in which they are earned.

b. Defined-contribution post-employment benefits

The employer pays a fixed amount in respect of contributions into an external fund and has no other liability. Benefits received are determined on the basis of cumulative contributions paid plus any interest and are recognised as expenses in the year in which they are earned.

c. Defined-benefit post-employment benefits

Defined-benefit post-employment benefits are those other than defined-contribution schemes. The employer undertakes to pay a certain level of benefits to former employees, whatever the liability's cover. This liability is recognised as a provision.

The Group accounts for end-of-career bonuses as defined-benefit post-employment benefits: these are bonuses paid on retirement and depend on employees' length of service.

d. Long-term benefits

These are benefits which are not settled in full within twelve after the employee rendering the related service. Provisions are recognised if the benefit depends on employees' length of service.

The Group accounts for long-service awards as long-term benefits: these are payments made to employees when they reach 6 different thresholds of length of service ranging from 15 to 40 years.

e. Termination benefits

Termination benefits are made as a result of a Decision by the Group to terminate a contract of employment or a Decision by an employee to accept voluntary redundancy. The company may set aside provisions if it is clearly committed to terminating an employee's contract of employment.

Principles for calculating and accounting for defined-benefit post-employment benefits and other long-term benefits

a. Calculation method

The recommended method for calculating the liability under IAS 19 is the "projected unit credit" method. The calculation is made on an individual basis. The employer's liability is equal to the sum of individual liabilities.

Under this method, the actuarial value of future benefits is determined by calculating the amount of benefits due on retirement based on salary projections and length of service at the retirement date. It takes into consideration variables such as discount rates, the probability of the employee remaining in service up until retirement as well as the likelihood of mortality.

The liability is equal to the actuarial value of future benefits in respect of past service within the company prior to the calculation date. This liability is determined by applying to the actuarial value of future benefits the ratio of length of service at the calculation date to length of service at the retirement date.

The annual cost of the scheme, attributable to the cost of an additional year of service for each participant, is determined by the ratio of the actuarial value of future benefits to the anticipated length of service on retirement.

b. Accounting principles

A provision is recognised under liabilities on the balance sheet to cover for all obligations.

Actuarial gains or losses arise on differences related to changes in assumptions underlying calculations (early retirement, discount rates etc.) or between actuarial assumptions and what actually occurs (rate of return on pension fund assets etc.) constitute.

They are amortised through income over the average anticipated remaining service lives of employees using the corridor method.

The past service cost is spread over the remaining period for acquiring rights.

The annual expense recognised in the income statement under "Salaries and employee benefits" in respect of defined-benefit schemes comprises:

- The rights vested by each employee during the period (the cost of service rendered) ;
- The interest cost relating to the effect of discounting the obligation ;
- The expected income from the pension fund's investments (gross rate of return);
- The effect of any plan curtailments or settlements.

1.6.3. Share-based payments

The Group offers its employees the possibility of participating in share issues in the form of share purchase plans.

New shares are offered at a discount on the condition that they retain the shares for a specified period.

The expense related to share purchase plans is spread over the vesting period if the benefit is conditional upon the beneficiary's continued employment.

This expense, booked under "Salaries and employee benefits", with a corresponding adjustment to shareholders' equity, is calculated on the basis of the plan's total value, determined at the allotment date by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account performance-based criteria relating to the Bank's share price. The plan's total expense is determined by multiplying the unit value per option or bonus share awarded by the estimated number of options or bonus shares acquired at the end of the vesting period, taking into account the conditions regarding the beneficiary's continued employment.

1.6.4. Provisions recorded under liabilities

Provisions recorded under liabilities on the Group's balance sheet, other than those relating to financial instruments and employee benefits mainly relate to restructuring, litigation, fines, penalties and tax risks.

A provision is recognised when it is probable that an outflow of resources providing economic benefits will be required to settle an obligation arising from a past event and a reliable estimate can be made about the obligation's amount. The amount of such obligations is discounted in order to determine the amount of the provision if the impact of discounting is material.

A provision for risks and charges is a liability of uncertain timing or amount.

The accounting standard provides for three conditions when an entity must recognise a provision for risks and charges:

- A present obligation towards a third party ;
- An outflow of resources is probable in order to settle the obligation;
- The amount can be estimated reliably.

1.6.5. Current and deferred taxes

The current income tax charge is calculated on the basis of the tax laws and tax rates in force in each country in which the Group has operations.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

A deferred tax liability is a tax which is payable at a future date. Deferred tax liabilities are recognised for all taxable temporary differences other than those arising on initial recognition of goodwill or on initial recognition of an asset or liability for a transaction which is not a business combination and which, at the time of the transaction, has not impact on profit either for accounting or tax purposes.

A deferred tax asset is a tax which is recoverable at a future date. Deferred tax assets are recognised for all deductible temporary differences and unused carry-forwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

The Group has opted to assess the probability of recovering deferred tax assets.

Deferred taxes assets are not recognised if the probability of recovery is uncertain. Probability of recovery is ascertained by the business projections of the companies concerned.

IFRIC 23 interpretation:

This interpretation is intended to clarify IAS 12 'Income taxes', which contains measures relating to recognition and measurement of current or deferred tax assets or liabilities.

This interpretation deals with income tax-related risks. The interpretation is to be applied to determine income tax-related items when there is uncertainty over income tax treatments by an entity under the applicable tax provisions. Tax risk naturally arises from uncertainty regarding a tax position adopted by the entity that might be questioned by the tax authority.

The interpretation provides a choice of two transition methods as follows:

Full retrospective approach, provided that the company is in possession of the necessary information without taking into account circumstances that have occurred over time; or

Modified retrospective approach, by recognising the cumulative impact under opening shareholders' equity for the financial period in which the interpretation is first applied, in which case, the comparative information for the financial period in which the interpretation is first applied is not restated.

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

1.6.6. Cash flow statement

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and the net balances of sight loans and deposits with credit institutions.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable debt instruments.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to subordinated debt, bonds and debt securities (excluding negotiable debt instruments).

1.6.7. Use of estimates in the preparation of the financial statements

Preparation of the financial statements requires managers of business lines and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the balance sheet and in the disclosure of information in the notes to the financial statements.

This requires the managers in question to exercise their judgement and to make use of information available at the time of preparation of the financial statements when making their estimates.

The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates depending on market conditions. This may have a material impact on the financial statements.

Those estimates which have a material impact on the financial statements primarily relate to:

- Impairment (on an individual or collective basis) recognised to cover credit risks inherent in banking intermediation activities ;

Other estimates made by the Group's management primarily relate to :

- Goodwill impairment tests ;
- Provisions for employee benefits;
- The measurement of provisions for risks and charges.



II. NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

2.1. NET INTEREST INCOME

includes net interest income (expense) related to customer and interbank transactions, debt securities issued by the Group, the trading portfolio (fixed income securities, repurchase agreements, loan / borrowing transactions and debts securities), and debt instruments.

	dec-21			dec-20		
	Income	Expense	Net	Income	Expense	Net
Customer Items	10.712.204	2.957.334	7.754.870	10.651.924	2.991.366	7.660.558
Deposits, loans and borrowings	10.051.571	2.934.828	7.116.743	9.845.411	2.959.963	6.885.448
Repurchase agreements	-	22.506	-22.506	-	31.403	-31.403
Finance leases	660.633	-	660.633	806.513	-	806.513
Interbank Items	638.021	1.017.289	-379.268	1.148.716	1.443.917	-295.201
Deposits, loans and borrowings	633.913	790.789	-156.876	917.652	1.116.498	-198.846
Repurchase agreements	4.108	226.500	-222.392	231.064	327.418	-96.355
Borrowings issued by the Group		748.611	-748.611		846.014	-846.014
Instruments at fair value through equity			-			-
Debt instruments	4.282.980		4.282.980	3.909.046		3.909.046
TOTAL INTEREST INCOME/(EXPENSE)	15.633.205	4.723.235	10.909.970	15.709.687	5.281.297	10.428.389

(In thousand MAD)

2.2. NET FEE INCOME

	dec-21			dec-20		
	Income	Expense	Net	Income	Expense	Net
Net fee on transactions	2.528.517	176.181	2.352.336	2.425.174	160.320	2.264.854
With credit institutions			-			-
With customers	1.808.981		1.808.981	1.793.494		1.793.494
On custody	220.158	84.677	135.481	195.454	80.903	114.551
On foreign exchange	499.378	91.504	407.873	436.225	79.416	356.809
On financial instruments and off balance sheet			-			-
Banking and financial services	741.783	306.550	435.233	673.215	296.612	376.604
Income from mutual funds management			-			-
Income from electronic payment services	416.362	99.990	316.372	369.474	89.591	279.883
Insurance			-			-
Other	325.421	206.560	118.861	303.742	207.021	96.721
NET FEE INCOME	3.270.301	482.732	2.787.569	3.098.389	456.931	2.641.458

(In thousand MAD)

Net fee income covers fees from interbank market and the money market, customer transactions, securities transactions, foreign exchange transactions, securities commitments, financial transactions derivatives and financial services.

2.3. NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This entry includes all items of income (excluding interest income and expenses, classified under «Net interest income» as described above) relating to financial instruments managed within the trading book.

This covers gains and losses on disposals, gains and losses related to mark-to-market, as well as dividends from variable-income securities.

	dec-21			dec-20		
	Trading Book	Assets measured under the fair value option	Total	Trading Book	Assets measured under the fair value option	Total
Fixed income and variable income securities	272.829	94.185	367.014	418.687	67.314	486.001
Derivative instruments	-71.747		-71.747	-108.323	-	-108.323
Repurchase agreements						
Loans						
Borrowings						
Remeasurement of interest rate risk hedged portfolios						
Remeasurement of currency positions						
TOTAL	201.082	94.185	295.267	310.364	67.314	377.678

(In thousand MAD)

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

	dec-21	dec-20
Remuneration of equity instruments recognised as non-recyclable equity instruments (Dividends)	206.498	220.688
TOTAL	206.498	220.688

(In thousand MAD)

2.5. NET INCOME FROM OTHER ACTIVITIES

	dec-21			dec-20		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	-	-	-	-	-	-
Net income from investment property	-	-	-	-	-	-
Net income from assets held under operating leases	260.314	111.152	149.162	242.406	112.728	129.678
Net income from property development activities	-	-	-	-	-	-
Other banking income & expenses	458.715	375.014	83.700	406.551	326.218	80.333
Other operating income	288.528	113.613	174.915	143.966	25.593	118.373
TOTAL NET INCOME FROM OTHER ACTIVITIES	1.007.557	599.779	407.777	792.923	464.539	328.384

(In thousand MAD)

2.6. GENERAL OPERATING EXPENSES

	dec-21	dec-20
Staff expenses	3.950.023	3.872.226
Taxes	269.381	306.192
External expenses	2.520.879	3.486.812
Other general operating expenses	167.751	180.508
Allowances for depreciation and provisions of tangible and intangible assets	1.048.117	954.340
General Operating Expenses	7.956.150	8.800.078

(In thousand MAD)

2.7. COST OF RISK

	dec-21	dec-20
Net allocations for depreciations	-1.744.050	-2.173.842
Bucket 1	-509.350	-382.264
Including loans and receivables on EC and OA	9.589	-26.769
Including customer loans and receivables	-11.099	-175.278
Including off-balance-sheet commitments	5.823	11.182
Including debt instruments	-513.663	-191.400
Including debt instruments accounted for by JV and recyclable CP		
Bucket 2	224.143	-419.957
Including loans and receivables on EC and OA	329	1.060
Including customer loans and receivables	222.520	-423.033
Including off-balance-sheet commitments	1.294	919
Including debt instruments		1.097
Including debt instruments accounted for by JV and recyclable CP		-
Bucket 3	-1.458.843	-1.371.620
Including loans and receivables on EC and OA	-2.602	137.236
Including customer loans and receivables	-1.397.630	-1.494.888
Including off-balance-sheet commitments	-58.610	-13.968
Including debt instruments		
Including debt instruments accounted for by JV and recyclable CP		
Amounts recovered from amortized loans	68.849	54.171
Losses on bad debt	-892.273	-1.119.566
Other	-357.257	-212.741
Cost of risk	-2.924.731	-3.451.978

2.8. NET GAINS ON OTHER ASSETS

	dec-21	dec-20
PP&E and intangible assets used in operations	21.122	49.411
Capital gains on disposals	21.122	49.411
Capital losses on disposals		
Others	2.798	18.247
Net Gain/Loss on Other Assets	23.920	67.658

2.9. INCOME TAX

2.9.1. Current and deferred tax

	dec-21	dec-20
Current tax	981.203	797.935
Deferred tax	2.466.604	2.083.871
Current and deferred tax assets	3.447.807	2.881.806
Current tax	1.357.479	877.982
Deferred tax	1.187.570	1.258.073
Current and deferred tax liabilities	2.545.049	2.136.055

(In thousand MAD)

2.9.2. Net income tax expense

	dec-21	dec-20
Current tax expense	-1.146.929	-715.711
Net deferred tax expense	161.474	202.183
Net Corporate income tax expense	-985.455	-513.528

(In thousand MAD)

2.9.3. Effective tax rate

	dec-21	dec-20
Net income	3.834.831	1.877.347
Net corporate income tax expense	-985.455	-513.528
Average effective tax rate	25,7%	27,4%

(In thousand MAD)

III. SEGMENT INFORMATION

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

- Banking in Morocco : BANK OF AFRICA;
- Asset management and Investment banking : BMCE Capital, BMCE Capital Bourse and BMCE Capital Gestion;
- Specialised financial services : Salafin, Maghrébaïl, Maroc Factoring, RM Experts and Acmar;
- International activities : BANK OF AFRICA UK, BANK OF AFRICA EUROPE, Banque de Développement du Mali, LCB Bank and BOA Group.

3.1. Earnings by business line

	dec.-21					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
Net interest Income	5.001.647	-1.913	602.005	-4.691	5.312.925	10 909 972
Net Fee income	1.096.598	171.535	22.799	-	1.496.637	2 787 569
Net Banking Income	6.220.469	362.145	640.694	144.469	7.239.306	14 607 082
General Operating Expenses & allowances for depreciation and amortization	-3.344.240	-282.656	-259.892	-110.973	-3.958.390	-7 956 151
Operating Income	2.876.229	79.489	380.801	33.496	3.280.916	6 650 932
Corporate income tax	-523.605	-60.381	-151.475	-6.247	-243.746	-985 455
Net Income Attributable to shareholders of the parent	816.443	94.850	130.607	-23.111	988.423	2 007 213

(In thousand MAD)

	dec.-20					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
Net interest Income	4.620.008	54.667	662.434	-4.151	5.095.431	10 428 389
Net Fee income	1.024.382	153.763	20.392	-	1.442.921	2 641 458
Net Banking Income	5.868.712	332.998	700.513	125.527	6.974.296	14 002 045
General Operating Expenses & allowances for depreciation and amortization	-4.141.365	-297.625	-240.720	-87.297	-4.033.071	-8 800 078
Operating Income	1.727.346	35.373	459.793	38.230	2.941.225	5 201 967
Corporate income tax	-32.352	-45.008	-95.012	-9.808	-331.349	-513 528
Net Income Attributable to shareholders of the parent	-111.374	82.566	43.757	-10.752	733.635	737 831

(In thousand MAD)



3.2. ASSETS AND LIABILITIES BY BUSINESS ACTIVITY

	dec.-21					TOTAL
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	
TOTAL ASSETS	212 670 867	974 889	16 397 075	112 191	114 902 832	345 057 853
ASSETS ITEMS						
Available for sale assets	3 401 795	13 468	22 987	5 028	3 234 782	6 678 060
Customer loans	129 816 529	-	15 575 842	1	51 627 835	197 020 207
Financial assets at fair value	35 604 594	127 606	861	-	678 570	36 411 631
Held to maturity assets	8 940 604	-	-	-	29 986 285	38 926 888
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	140 432 011	-	681 183	-	77 860 047	218 973 241
Shareholder's Equity	19 445 454	454 028	1 603 473	-241 601	8 237 763	29 499 117

(In thousand MAD)

	dec.-20					TOTAL
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	
TOTAL ASSETS	204 540 156	990 356	16 840 891	106 223	109 434 177	331 911 803
ASSETS ITEMS						
Available for sale assets	2 982 072	8 350	22 386	16 977	2 835 135	5 864 920
Customer loans	128 452 166	-	15 585 061	1	50 129 472	194 166 699
Financial assets at fair value	29 529 201	110 862	861	-	662 363	30 303 288
Held to maturity assets	8 454 148	-	-	-	28 870 456	37 324 605
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	133 306 866	-	892 652	-	72 887 323	207 086 841
Shareholder's Equity	18 804 203	419 299	1 593 012	-203 048	7 367 063	27 980 530

(In thousand MAD)

IV. NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED DEC 31, 2021

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

	dec-21	dec-20
Cash	4.035.720	4.338.124
CENTRAL BANKS	15.677.912	11.921.071
TREASURY	18.655	27.685
GIRO	4.765	4.744
CENTRAL BANKS, TREASURY, GIRO	15.701.332	11.953.499
Cash, Central Banks, Treasury, Giro	19.737.051	16.291.624

(In thousand MAD)

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

	dec-21			dec-20		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposits	23.624.711	-	23.624.711	16.943.095	-	16.943.095
Treasury bills and other eligible for central bank refinancing	21.830.202	-	21.830.202	15.647.344	-	15.647.344
Other negotiable certificates of deposits	1.794.508	-	1.794.508	1.295.751	-	1.295.751
Bonds	845.949	-	845.949	1.071.913	-	1.071.913
Government bonds	489.311	-	489.311	580.626	-	580.626
Other bonds	356.638	-	356.638	491.287	-	491.287
Equities and other variable income securities	11.082.442	807.037	11.889.479	11.509.343	774.086	12.283.429
Repurchase agreements	-	-	-	-	-	-
Loans	-	-	-	-	-	-
To credit institutions	-	-	-	-	-	-
To corporate customers	-	-	-	-	-	-
To private individual customers	-	-	-	-	-	-
Trading Book Derivatives	51.492	-	51.492	4.850	-	4.850
Currency derivatives	51.492	-	51.492	4.850	-	4.850
Interest rate derivatives	-	-	-	-	-	-
Equity derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35.604.594	807.037	36.411.631	29.529.201	774.086	30.303.287
Of which loaned securities	-	-	-	-	-	-
Excluding equities and other variable-income securities	-	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Corporate customers	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Trading Book Derivatives	-	-	-	-	-	-
Currency derivatives	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
Equity derivatives	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-	-	-



4.3. FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	dec-21			dec-20		
	Balance Sheet Value	unrealised gains	Unrealized losses	Balance Sheet Value	unrealised gains	Unrealized losses
Debt instruments recognised at fair value through recyclable equity	1.708.897	12.459	-109.407	1.222.818	28.510	-8.188
Equity instruments recognised at fair value through non-recyclable equity	4.969.163	1.618.324	-589.865	4.642.101	1.644.938	-531.638
						(In thousand MAD)

4.4. SECURITIES AT AMORTISED COST

	dec-21	dec-20
Treasury bills and other bills mobilisable with central banks	5.289.826	5.801.445
Treasury bills and other bills mobilisable with central banks	4.489.117	4.940.727
Other negotiable debt securities	800.709	860.718
Bonds	34.572.774	32.007.169
Government bonds	31.424.962	29.442.689
Other Bonds	3.147.812	2.564.480
Depreciations	-935.711	-484.009
TOTAL DEBT INSTRUMENTS VALUED AT AMORTISED COST	38.926.888	37.324.605
		(In thousand MAD)

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

Loans and receivables due from credit institutions

	dec-21	dec-20
Demand accounts	9.832.598	8.037.532
Loans	11.116.163	14.339.572
<i>Including cash loans</i>	<i>338.224</i>	<i>284.908</i>
Repurchase agreements	137.872	97.766
Total loans and receivables due from credit institutions, before impairment provisions	21.086.633	22.474.870
Provisions for impairment of loans and receivables due from credit institutions	-85.152	-82.607
Total loans and receivables due from credit institutions, net of impairment provisions	21.001.481	22.392.263
		(In thousand MAD)

Amounts due to credit institutions

	dec-21	dec-20
Demand accounts	5.788.333	5.380.050
Borrowings	28.605.406	34.294.079
<i>Including cash borrowings</i>	<i>1.428.135</i>	<i>900.951</i>
Repurchase agreements	25.890.248	20.286.352
TOTAL	60.283.987	59.960.481
		(In thousand MAD)



4.6. LOANS, RECEIVABLES AND AMOUNTS DUE FROM CUSTOMERS

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

	dec-21	dec-20
Demand accounts	21.271.250	20.097.645
Loans to customers	163.038.442	156.274.631
Repurchase agreements	14.644.680	19.230.084
Finance leases	14.959.186	14.542.223
Total loans and receivables due from customers, before impairment provisions	213.913.559	210.144.583
Impairment of loans and receivables due from customers	-16.893.353	-15.977.884
Total loans and receivables due from customers, net of impairment provisions	197.020.206	194.166.699

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	dec-21	dec-20
Activity in Morocco	129.816.529	128.452.166
Specialized Financial Services	15.575.842	15.585.061
International Activities	51.627.835	50.129.472
Investment Banking	-	-
Other Activities	1,00	1,00
Total	197.020.206	194.166.698
Allocated Debts		
Value at Balance sheet	197.020.206	194.166.698

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	dec-21	dec-20
Morocco	145.392.371	144.037.227
Africa	47.550.569	46.131.188
Europe	4.077.266	3.998.284
Total	197.020.207	194.166.699
Allocated Debts		
Value at Balance sheet	197.020.207	194.166.699

(In thousand MAD)

Breakdown of loans & receivables and commitments by BUCKET

	dec-21							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	1.728.503	-	-	1.728.503	19.606	-	-	19.606
Debt instruments accounted for by JV at recyclable CP	1.728.503			1.728.503	19.606			19.606
Financial assets at amortized cost	235.322.843	19.728.446	19.811.502	274.862.792	2.437.089	2.488.478	12.988.649	17.914.216
Loans and receivables from credit institutions	21.039.082	41.369	6.182	21.086.634	79.576	539	5.037	85.152
Loans and receivables from customers	174.421.162	19.687.077	19.805.320	213.913.559	1.421.802	2.487.939	12.983.612	16.893.353
Debt instruments	39.862.599			39.862.599	935.711	-		935.711
Total assets	237.051.346	19.728.446	19.811.502	276.591.295	2.456.695	2.488.478	12.988.649	17.933.822
Total off-balance sheet	47.468.431	178.786	129.624	47.776.841	201.288	947	120.387	322.622

	dec-20							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	1.227.511	-	-	1.227.511	4.689	-	-	4.689
Debt instruments accounted for by JV at recyclable CP	1.227.511			1,227,511	4,689			4,689
Financial assets at amortized cost	233.347.022	18.734.128	18.346.917	270.428.067	1.964.282	2.724.683	11.855.532	16.544.497
Loans and receivables from credit institutions	22.390.038	81.101	3.730	22.474.870	78.624	1.410	2.572	82.606
Loans and receivables from customers	173.148.370	18.653.027	18.343.186	210.144.583	1.401.649	2.723.273	11.852.961	15.977.883
Debt instruments	37.808.614			37,808,614	484,009	-		484,009
Total assets	234.574.533	18.734.128	18.346.917	271.655.578	1.968.971	2.724.683	11.855.532	16.549.187
Total off-balance sheet	39.602.670	181.952	132.174	39.916.795	170.296	2.015	112.059	284.370

Amounts due to customers

	dec-21	dec-20
On demand deposits	132.539.204	123.589.148
Term accounts	31.794.130	27.987.454
Savings accounts	42.213.080	40.416.733
Cash certificates	4.004.929	4.066.640
Repurchase agreements	159.156	1.441.848
Other items	8.262.741	9.585.018
TOTAL LOANS AND RECEIVABLES DUE TO CUSTOMERS	218.973.241	207.086.841

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS ACTIVITY

	dec-21	dec-20
Activity in Morocco	140.432.011	133.306.866
Specialized Financial Services	681.183	892.652
International Activities	77.860.047	72.887.323
Investment Banking	-	-
Other Activities	-	-
Total	218.973.241	207.086.841
Allocated Debts		
Value at Balance sheet	218.973.241	207.086.841

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	dec-21	dec-20
Morocco	141.113.194	134.199.518
Africa	76.420.029	71.263.744
Europe	1.440.017	1.623.579
Total	218.973.241	207.086.841
Allocated Debts		
Value at Balance sheet	218.973.241	207.086.841

(In thousand MAD)

4.7. DEBT SECURITIES, SUBORDINATED DEBT AND SPECIAL GUARANTEE FUNDS

	dec-21	dec-20
Other debt securities	11.828.034	14.111.265
Negotiable certificates of deposit	11.828.034	13.611.265
Bond issues		500.000
Subordinated debts	10.597.210	9.594.473
Subordinated debt	10.597.210	9.594.473
Redeemable subordinated debt	7.597.210	6.594.473
Undated subordinated debt	3.000.000	3.000.000
Subordinated Notes	-	-
Redeemable subordinated notes		
Undated subordinated notes	-	-
Public Funds and special guarantee funds		
Total	22.425.244	23.705.738

(In thousand MAD)

4.8. CURRENT AND DEFERRED TAX

	dec-21	dec-20
Current tax	981.203	797.935
Deferred tax	2.466.604	2.083.871
Current and deferred tax assets	3.447.807	2.881.806
Current tax	1.357.479	877.982
Deferred tax	1.187.570	1.258.073
Current and deferred tax liabilities	2.545.049	2.136.055

(In thousand MAD)

4.9. ACCRUED INCOME AND EXPENSES, OTHER ASSETS AND LIABILITIES

	dec-21	dec-20
Guarantee deposits and bank guarantees paid	176.286	147.920
Settlement accounts related to securities transactions	133.348	65.195
Collection accounts	399.022	376.043
Reinsurers' share of technical reserves		
Accrued income and prepaid expenses	1.548.872	1.775.157
Other debtors and miscellaneous assets	3.983.177	4.140.240
Inter-related Accounts	257.273	246.976
TOTAL ACCRUED INCOME AND OTHER ASSETS	6.497.977	6.751.532
Guarantee deposits received	6.297	8.411
Settlement accounts related to securities transactions	147.509	85.330
Collection accounts	1.593.413	1.570.548
Accrued expenses and deferred income	1.357.115	1.094.265
Other creditors and miscellaneous assets	6.613.363	6.875.708
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	9.717.696	9.634.263

(In thousand MAD)



4.10. INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

	dec-21	dec-20
Euler Hermes Acmar	27.312	23.401
Banque de Développement du Mali	629.469	625.111
Eurafric	-23.337	-22.090
Africa Morocco Link	6.559	-19.459
Société Conseil Ingenierie et Développement	145.843	149.109
Bank Al Tamwil wal Inmaa	92.351	102.955
Investments in equity methods companies belonging to BOA	125.359	103.925
Investments in associates	1.003.557	962.952

Financial data of the main companies accounted for under the equity method

	Total Assets dec 2021	Net Banking Income or Net Revenues as of dec 2021	Company Income	Contribution in Net Income attributable to the parent company as of dec 2021
Acmar	633.527	141.326	34.557	6.911
Banque de Développement du Mali	18.949.080	814.570	240.450	78.781
Africa Morocco Link	284.247	276.514	-31.550	-16.091
Eurafric	298.476	374.779	2.929	-1.255
Société Conseil Ingenierie et Développement	577.750	225.531	12.058	4.691
Bank Al Tamwil wal Inmaa	603.522	14.731	-42.137	-21.490

(In thousand MAD)

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

Actifs financiers à la juste valeur par résultat	dec-21			dec-20		
	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount
PP&E	17.029.325	8.511.467	8.517.858	16.586.788	7.641.612	8.945.177
Land and buildings	5.624.844	1.368.653	4.256.191	5.364.770	965.877	4.398.892
Equipment, furniture and fixtures	4.922.622	3.408.838	1.513.785	4.755.621	3.172.975	1.582.646
Plant and equipment leased as lessor under operating leases	-	-	-	-	-	-
Other PP&E	6.481.859	3.733.977	2.747.882	6.466.397	3.502.759	2.963.638
Intangible Assets	3.164.734	1.941.830	1.222.904	2.838.934	1.528.922	1.310.012
Purchased software	2.422.268	1.746.005	676.264	1.872.779	1.198.614	674.165
Internally-developed software	-	-	-	-	-	-
Other intangible assets	742.466	195.826	546.640	966.156	330.308	635.848
Investment Property	3.878.551	318.233	3.560.318	3.821.904	137.094	3.684.810

(In thousand MAD)

Change in property, plant and equipment

	dec-21	dec-20
Net value as of January 1st	8.945.177	9.222.503
Acquisition of the year	535.746	667.596
First time consolidations	-	-
Depreciation, Amortization of impairment	-480.423	-692.515
Disposal of the year	-329.024	-415.700
Other variations	-153.618	163.293
NET VALUE AT END OF PERIOD	8.517.858	8.945.177

Change in intangible assets

	dec-21	dec-20
Net value as of January 1st	1.310.014	1.079.157
Acquisition of the year	420.407	347.230
First time consolidations	-	-
Depreciation, Amortization of impairment	-214.030	-143.592
Disposal of the year	-85.803	23.319
Other variations	-207.684	3.900
NET VALUE AT END OF PERIOD	1.222.904	1.310.014

Change in investment properties

	dec-21	dec-20
Net value as of January 1st	3.684.810	3.800.225
Acquisition of the year	9.350	38.000
First time consolidations	-	-
Depreciation, Amortization of impairment	-28.468	-25.342
Disposal of the year	-105.374	-128.073
Other variations	-	-
NET VALUE AT END OF PERIOD	3.560.318	3.684.810

CHARGES OF RENTAL CONTRACTS

CHARGES OF RENTAL CONTRACTS	dec-21	dec-20
Interest expense on rental debts	-55.985	-52.667
Depreciation charges for user fees	-228.730	-227.010

ASSET RELATED TO RIGHTS OF USE

ASSET RELATED TO RIGHTS OF USE	dec-21	dec-20
Property, plant and equipment	8.517.858	8.945.178
Including rights of use	1.232.526	1.092.975

LIABILITIES RELATED TO RENTAL DEBT

LIABILITIES RELATED TO RENTAL DEBT	dec-21	dec-20
Adjustment account and other liabilities	9.717.696	9.634.263
Including rental debt	1.259.985	1.091.001

4.12. GOODWILL

	dec-21	dec-20
Gross value at start of period	1.032.114	1.032.114
Accumulated impairment at start of period		
Carrying amount at start of period	1.032.114	1.032.114
Acquisitions		
Cessions		
Impairment losses recognized during the period		
Translation adjustments		
Subsidiaries previously accounted for by the equity method		
Other movements		
Gross value at end of period	1.032.114	1.032.114
Accumulated impairment at end of period		
Carrying amount at end of period	1.032.114	1.032.114

(In thousand MAD)

The following table provides a breakdown of goodwill

	Net book value dec 21	Net book value dec 20
Maghrébaïl	10.617	10.617
Banque de développement du Mali	3.588	3.588
SALAFIN	184.978	184.978
Maroc Factoring	1.703	1.703
BMCE CAPITAL BOURSE	2.618	2.618
BMCE INTERNATIONAL (MADRID)	3.354	3.354
BANK OF AFRICA	711.976	711.976
LOCASOM	98.725	98.725
CID	14.555	14.555
GROUP TOTAL	1.032.114	1.032.114

Sensitivity to changes in assumptions

(in thousand MAD)	BOA Group	SALAFIN	LOCASOM
Discount rate	19,00%	13,50%	7,00%
Adverse 50-basis points change	-262.383	-51.512	-48.843
Positive 50-basis points change	197.930	56.095	59.082

4.13. PROVISIONS FOR CONTINGENCIES AND CHARGES

	dec-21	dec-20
Total provisions at start of period	1.407.895	1.172.573
Additions to provisions	708.868	400.967
Reversals of provisions	-334.954	-181.625
Effect of movements in exchange rates and other movements	-168.289	15.980
TOTAL PROVISIONS AT END OF PERIOD	1.613.520	1.407.895

(In thousand MAD)	Legal and fiscal risks	Obligations for post-employment benefits	Loan commitments and guarantees	Onerous contracts	Other provisions	Totalbook value
Opening balance	49.953	504.275	293.959		559.708	1.407.895
Provisions	40.797	22.689	51.494		593.887	708.868
Amounts used	-9.946		-8.035		-316.974	-334.954
Other activity	-838		-17.564		-149.886	-168.289
Closing balance	79.966	526.965	319.854		686.736	1.613.520



4.14. FAIR VALUE

4.14.1. Fair value of financial instruments carried at amortised cost

	dec-21		dec-20	
	Book value	Estimated market value	Book value	Estimated market value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	21,001,481	21,012,477	22,392,263	22,410,191
Loans and receivables due from customers	197,020,207	198,167,351	194,166,699	195,112,087
Placements détenus jusqu'à leur échéance	38,926,888	39,154,223	37,324,605	37,811,718
Immeubles de placement	3,560,318	3,629,958	3,684,810	3,754,450
FINANCIAL LIABILITIES				
Loans and receivables due to credit institutions	60,283,987	60,283,987	59,960,481	59,960,481
Loans and receivables due to customers	218,973,241	218,973,241	207,086,841	207,086,841
Debt securities	11,828,034	11,828,034	14,111,265	14,111,265
Subordinated debts	10,597,210	10,597,210	9,594,473	9,594,473

4.14.2. Breakdown by measurement method of financial instruments recognised at fair value presented in accordance with IFRS 7 recommendations présentée conformément aux prescriptions de la norme IFRS 7

	dec-21			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at-fair-value through profit or loss held for trading	36,411,631	-	-	36,411,631
of which financial assets at-fair-value through profit or loss	35,604,594			35,604,594
of which derivative financial instruments	807,037			807,037
Financial instruments designated as at-fair-value through profit or loss	2,020,920	-	4,657,140	6,678,060
Derivatives used for hedging purposes	1,708,897			1,708,897
Available for sale financial assets	312,023		4,657,140	4,969,163
FINANCIAL LIABILITIES				
Financial instruments at-fair-value through profit or loss held for trading				
Financial instruments designated as at-fair-value through profit or loss				
Derivatives used for hedging purposes				

	dec-20			Total
	Level 1	Level 2	Level 3	
FINANCIAL ASSETS				
Financial instruments at-fair-value through profit or loss held for trading	30,303,287	-	-	30,303,287
of which financial assets at-fair-value through profit or loss	29,529,201			29,529,201
of which derivative financial instruments	774,086			774,086
Financial instruments designated as at-fair-value through profit or loss	1,547,261	-	4,317,658	5,864,920
Derivatives used for hedging purposes	1,222,818			1,222,818
Available for sale financial assets	324,443		4,317,658	4,642,101
FINANCIAL LIABILITIES				
Financial instruments at-fair-value through profit or loss held for trading				
Financial instruments designated as at-fair-value through profit or loss				
Derivatives used for hedging purposes				

4.14.3. Fair value hierarchy of assets and liabilities recognised at amortised cost

(in thousand MAD)	dec-21			
	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions			21,012,477	21,012,477
Loans and receivables due from customers		198,167,351		198,167,351
Held-to-maturity financial assets		39,154,223		39,154,223
LIABILITIES				
Due to credit institutions		60,283,987		60,283,987
Due to customers		218,973,241		218,973,241
Debt securities issued		11,828,034		11,828,034
Subordinated debt		10,597,210		10,597,210

(in thousand MAD)	dec-20			
	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions			22,410,191	22,410,191
Loans and receivables due from customers		195,112,087		195,112,087
Held-to-maturity financial assets		37,811,718		37,811,718
LIABILITIES				
Due to credit institutions		59,960,481		59,960,481
Due to customers		207,086,841		207,086,841
Debt securities issued		14,111,265		14,111,265
Subordinated debt		9,594,473		9,594,473



	dec-21							dec-20						
	From	D-Day to 3 months after	3 months to 1 year	1 to 5 years	5+ years	Non-fixed term	Total	From	D-Day to 3 months after	3 months to 1 year	1 to 5 years	5+ years	Non-fixed term	Total
Cash values, central banks, public treasury, postal check service	19.737						19.737	16.292						16.292
Financial assets at fair value through profit or loss							-							-
Financial assets held for trading						35.605	35.605						29.529	29.529
Other financial assets held for trading						807	807						774	774
Hedging derivatives						-	-						-	-
Financial assets at fair value through equity							-							-
Debt instruments accounted for at fair value through recyclable equity						1.709	1.709						1.223	1.223
Equity instruments accounted for at fair value through non-recyclable equity						4.969	4.969						4.642	4.642
Securities at amortized cost		1.203	2.586	24.801	10.337		38.927		2.479	3.956	19.953	10.937		37.325
Loans and receivables from credit and similar institutions, at amortized cost	11.702	723	516	5.386	2.078	597	21.001	9.365	2.642	2.447	4.584	-	3.354	22.392
Loans and receivables from customers at amortized cost	20.974	35.161	24.684	49.655	50.309	16.237	197.020	20.992	37.513	24.556	51.967	45.323	13.816	194.167
Fair value revaluation of portfolio hedge							-							-
Insurance businesses investments							-							-
Payable tax asset						981	981						798	798
Deferred tax asset						2.467	2.467						2.084	2.084
Adjustment accounts and other assets						6.498	6.498						6.752	6.752
Interests in companies valued using the equity method						1.004	1.004						963	963
Investment properties						3.560	3.560						3.685	3.685
Tangible capital asset acquisitions						8.518	8.518						8.945	8.945
Intangible capital asset acquisitions						1.223	1.223						1.310	1.310
Goodwill						1.032	1.032						1.032	1.032
TOTAL ASSETS	52.413	37.087	27.786	79.842	62.723	85.207	345.058	46.649	42.633	30.959	76.505	56.260	78.907	331.912
Central banks, public treasury, postal check service							-							-
Financial liabilities at fair value through profit or loss							-							-
Amounts due to credit and similar institutions	7.704	41.862	5.018	4.663	1.037	-	60.284	7.346	38.553	7.105	6.453	503	-	59.960
Amounts due to customers	181.414	9.825	25.818	1.896	-	19	218.972	173.887	12.508	19.986	650	-	55	207.087
Debt securities issued		585	3.427	7.816	-	-	11.828		959	7.235	5.917	-	-	14.111
Payable tax liabilities						1.357	1.357						880	880
Deferred tax liabilities						1.188	1.188						1.258	1.258
Adjustment accounts and other liabilities						9.718	9.718						9.634	9.634
Provisions						1.614	1.614						1.408	1.408
Subordinated debt and special guarantee funds		-	-	6.200	4.397	-	10.597		-	-	4.196	5.397	-	9.593
Equity						29.500	29.500						27.979	27.979
TOTAL LIABILITIES	189.118	52.272	34.263	20.575	5.434	43.396	345.058	181.234	52.020	34.326	17.216	5.901	41.215	331.912
LIQUIDITY GAPS	-136.705	-15.185	-6.477	59.267	57.289	41.811	-	-134.584	-9.387	-3.367	59.288	50.359	37.692	-



V. FINANCING AND GUARANTEE COMMITMENTS

5.1. FINANCIAL COMMITMENT

	dec-21	dec-20
Financing commitments given	18.579.858	11.693.224
- To credit institutions	2.121.021	1.908.863
- To customers:	16.458.837	9.784.360
Confirmed letters of credit		
Other commitments given to customers		
Financing commitments received	1.349.237	1.326.057
From credit institutions	1.349.237	1.326.057
From customers	-	-

» Financing commitments given to credit and similar institutions

This entry relates to commitments to make liquidity facilities available to other credit institutions such as refinancing agreements and back-up commitments on securities issuance.

» Financing commitments given to customers

This entry relates to commitments to make liquidity facilities available to customers such as confirmed credit lines and commitments on securities issuance.

» Financing commitments received from credit and similar institutions

This entry relates to financing commitments received from credit and similar institutions such as refinancing agreements and backup commitments on securities issuance.

5.2. GUARANTEE COMMITMENTS

	dec-21	dec-20
Guarantee commitments given	29.196.984	28.223.572
To credit institutions	8.226.174	9.258.040
To customers:	20.970.810	18.965.533
Sureties provided to tax and other authorities, other sureties		
Other guarantee commitments to customers		
Guarantee commitments received	105.479.486	91.144.035
From credit institutions	101.912.528	88.536.518
From the State and guarantee institutions	3.566.958	2.607.517

» Guarantee commitments given to credit and similar institutions

This entry relates to commitments to assume responsibility for an obligation entered into by a credit institution if the latter is not satisfied with it. This includes guarantees, warranties and other guarantees given to credit and similar institutions.

» Guarantee commitments given to customers

This entry relates to commitments to assume responsibility for an obligation entered into by a customer if the latter is not satisfied with it. This includes guarantees given to government institutions and real estate guarantees, among others, real estate guarantees, etc.

» Guarantee commitments received from credit and similar institutions

This entry includes guarantees, warranties and other guarantees received from credit and similar institutions.

» Guarantee commitments received from the State and other organisations

This entry relates to guarantees received from the State and other organisations.

VI. SALARY AND EMPLOYEE BENEFITS

6.1. DESCRIPTION OF CALCULATION METHOD

Employee benefits relate to long-service awards and end-of career bonuses.

The method used for calculating the liability relating to both these benefits is the "projected unit credit" method as recommended by IAS 19.

» Caisse Mutualiste Interprofessionnelle Marocaine (CMIM) scheme

The Caisse Mutualiste Interprofessionnelle Marocaine (CMIM) is a private mutual insurance company. The company reimburses employees for a portion of their medical, pharmaceutical, hospital and surgical expenses. It is a post-employment scheme providing medical cover for retired employees.

The CMIM is a multi-employer scheme. As BANK OF AFRICA is unable to determine its share of the overall liability (as is the case for all other CMIM members), under IFRS, expenses are recognised in the year in which they are incurred. No provision is recognised in respect of this scheme.

6.2. SYNTHESIS AND DESCRIPTION OF PROVISIONS OF EXISTING SCHEMES

6.2.1. Provisions in respect of post-employment and other long-term benefits provided to employees

	dec-21	dec-20
Retirement allowances and equivalents	526.965	504.275
Special seniority premiums allowances		
Other		
TOTAL	526.965	504.275

NB : the provision for employee benefits measured in accordance with IAS 19 is recognised in the «Provisions for contingencies and charges» caption of the liabilities item.

6.2.2. Basic assumptions underlying calculations

Post-employment benefits	Rate variation	Rate variation
	-50 pb	+50 pb
Discount rate	13.408	-12.031
Wage growth	-13.684	15.157
Honoured Labour Medal	Rate variation	Rate variation
	-50 pb	+50 pb
Discount rate	14.753	-13.738
Wage growth	-18.476	19.810

Economic assumptions	31/12/2021
Discount rate	2,75%
Long-term wage growth (inflation included)	3%
Social security contribution rate	10,96%
Demographic assumptions	
Retirement terms	Voluntary resignation
Retirement age	60
Mortality table	PM 60/64 - PF 60/64

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



6.2.3. Cost of post-employment plans

	dec-21	dec-20
Normal cost	9.192	-3.563
Interest cost	13.498	13.654
Expected returns of funds		
Additional allowances		
Other		
Net cost of the period	22.690	10.091
Of which expense related to retirement and similar benefits		
Other		

6.2.4. Changes in the provision recognised on the balance sheet

	dec-21	dec-20
Actuarial liability, beginning of the period	504.275	464.981
Normal cost	36.059	34.882
Interest cost	13.498	13.654
Experience gains/ losses		26.962
Other actuarial gains/ losses		
Depreciation of net gains/losses		
Paid benefits	-26.867	-38.445
Additional benefits		
Other		2.241
Actuarial liability, end of the period	526.965	504.275
Whose relative cost to the assimilated retirement benefits		
Others		

VII. ADDITIONAL INFORMATION

7.1. CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

7.1.1. Changes in share capital and earnings per share

	dec-21	dec-20
SHARE CAPITAL (IN MAD)	2.056.066.480	2.056.066.480
Number of common shares outstanding during the year	205.606.648	205.606.648
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDER'S OF THE PARENT (IN MAD)	2.007.213.561	737.831.627
BASIC EARNINGS PER SHARE (IN MAD)	9,76	3,59
DILUTED EARNING PER SHARE (IN MAD)	9,76	3,59

7.1.2. Changes in share capital

Basic earnings per share is calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

TRANSACTIONS ON CAPITAL	In number	Unit value	In MAD
Number of shares outstanding at 31 December 2017	179.463.390	10	1.794.633.900
Number of shares outstanding at 31 December 2018	179.463.390	10	1.794.633.900
Number of shares outstanding at 31 December 2019	199.820.500	10	1.998.205.000
Number of shares outstanding at 31 December 2020	205.606.648	10	2.056.066.480
Number of shares outstanding at 31 December 2021	205.606.648	10	2.056.066.480

The Bank does not have any dilutive instruments for conversion into ordinary shares. As a result, diluted earnings per share equates to basic earnings per share.

7.2. SCOPE OF CONSOLIDATION

Name	Business sector	Controlling interest (%)	Ownership (%)	Consolidation method
BANK OF AFRICA	Banking			Parent Company
BMCE CAPITAL	Investment banking	100,00%	100,00%	Fully consolidated
BMCE CAPITAL GESTION	Asset management	100,00%	100,00%	Fully consolidated
BMCE CAPITAL BOURSE	Securities brokerage	100,00%	100,00%	Fully consolidated
MAROC FACTORING	Factoring	100,00%	100,00%	Fully consolidated
MAGHREBAIL	Leasing	52,47%	52,47%	Fully consolidated
SALAFIN	Consumer lending	61,96%	61,96%	Fully consolidated
BMCE EUROSERVICES	Financial institution	100,00%	100,00%	Fully consolidated
LCB Bank	Banking	37,00%	37,00%	Fully consolidated
BMCE BANK INTERNATIONAL HOLDING	Banking	100,00%	100,00%	Fully consolidated
BANK OF AFRICA EUROPE	Banking	100,00%	100,00%	Fully consolidated
BOA GROUP	Bank holding company	72,41%	72,41%	Fully consolidated
LOCASOM	Car rental	100,00%	97,39%	Fully consolidated
RM EXPERTS	Debt collection	100,00%	100,00%	Fully consolidated
OPERATION GLOBAL SERVICE	Back-office banking services	100,00%	100,00%	Fully consolidated
FCP OBLIGATIONS PLUS	Mutual fund management	100,00%	100,00%	Fully consolidated
BOA UGANDA	Banking	92,24%	79,87%	Fully consolidated
BANQUE DE DEVELOPPEMENT DU MALI	Banking	32,38%	32,38%	Equity method
EULER HERMES ACMAR	Insurance	20,00%	20,00%	Equity method
EURAFRIC INFORMATION	IT services	41,00%	41,00%	Equity method
CONSEIL INGENIERIE ET DEVELOPPEMENT AFRICA MOROCCO	Engineering consultancy	38,90%	38,90%	Equity method
LINKS	Shipping	51,00%	51,00%	Equity method
BANK AL TAMWIL WAL INMAA	Participatory banking	51,00%	51,00%	Equity method

BANK OF AFRICA holds 37% of LCB Bank's voting rights and has a controlling interest in this subsidiary as per the criteria outlined in IFRS 10.

Power: BANK OF AFRICA derives its effective rights from the management contract entrusted to it by the other shareholders. It has a majority on the Board of Directors with three directors followed by the Congolese State which has two directors.

Returns: BANK OF AFRICA is exposed, or has rights, to the profits generated by LCB pro-rata to its shareholding in the company.

Link between power and returns: BANK OF AFRICA is responsible for appointing LCB's senior management as well as being able to influence this entity's returns.

7.2.1. Related-party balance sheet items

Relationship between BANK OF AFRICA and consolidated companies.

Naturally transactions with consolidated companies are fully eliminated with regard to the outstandings at the end of the period. Outstandings at end of period under transactions with companies consolidate under the equity method and the Parent Company are maintained in the consolidated financial statements.



7.3. REMUNERATION PAID TO THE MAIN DIRECTORS

7.3.1 Remuneration paid to the main directors

	dec-21	dec-20
Short-term benefits	26.579	26.048
Post-employment benefits	915	2.870
Other long-term benefits	6.522	6.383

Short-term benefits relate to the fixed remuneration inclusive of social security contributions received by the main Executive Corporate Officers in respect of the 2021 financial year .

Post-employment benefits represent outstanding leave balances to be reimbursed in the event of departure, while end-of-service benefits include end-of-career bonuses and work medals to be paid to employees upon their departure.

7.3.2 Loans granted to the main Executive Corporate Officers

	dec-21	dec-20
A. Consumer loans	58.975	64.423
B. Mortgage loans	20.560	20.716
TOTAL	79.535	85.139

7.3.3 Directors' fees paid to members of the board of directors

	dec-21		
	Gross amount	With holding tax	Net income paid
Physical and legal persons resident in Morocco	3.771	971	2.800
Physical and legal persons non resident in Morocco	4.118	618	3.500
TOTAL	7.888	1.588	6.300

	dec-20		
	Gross amount	With holding tax	Net income paid
Physical and legal persons resident in Morocco	3.842	992	2.850
Physical and legal persons non resident in Morocco	3.235	485	2.750
TOTAL	7.077	1.477	5.600

7.4. RELATED PARTY

7.2.2. Related party profit and loss items

	Parent company O CAPITAL (ex FINANCECOM)	Sister com- panies	Companies consolidated according to the equity method	Companies consolidated through full inte- gration
Asset				
Loans, advances and securities	920.612	1.855.500	-	15.040.942
Current accounts	920.612	449.256		1.294.582
Loans		408.744		11.417.901
Securities		997.500		2.328.459
Capital lease				
Miscellaneous assets				24.365
Total	920.612	1.855.500	-	15.065.307
Liability				
Deposits	-	36.422	60.489	13.825.284
Current accounts		36.422	60.489	1.294.576
Other borrowings				12.530.708
Debts represented by a security				1.220.051
Miscellaneous liability				19.972
Total	-	36.422	60.489	15.065.307
Financing and guarantee commitments				
Commitments given				1.330.939
Commitments received				1.330.939

7.4.2. Related party profit and loss items

	Parent company (FINANCECOM)	Sister com- panies	Companies consolidated according to the equity method	Companies consolidated through full integration
Interest and similar income		-61.865		-232.238
Interest and similar ex- penses				289.885
Fees (income)		-46.956		-295.928
Fees (expens- es)				78.790
Services provided				
Services pro- cured	45.871			
Lease income		-43.085	-8.522	-231.471
Other		96.828		391.010

1 - FUNDAMENTAL ACCOUNTING PRINCIPLES

- 1.1- Credit institutions are obliged to publish financial statements each financial year which give a true and fair view of their assets, financial position and results.
- 1.2- Providing a true and fair view will necessarily depend on compliance with seven fundamental accounting principles recommended under General Accounting Standards.
- 1.3- When transactions, events and positions are accounted for in compliance with fundamental accounting principles and recommendations from Accounting Standards for Credit Institutions, the financial statements are presumed to give a true and fair view of the credit institution's assets, financial position, assumed risks and results.
- 1.4- In the event that, after applying these principles, the financial statements do not give a true and fair view, the credit institution is obliged to provide all necessary information in the additional information statement so as to be able to give a true and fair view.
- 1.5- In the exceptional event that, after strictly applying one of these principles or recommendations, the financial statements do not give a true and fair view, the credit institution is obliged to depart from established accounting principles.

Any eventual departure must be mentioned in the additional information statement and must be duly justified. It must also indicate the impact on the credit institution's assets, financial position, assumed risks and results.

1.6- The main fundamental accounting principles adopted are listed hereafter:

- Going concern principle
- Consistency principle
- Historical cost principle
- Time period principle
- Prudence principle
- Objectivity principle
- Materiality principle

2.1. PRESENTATION

The financial statements comprise:

- Head office accounts
- The accounts of domestic branches
- The accounts of overseas branches and representative offices (Paris branch, Shanghai, Tangier Offshore)

Any transactions or balances between group entities are eliminated on consolidation.

2.2 GENERAL PRINCIPLES

The financial statements have been prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Bank of Africa's financial statements complies with Accounting Standards for Credit Institutions.

2.3 AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS AND SIGNATURE LOANS

General presentation of amounts due

- Amounts due from credit institutions and customers are classified on the basis of their initial maturity or economic purpose:
 - Demand or term deposits in the case of credit institutions;
 - Operating loans, equipment loans, consumer loans, property loans and other loans in the case of customers.
- Off-balance sheet signature loans relate to irrevocable funding commitments and guarantees.
- Repurchase agreements involving securities are recognised under the relevant receivables entry (credit institutions, customers).
- Values awaiting collection, which are only credited to the remitter on actual receipt or after a contractual period, are not recognised on the balance sheet but are accounted for materially.
- Accrued interest on these receivables is recognised under "Related receivables" through the income statement.

Non-performing customer loans

- Non-performing customer loans and advances are recognised and measured in accordance with applicable banking regulations.
- The main applicable provisions can be summarised as follows:
 - Non-performing loans and advances are, depending on the level of risk, classified as "substandard", "doubtful" or "irrecoverable".
 - After deducting the proportion of the guarantee required under current legislation, provisions are recognised as follows:
 - 20% in the case of substandard loans;
 - 50% in the case of doubtful loans;
 - 100% in the case of irrecoverable loans.

Impairment provisions for credit risks on assets are deducted from the assets' carrying amount.

- On downgrading healthy loans and advances as non-performing loans, interest thereon is no longer calculated and recognised. It is only recognised as income when received.
- Losses on irrecoverable loans are recognised when the possibility of recovering non-performing loans is deemed to be nil.
- Provision write-backs for non-performing loans are recognised when the latter undergo an improvement, are effectively repaid or restructured with partial or total loan repayment.

2.4 AMOUNTS OWING TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts owing to credit institutions and customers are classified in the financial statements on the basis of their initial maturity or type:



- Demand or term deposits in the case of credit institutions;
- Demand accounts in credit, savings accounts, term deposits and other customer accounts in credit.

Included under these various headings, depending on the category of counterparty, are repurchase agreements involving securities or movable assets.

Interest accrued on these payables is recognised under “Related payables” through the income statement.

2.5 SECURITIES PORTFOLIO

2.5.1 General presentation

Securities transactions are recognised and measured in accordance with the provisions of the Credit Institutions Accounting Plan.

Securities are classified according to their legal type (debt security or equity security) as well as the purpose for which they were acquired (trading securities, available-for-sale securities, held-to-maturity securities and long-term investment securities).

2.5.2 Trading securities

Securities are considered to be Trading securities if they are:

- Bought or sold with the express intention of selling them or repurchasing them in the near future to make a profit;
- Held by the credit institution in the context of its role as market-maker, their classification as trading securities being conditional on them seeing significant trading volume as a function of market conditions;
- Acquired or sold in the context of specialised portfolio management activity comprising derivative instruments, securities or other instruments managed together with recent evidence that a short-term profit-taking approach has been adopted;
- The subject of a sales undertaking in the context of arbitrage activity.

Trading securities are recognised at cost less dealing charges plus accrued interest, where applicable. Dealing charges are recognised directly through the income statement. Securities that have been sold are valued on the basis of the same rules.

2.5.3 Available-for-sale securities

Fixed income or floating rate securities are considered to be Available-for-sale securities if they are acquired with a view to being held for an indefinite period and that the institution may decide to sell them at any time.

By default, this category includes securities that fail to satisfy the criteria for recognition under another category of securities.

Available-for-sale securities are recognised at cost plus charges and accrued interest.

Securities transferred from the “Portfolio securities” and “Equity securities and Investments in related companies” categories are valued either prior to or at the time of transfer based on the rules relating to their original category. They are reclassified under Available-for-sale securities on the basis of this carrying amount.

Securities transferred from the “Held-to-maturity securities” category are reclassified at their net carrying amount at the time of transfer.

2.5.4 Held-to-maturity securities

Held-to-maturity securities are debt securities which are acquired or which have been transferred from another category of securities for the purpose of being held until maturity in order to generate regular income over the long-term.

These securities are recognised ex-coupon at the time of acquisition.

At each balance sheet date, the securities are valued at cost, regardless of their market value. Accordingly, unrealised profit or loss is not recognised.

2.5.5 Long-term investment securities

This category comprises securities whose long-term ownership is deemed useful to the Bank. These securities are categorised according to the provisions established by Accounting Standards for Credit Institutions as follows:

- Equity securities;
- Investments in related companies;
- Portfolio securities
- Other similar assets.

At each balance sheet date, they are valued on the basis of generally-accepted criteria such as utility value, share of net assets, future earnings prospects and share price performance. Impairment provisions are booked for unrealised losses on a case by case basis.

2.5.6 Repurchase agreements

Securities delivered under repurchase agreements are recognised on the balance sheet. The amount received, which represents the liability to the transferee, is recognised on the balance sheet under liabilities.

Securities received under reverse repos are not recognised on the balance sheet, although the amount received, which represents the receivable due from the transferor, is recognised on the balance sheet under assets.

2.6. FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Receivables, amounts owing and signature loans denominated in foreign currencies are translated into dirhams at the average exchange rate prevailing at the balance sheet date.

Foreign currency differences on contributions from overseas branches and on foreign currency borrowings hedged against exchange rate risk are recorded on the balance sheet under other assets or other liabilities as appropriate. Any translation gains and losses arising from the translation of non-current securities acquired in a foreign currency are recorded as translation differences under the category of securities in question.

Foreign currency differences on other accounts held in foreign currencies are recognised through the income statement.

Income and expenses in foreign currency are translated at the exchange rate prevailing on the day they are recognised.

2.7. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

The ‘closing rate’ method is used to translate financial statements denominated in foreign currencies.

Translation of balance sheet and off-balance sheet items

All assets, liabilities and off-balance sheet items of the foreign entity (Paris Branch) are translated based on the exchange rate prevailing at the closing date.

Shareholders’ equity (excluding net income for the financial year) is measured at different historical rates (additional charges) and constitutes reserves. The difference arising from this correction (closing rate less historical rate) is recorded under “Translation differences” under shareholders’ equity.

Translation of income statement items except for depreciation and amortisation expenses and provisions, which are translated at the closing rate, are translated at the average exchange rate for the financial year. However, income statement items have been translated at the closing rate since this method does not result in any material difference by comparison with the average exchange rate method.

2.8. GENERAL RISK PROVISIONS

These provisions are booked, at the discretion of the management, to address future risks relating to banking operations which cannot be currently identified or accurately measured.

Provisions booked are added back for taxation purposes.

2.9. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are recognised on the balance sheet at cost less accumulated amortisation and depreciation, calculated using the straight line method over the estimated life of the assets in question.

Intangible assets are categorised under operating and non-operating non-current assets and are amortised over the following periods:

Category	Amortisation period
Lease rights	Non-amortisable
Patents and brands	For the period under patent protection
Research & development assets	1 year
IT software	5 years
Other goodwill items	Non amortisable

Plant, property and equipment are categorised under operating and non-operating non-current assets and are amortised over the following periods:

Category	Amortisation period
Land	Non amortisable
Operating premises:	
Built before 1986	20 years
Built after 1986	40 years
Office furniture	10 years

IT hardware	5 years
Vehicles	5 years
Fixtures, fittings and equipment	10 years
Shares in non-profit companies	Non amortisable

2.10 DEFERRED CHARGES

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

2.11 STATUTORY PROVISIONS

Statutory provisions, particularly those relating to taxation, are booked in application of statutory or regulatory requirements. The decision as to whether or not to book such provisions is effectively a management decision motivated, in particular, by a desire to derive a tax benefit.

If the criteria for booking and utilising such provisions are met and they have been booked to be able to benefit from a definite tax break, statutory provisions, with the exception of accelerated amortisation reserves, are treated as tax-free reserves.

2.12 RECOGNITION OF INTEREST INCOME AND FEE INCOME ON THE INCOME STATEMENT

Interest income

Income and expenditure earned on capital actually lent or borrowed are considered as interest income.

Income and expenditure earned on an accruals basis, which remunerates risk, are considered as interest equivalent. This category includes fees on guarantee and financing commitments (guarantees, collateral etc.).

Interest accrued on capital actually lent or borrowed is recognised under related receivables and payables accounts through the income statement.

Interest equivalent is immediately recognised through the income statement upon invoicing.

Fee income

Income and expenditure, calculated on a flat-rate basis, which remunerate a service provided, are recognised as fees upon invoicing.

2.13 NON-RECURRING INCOME AND EXPENDITURE

This consists exclusively of income and expenditure arising on an exceptional basis. Such items are rare, in principle, as they are unusual by nature and occur infrequently.

2.14 RETIREMENT OBLIGATIONS

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

VIII - NOTE CONCERNING RISKS

8.1. RISK MANAGEMENT POLICY

8.1.1. Risk categories

8.1.1.1. Credit risk

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

8.1.1.2. Market risk

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

8.1.1.3. Global liquidity and interest rate risk

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

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

8.1.1.4. Operational risk

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

8.1.1.5. Country risk

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

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

8.1.2. Risk management organization

8.1.2.1. Risk control bodies

► Group Risk Division

One of the missions assigned to the Group Risk management is to strengthen the monitoring and control of credit, market, country and operational risks. It is also responsible for:

- Defining BANK OF AFRICA Group's risk policy;
- Definition and management taking and monitoring of commitments;
- Implementing of a credit risks control system, market transactions and operational risks;

The Group Risk management is composed of four entities:

- Group Risk management
- Monitoring commitments
- Commitments analysis
- Counterparty risks
- Africa & transversal projects.

8.1.2.2. Governance bodies

► Group Risk Committee

The Group Risk committee BANK OF AFRICA is an instance from the board of Directors of BANK OF AFRICA, whose prerogatives are extended to direct and indirect subsidiaries included in the scope of consolidation of the Group.

This committee assists the board on strategy and risk management, including ensuring that the global risk strategy is adapted to the risk profile of the bank and the Group, to the degree of risk aversion, its systemic importance, its size and its financial basis.

► Group Audit and Internal Control committee

BANK OF AFRICA Group's audit and Internal control committee is an instance from the board of Directors of BANK OF AFRICA, whose prerogatives are extended to subsidiaries and other entities included in the scope of consolidation.

Group audit and Internal control committee assists the board of Directors on internal control, by ensuring the existence and maintenance of an internal control system adapted to the Group's organization, the reliability of financial information intended for the board of Directors and third parties, the examination of the corporate and consolidated accounts before their submission to the Board of Directors.

► General Management Committee

The Group Management Committee is responsible for the Declination in equity and operational measures of the Group's strategy and monitoring.

This Committee, whose periodicity is weekly, has main tasks the management of the business of the bank, the conduct of internal control and risk management, monitoring the HR component, commercial communication policy, institutional and financial

► The Steering Committee and Group Risk Management

After the BANK OF AFRICA Group's General management committee, the Steering committee and Risk management assists in the management and monitoring of effective and operational of piloting device Group risks (BANK OF AFRICA S.A and its direct and indirect subsidiaries) and the consistency of Group activities with the policies fixed of risks and limitations.

This committee ensures the efficiency of the piloting device of the risks (credit, market, country and operational) and its adequacy with the level of risk appetite defined within the framework of the risk management policy

8.1.2.3. Credit Committees

► Senior Credit Committee

The Senior Credit Committee reviews and approves, on a weekly basis, credit applications from customers of the bank and of the



Group within its delegated powers. Operating rules and powers differ depending on the degree of risk incurred as well as the nature of the bank's credit portfolio segment in question - business, corporate or Personal & Professional banking customers.

The Credit Committee's scope also covers Group entities. It assesses and issues, via the Senior credit committee - Group entities, decisions regarding risk-taking with regard to certain counterparties or groups of counterparties within the banking and trading portfolio in respect of domestic operations as well as for individual counterparties in respect of overseas operations based on predefined thresholds by subsidiary.

This committee is chaired by the Bank's Chairman and Chief Executive Officer with the Group Executive Managing Director. It is sub-divided by market segment into two committees, one specialising in corporate banking, the other in Personal and Professional banking. These committees meet twice-weekly and include senior managers of the Bank.

Regional Credit Committee

The Regional Credit Committee (CCR) enjoys delegated powers enabling it to rule on counterparties at a regional level in accordance with the existing scheme of delegation. The committee meets on a weekly basis. Each region's Regional Director decides on when the CCR will meet and informs all members accordingly. Regional Directors decide on meeting dates and inform committee members.

8.1.2.4. Supervisory Committee for Sensitive Accounts

As part of its portfolio monitoring remit, the Loan Commitments Monitoring Committee (CSE) (at head office or on a select basis) meets on a monthly basis to followup on the various initiatives implemented for the purpose of resolving, recovering and cleaning up accounts showing anomalies. The committee also reviews customer dossiers that are eligible for downgrade and decides on what action to take.

Bodies responsible for following up and monitoring, operating at four levels, three of which are at head office, oversee the process of monitoring the loan commitments situation.

8.2. CREDIT RISK

The Bank's credit activity is part of the general credit policy approved by the Bank's senior management. Among the guiding principles include the Group's requirement related to ethics, attribution of responsibilities, the existence and adherence to procedures and rigour in risk analysis.

This policy is available in specific policies and procedures appropriate to the nature of activities and counterparties.

8.2.1. Credit decision cycle

8.2.1.1. General principles

The approval process at BANK OF AFRICA Group level respects the "Troika" principle and is based on the following principles :

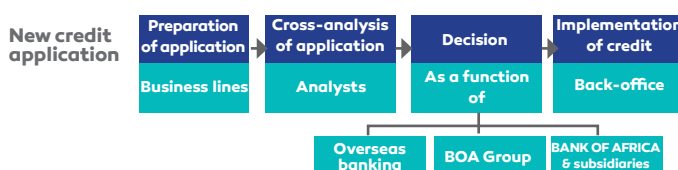
- All credit requests adhere to the same approval process which ensures that the Troika principle is respected (minimum requirement). Therefore, at least 3 people, one of which is from the Risk Division, should approve all credit requests except for some predefined specific cases;
- The Decision, jointly taken by the Risk and Commercial Divisions - which includes at least one preliminary counterfactual analysis - applies to the applications assigned to the local Decision

committees as well as to the central Decision committees. This involves a multilevel pyramid structure, where the higher level acts as an arbitrator in the event that consensus is not reached;

- The Risk Division can use the escalation procedure (n+1) if there is a disagreement with the Commercial Division.
- Appeal to the highest authority having ruled on any other case of a related case with the highest level of high delegation (in case of a group).

8.2.1.2. Credit approval process

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



- The Commercial Division in charge of customer relations is responsible for preparing the credit application;
- Counterfactual analysis of the credit application is performed by credit analysts from the entity's Risk Division;
- The Decision is jointly taken by the Risk and Commercial Divisions, based on their respective levels of delegation;
- The loan is actually implemented by the back-office, which is a unit independent from the Risk and Commercial Divisions.

8.2.1.3. Decision making and choice of circuits

In order to facilitate the reporting exercise, the principle of a single Decision for each credit proposal should be respected.

Credit Decisions are made either by circulation file, or by holding a Credit Committee, via a manual or electronic process.

8.2.1.4. Delegation

The credit Decision process is based on a delegation system whereby an entity's Board of Directors delegates powers to its employees or a group of employees by setting limits, as it sees fit.

The delegation may in turn involve a sub-delegation depending on the organisation, volume, products and risks.

The delegation of authority to employees is assigned intuitu personae on the basis of their Decision-making ability, experience, personal skills, professional skills and training.

8.2.1.5. Approval rules

The credit approval Decision is sent for consideration to the Troika or to Credit Committees depending on the approval levels required.

The present delegation system defines the following decision levels:

- At local branch level;
- At "hub" level (BOA Group and Europe);
- At central BANK OF AFRICA level.

The local branch level may involve a sub-delegation depending on the entity's organisation, volume, products and risks.

8.2.1.6. Credit application contents

All requests for obtaining credit should meet the product’s eligibility criteria as defined in the product factsheets. All credit Decisions are taken on the basis of a standard credit application whose format is defined in consultation with the Commercial Division and Risk concerned and in coordination with the Group Risk Division.

A credit application is prepared for each counterparty or transaction to which the entity wishes to make a commitment or for which the entity has already made a commitment in the case of an annual review or renewal. This is done on the basis of the documents mentioned in the product checklist and provided by the client.

The document checklist to be sent by the client and the analysis form should be identical to the one at Group level and these will be modified based on the type of credit. The contents of the credit application should provide the Decision-makers with the necessary information as well as the quantitative and qualitative analysis required for taking the credit Decision.

The Commercial Division is responsible for preparing the credit application and its contents.

The credit application shall remain the single point of reference for any credit Decision; it should contain all the signatures or stamps that guarantee the accuracy of the information provided therein.

8.3. RATING MODEL

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

8.3.1. Key rating rules

8.3.1.1. Rating’s uniqueness

The rating is established for each client, provided as a third code group. The rating process is thus carried out for each third code group so that a third party has one and only one ratings. Thus, BANK OF AFRICA ensures the uniqueness of the rating attributed to each assessed counterparty.

8.3.1.2. Rating’s integrity

As per the regulatory principles, the attribution of the rating and its periodic review should be carried out or approved by a party that does not benefit directly from the credit approval. It is for this reason that the rating is validated in the back office by the Group Risk Management Division following initial attribution by front-office commercial operations. The rating’s integrity is a key component in the credit risk management process and should reinforce and encourage independence in the rating process.

8.3.1.3. Rating’s singularity

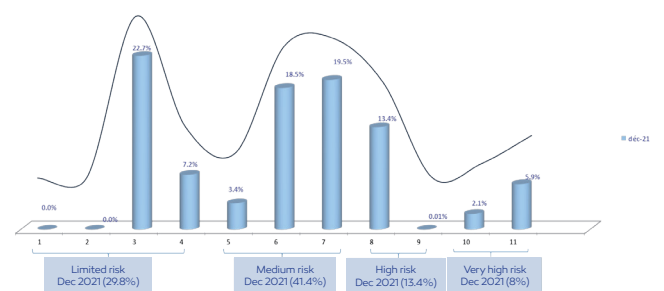
A counterparty code is assigned to each of the Bank’s counterparties. The rating of each third party is carried out using the counterparty reference code in such a manner that, for all third parties (the counterparty type is single and unique), the assessment will be carried out by using a single rating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

8.3.2. Rating scale

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

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

As of 31 December 2021, the breakdown of the portfolio by asset class was as follows :



8.3.3. Retail customer scoring system

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

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

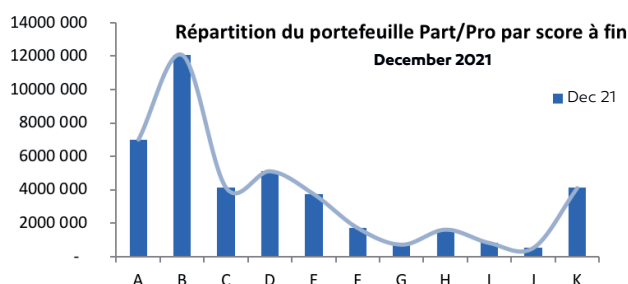
The behavioural score, for open accounts, is a dynamic risk assessment based on a customer’s behaviour.

Only customers that are known to the Bank may be assigned a behavioural score.

Each of the Bank's customers is assigned a rating from A to K which is updated on a monthly basis and on a daily basis in the event of any incident.

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

Four separate behavioural scoring models have been introduced for specific market segments: personal banking customers, professional banking customers, Moroccans living abroad and small businesses.



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

New and existing customers are assigned a credit approval score.

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

8.4. CREDIT RISK CONTROL AND MONITORING PROCEDURE

Credit risk control and monitoring ensures the second-level checking, separate from daily monitoring by the Commercial Division.

This procedure may be adapted depending on how each subsidiary is organised in consultation with the Group Risk Division.

Commercial Division is responsible for risk monitoring. Indeed, the credit manager in the Commercial Division is responsible to the daily monitoring of transaction risks. To fulfill this mission, the Commercial Division is helped by the risks which play an alert role.

The risk Division's main objective is to ensure the efficiency running of a forward-looking alert system that allows the Commercial Division to optimize risk management as well as anticipating potential risks so that the bank's portfolio may be properly managed. The risk Division also ensures that the Commercial Division is monitoring properly and provides alerts for accounts in default.

- Performs pre-checks ;
- Performs post-checks ;
- Identifies and monitors the portfolio of commitments based on several factors : products, maturities, beneficiaries, business sectors, branches, geographical regions etc.;

- Fixes and monitors concentration limits;
- Detects and monitors accounts showing anomalies and high-risk accounts;
- Categorised the portfolio based on regulatory criteria and proposes provisioning;
- Performs stress tests;
- Produces regulatory reports and internal steering reports.

8.4.1. Pre-checks

Pre-checks include all compliance checks carried out prior to a credit mine's initial authorisation and use. These checks are performed in addition to automatic checks and checks carried out by the Commercial Division, Back-office and Legal Department etc.

These checks are implemented by the Risk Division. They mainly relate to:

- Credit proposal data;
- Compliance with the appropriate delegation level;
- Legal documentation compliance;
- Conditions and reservations expressed before initial use of funds or the facility ;
- Data entered in the information systems.

8.4.2. Post-checks

Like pre-checks, post-checks are also performed by the Risk Division.

These checks are aimed at ensuring measurement, control and monitoring of credit risks in terms of the entire portfolio and not just the counterparty. Special attention is therefore paid to credit quality, anticipating and preventing irregularities and risks as well as controlling and monitoring risks by the Commercial Division.

8.4.2.1. Portfolio monitoring

Group's portfolio Monitoring commitments and its entities is performed through several indicators, both on the risks to the granting and during the life of the credit records.

The first post-check consists of identifying and monitoring the entity's total commitments based on several factors including products, maturities, customers, business groups, customer segments, counterparty ratings, loan categories (healthy loans and non-performing loans), industries, branches, geographical regions, type of collateral etc. The multi-criteria analysis is a credit risk management tool.

The production of multi-criteria analysis commitments portfolio is the responsibility of the Credit Risk die which also ensures the reporting of credit risks, both internally and vis-à-vis the Risk Committees and management, that external, vis-à-vis the regulators.

8.4.2.2. Concentration limits

Credit Risk Management has adopted a policy of analysing business line strategies from a risk perspective, especially in respect of new activities or product launches, by setting formal limits on these risks. Credit concentration risk incurred by BANK OF AFRICA Group can arise from exposure to :

- Individual counterparties ;
- Interest groups ;
- Counterparties belonging to the same industry or country.

8.4.2.2.1. Individual counterparties

The Group proceeds monthly monitoring of individual concentrations, on social and consolidated basis, and ensures close monitoring of the commitments of its 10, 20 and first 100 customers with the greatest commitments.

The following table shows commitments to the bank’s main debtors at the end of December 2021:

	Dec 21	
	Amount	% of the total
Commitments to 10 largest customers	16 644	14%
Commitments to 20 largest customers	23 429	20%
Commitments to 100 largest customers	42 667	37%

8.4.2.2.2. Interest groups

Diversification of the portfolio by counterparty is monitored on a regular basis, notably under the Group’s individual risk concentration policies. Credit risks that result from concentration on a single counterparty or group of counterparties with a relative high level of outstandings (more than 5% of shareholders’ equity) are specifically monitored from an individual as well as consolidated perspective.

In addition, monitoring of major risks also ensures that the aggregate exposure to each beneficiary does not exceed 20 % of the Group’s net consolidated shareholders’ equity capital as recommended by the Moroccan banking regulations. BANK OF AFRICA remains well below the concentration limits defined by the Bank Al Maghrib directive.

8.4.2.2.3. Counterparties belonging to the same company

The Group has a methodology for setting sector limits based on a statistical model based on the historical default rate and the number of counterparties by business sector and risk class (rating).

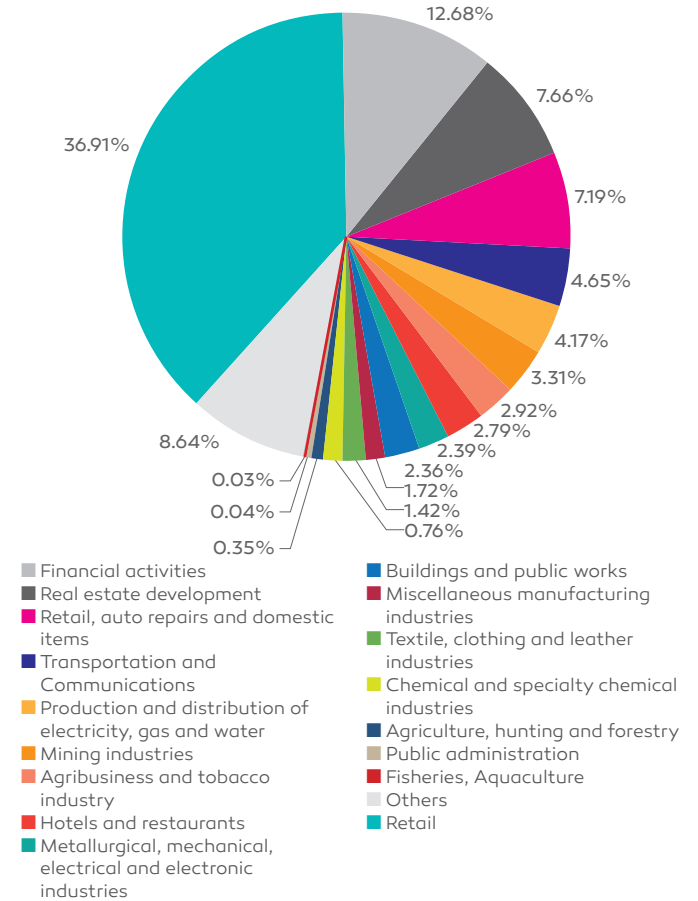
The objective is to model default risk using appropriate econometric techniques, using a random variable dependent, whose value is the result of the enumeration of realization of fault events.

The approach is based on assumptions of the independence of the counterparties and the non-correlation of defaults. Thus, the key notion of this methodological approach is the probability of default of a counterparty given. This probability is measured through the use of the rate failure of the rating pair / business sectors.

The model also allows you to calibrate the envelopes to be allocated to each business sector, particularly in view of the development plan of the Bank and the sector’s loss experience. This approach adopted by the Group Risk Division is completed by the implementation of back Testing of the model every six months.

The review of the sectoral limits is carried out every six months in consultation with the commercial sector and the Intelligence Centre The Bank’s economics, which provide their business vision and costing of the macroeconomic and sectoral perspectives. The opinions of these entities thus make it possible to challenge and further strengthen the relevance of the model in relation to the economic context.

The breakdown of activities at the end of December 2021 is as follows:



8.4.2.2.4. Counterparties belonging to the same country

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

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

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

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

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



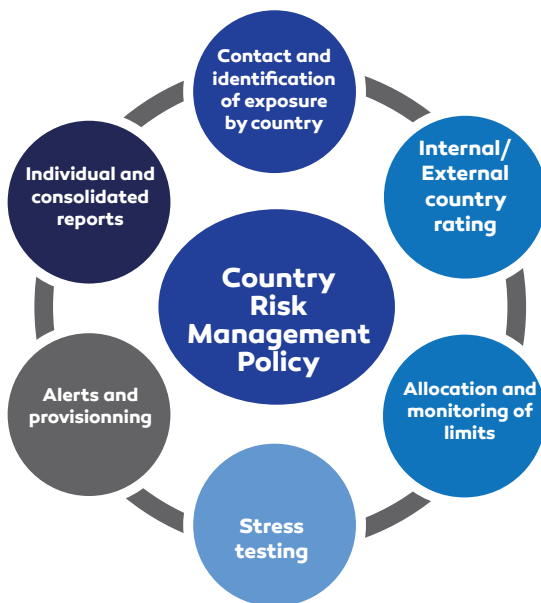
BMCE OF AFRICA's commitments are primarily within Morocco.

The Bank's commitments to foreign counterparties relate to foreign credit institutions. These commitments require:

- Post-rating authorisation and fundamental analysis of each counterparty;
- Monthly monitoring, with the findings sent to the Central Bank in the form of a regulatory statement.

Realized reporting provide an overview of the global commitment of BMCE Bank of Africa against foreign bank counterparties. They reflect the commitment by countries which includes all assets in the balance sheet and Offbalance sheet representing claims on residents of foreign countries.

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



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

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

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

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

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

- Set asset-liability policy ;
- Organise and direct asset-liability sub-committees;
- Possess in-depth knowledge of types of risk inherent in the Bank's operations and keep abreast of any changes in these risks based on financial market trends, risk management practices and the Bank's operations ;
- Review and approve procedures aimed at limiting the risks inherent in the Bank's operations in terms of credit approval, investments, trading and other significant activities and products;
- Master the reporting systems that measure and control the main sources of risk on a daily basis ;
- Review and approve risk limits periodically given changes to the institutional strategy, approve new products and respond to important changes in market conditions;
- Ensure that the different business lines are properly managed by HR, the latter possessing a high level of competence, experience and expertise in relation to supervised activities.

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

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

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

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

Liquidity Risk

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

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

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

The following two major sources may generate liquidity risk :

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

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

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

- The Liquidity Coverage Ratio (LCR) was 175% on a consolidated basis at 31 December 2021, above the 100% regulatory limit set by Bank Al-Maghrib.
- The profile of cumulative impasses: the technique of periodic or cumulative impasses / Gap in dirhams and currencies, makes it possible to assess the level of liquidity risk incurred by the Bank in the short, medium and long term.

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

Interest Rate Risk

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

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

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

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

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

In order to counter such risks, the ALM department regularly steers the Bank’s strategy by establishing rules for matching assets and liabilities by maturity and by defining a maximum tolerance

departure threshold for net interest income by comparison with projected net banking income.

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

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

Sensitivity of the value of the banking portfolio

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

At 31 December 2021, with the trading book portfolio excluded, the impact from a 200-basis points change in interest rates on net interest income was an estimated at MAD -0.253 billion or -5.86% of projected net interest income (and + MAD 0.248 billion for an interest rate variation of -200 basis points, i.e. +5.75% of projected net interest income).

The change in the economic value of shareholders’ equity in the event of a 200-basis points shock was an estimated MAD 0.937 billion or 7.5% of regulatory capital.

8.6. MARKET RISK

Market risk management at BANK OF AFRICA Group adheres to regulatory standards as defined by supervisory authorities and in application of best international management practices as defined by the Basel Accords. Market risk is defined as the risk of loss on balance sheet and off-balance sheet positions due to changes in market prices. For BANK OF AFRICA, these risks encompass the following:

- Interest rate risk;
- Foreign currency risk;
- Credit risk on market transactions.

Mapping of financial instruments

The following table shows products traded as part of Bank of Africa Group’s trading portfolio, mapped by risk factor :



Foreign Exchange Instruments	Cash instruments
	Spot Foreign Exchange
	Forward Foreign Exchange
	Foreign exchange Derivatives
Equity Instruments	Foreign exchange Swaps
	Equity shares
	Derivatives on equity or and Indices
Fixed income Instruments	Mutual funds on equities
	I- Corporate and Interbank loans and borrowing
	Fixed rate (in MAD and Foreign Currency)
	Floating Rate (in MAD and Foreign Currency)
	II- Negotiable Debt Securities and bonds
	II-1 Sovereign Debt (Including bonds issued by the Kingdom of Morocco)
	Fixed rate (in MAD)
	Floating Rate (in MAD and Foreign Currency)
	II-2 Securities issued by Credit institutions and Companies
	Fixed rate (in MAD and Foreign Currency)
	Floating Rate (in MAD and Foreign Currency)
	III- Loans / borrowing of Securities
	Loans / borrowing of securities
	Repo / Reverse repo
	IV- Rate Derivatives
	Rate Swaps
	Rate Futures
	Forward Rate Agreement
	V- Fixed income mutual funds
	Money market mutual funds
Debt mutual funds	
Commodity Products	Commodity futures
	Commodity futures options
	Credit Default Swap (CDS)
	Credit Linked Note (CLN)

- Limits ;
- Risk indicators ;
- Capital requirements ;

8.6.1.2.1. Limits

Counterparty limits in market transactions

The process for approving limits for counterparties and applications to exceed those limits in market transactions is governed within BANK OF AFRICA Group by a system of delegation of powers within a framework of procedures specific to each counterparty type.

Market transactions are subject to a fixing priori limits, according to a delegation scheme based on the principle of the Troika.

Market limits

In order to control market risk within BANK OF AFRICA Group and to diversify the trading portfolio, a set of market limits has been adopted. These limits reflect the Group’s risk profile and help to steer market risk management by arbitrating between the Group’s various market activities.

BANK OF AFRICA Group’s set of market limits are as follows :

- Stop-loss limits by activity over different time horizons;
- Position limits by activity;
- Transaction limits.

VaR limits are in the process of being defined and will be included in the project relating to adoption of the advance approach in respect of market risks. This is a dynamic limit management policy that takes into account fluctuations in different risk factors as well as existing correlations in order to assess more accurately the diversification of the portfolio.

Regulatory limits

In addition to the limits adopted for internal purposes, BANK OF AFRICA Group also complies with regulatory limits defined by Bank Al-Maghrib such as:

- Limits on foreign currency positions which should not exceed 10% of shareholders’ equity ;
- Limit on the overall foreign exchange position which should not exceed 20% of shareholders’ equity.

8.6.1.2.2. Risk indicators

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

Overall Value-at-Risk (VaR) and VaR by asset class

Value-at-Risk is a probability-based technique used to measure overall market risk. It helps to measure the risk incurred by calculating the potential loss a given time horizon and degree of probability.

Unlike traditional risk indicators, Value-at-Risk combines several risk factors and measures their interaction, thereby taking into consideration the diversification of portfolios.

8.6.1. Market risk management policy

8.6.1.1. Governance

The main contributors to BANK OF AFRICA Group’s market risk management policy are as follows:

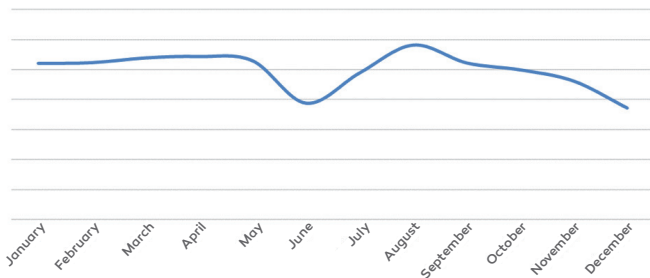
- General Management, which implements market risk management strategies and policies approved by the Board of Directors;
- Group Risk Committee, which defines Group market risk management policy and validates any amendment to the steering of market risk across the entire Group;
- The Group Market Risk Committee, which ensures the efficiency of the Market Risk Management System of the BANK OF AFRICA and its adequacy with the risk management policy of Group market;
- Group Market Risk Department, which centralises market risk management for BANK OF AFRICA Group as a department which is independent from the Group’s front-offices. This gives it maximum objectivity in steering market risks and arbitrating between the Group’s various market activities;
- Risk Management Units of BANK OF AFRICA Group entities, which provide a first level check on market activities within their entity and send regular reports to Group Risk Management;
- Internal Audit, which ensures implementation of the market risk management policy and rigorous compliance with procedures.

8.6.1.2. Description of the Market Risk Management Policy

BANK OF AFRICA Group’s market risk management policy is based on four main factors:



BANK OF AFRICA Group uses KVar software to calculate overall Value-at-Risk and VaR by asset class as well as back-testing by using different methods.



Stressed VaR

The Group has established different scenarios for calculating stressed VaR.

The Group has focused on events that create a high level of volatility in financial markets. These events include

- The bankruptcy of Lehman Brothers, which was unable to withstand the sub-prime crisis;
- USD 1.000 billion widening in the US budget deficit to support financial markets;
- The Greek crisis and the threat of contagion spreading to the “PIIGS” countries.

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

- Fluctuation in the Casablanca stock market identical to that of the United States;
- Fluctuation in the dirham rate identical to that of USD;
- Repercussion of EUR/USD volatility on EUR/MAD and USD/MAD;
- Repercussion of EUR/USD volatility on EUR/MAD volatility and USD/MAD volatility.

Stress-testing by risk factor

BANK OF AFRICA Group conducts stress tests to assess the vulnerability of the Group’s trading portfolio to extreme scenarios. Stress tests cover all components of the trading portfolio by simulating all risk factors which have an impact on the portfolio. The results of stress tests for interest rate risks and exchange rate risks on the trade portfolio are described below :

As at 31 December, 2021, the results of the stress tests were as follows:

a- Fixed income portfolio

1st scenario: A 25 basis point parallel shift in the yield curve.

This scenario would result in a MAD 23 million impact on the P&L.

2nd scenario: A 50 basis point parallel shift in the yield curve.

This scenario would result in a MAD 47 million impact on the P&L.

b- Equity portfolio

1st scenario: A 15% fall in the value of the equity portfolio.

This scenario would result in a MAD 4 million impact on the P&L.

2nd scenario: A 25% fall in the value of the equity portfolio.

This scenario would result in a MAD 7 million impact on the P&L.

c- Foreign exchange

1st scenario: A 2.5% rise or fall in the value of the dirham.

This scenario would result in a MAD 37 million impact on the P&L.

2nd scenario: A 5% rise or fall in the value of the dirham.

This scenario would result in a MAD 74 million impact on the P&L.

The results of the stress tests show that the Group has adequate capital to withstand adverse stress scenarios and to be able to comply with regulatory standards, even in crisis situations.

8.7. OPERATIONAL RISK

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

8.7.1. Operational risk management policy

8.7.1.1. Operational risk management objective

The operational risk management policy has the following objectives:

- Assess and prevent operational risks;
- Assess controls;
- Implement preventive and/or corrective action for major risks.

The management of operational risks through the implementation of preventive actions and / or corrective address the identified major risks.

The risk management system is regularly reviewed and monitored, allowing continuous improvement of said device.

8.7.1.2. Classification

Operational risks or losses can be analysed and categorised on the basis of two factors and it is important to differentiate between them: cause and effect, in terms of their financial or other impact. They are classified under Basel by event type.

8.7.1.2.1. Links to other risk types (market/credit risks)

The management of operational risks is potentially linked to the management of other risks (market/credit risks) at two levels:

- Overall level, analysis of the Bank’s overall level of risk aversion (and in terms of allocation of capital) must be carried and monitoring of “trans-risks”;
- Detailed level, some operational risks can be directly linked to market and credit risk management.

8.7.1.2.2. Operational risk management organisation

The framework governing operational risk management within BANK OF AFRICA Group is based on three main objectives:

- Define a target policy consistent with BANK OF AFRICA Group's business organisation and inspired by best practice;
- Involve and empower business lines and subsidiaries in the day-to-day management of operational risk management;
- Ensure that Audit/Control function is separate from the Operational Risk Management function.

Operational risk management at BANK OF AFRICA Group involves four major entities :

- BANK OF AFRICA's Group Operational Risk Department;
- BANK OF AFRICA network;- BANK OF AFRICA business divisions;
- Subsidiaries.

Operational risks coordinators have been appointed by the aforementioned entities. These include:

- Operational Risk Correspondents (CRO);
- Operational Risk Coordinators (CORO);
- Operational Risk Liaison Officers (RRO).

The operational risk management's remit includes other Group subsidiaries.

8.7.1.2.3. Governance of operational risk management

Governance of operational risks within BANK OF AFRICA Group is organised by three Operational Risk Committees:

- Group Operational Risks Committee;
- Operational Risk Monitoring (Business Lines) Committee;
- Operational Risk (Subsidiaries) Committee.

These committees are tasked with periodically:

- Reviewing changes in the exposure to operational risks and in the environment for controlling such risks;
- Identifying the main areas of risk, in terms of activities and risk types;
- Defining preventive and corrective action required to reduce the level of risk ;
- Reviewing the amount of capital to be allocated to operational risks, the cost of preventive action required and the costs of insurance.

8.7.1.3. Fundamental methodology principles

BANK OF AFRICA Group's operational risk management policy has two strategic objectives:

- Reduce exposure to operational risks;
- Optimise capital requirements relating to operational risks.

The internal system for measuring operational risks is closely linked to the Group's day-to-day risk management process via:

- Collecting risk events;
- Mapping operational risks,
- Key risk indicators.

The data produced are part of the process of monitoring and control of operational risk profile.

The management of the entity in question, general management and the board of directors are regularly notified of operational risk exposure and losses incurred. Management systems are properly documented, ensuring compliance with a formalised set of controls, internal procedures and corrective measures in the event of non-compliance. Internal and/or external auditors are invited to periodically review management processes and systems for measuring operational risk. These audits relate to units' activities and the independent operational risk management function.

Management of operational risks at BANK OF AFRICA Group is entirely automated by means of a dedicated system, "MEGA GRC". The collection of risk events, the mapping of operational risks and the key risk indicators are currently managed by this system which is used at Bank level as well as by Moroccan and European subsidiaries.

8.7.1.4. Operational risk control and mitigation

Several types of action may be taken to manage operational risks:

- Reinforce checks;
- Hedge risks, especially through insurance contracts;
- Avoid risks, in particular, by redeploying activities
- Draw up business continuity plans.
- Closely monitoring the compliance with the assigned risk limits or thresholds.

BANK OF AFRICA Group has a very strong control policy, resulting in a significant reduction in operational risks. However, in terms of operational risk management and via its dedicated policy, the Group is at liberty to identify optimal behaviour, on a case by case basis, depending on the different types of risks described above.

Additionally, the Group has insurance policies to mitigate risks such as damage to office buildings, fraud, theft of valuable items and third-party liability cover etc.

8.7.2. Business continuity plan

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

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

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

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

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

8.8. ICAAP SYSTEM

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

There are 3 essential elements to ICCAP:

- Determining and steering Bank of Africa S.A.'s risk appetite;
- Identifying and steering risks as well as establishing a capital buffer aimed at mitigating Pillar 2 risks (interest rate risk, liquidity risk, concentration risk, compliance risk etc.);

The Internal Capital Adequacy Assessment Process (ICAAP) enables the Bank to define a capital structure, dynamic projections of solvency ratios and additional capital requirements. To complement this process, the Bank carries out simulations and stress tests based on various criteria to assess the impact of risk factors on its resilience in terms of equity.

The introduction of a risk appetite framework has been achieved by incorporating two frames of reference: - A risk appetite framework which defines the governance and organisational scheme, the definition process and the Bank's risk appetite;

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

The Risk Department ensures that the risk appetite system is properly aligned to the capital allocation process and limits system. As far as the Group's main risks are concerned, the Group's risk appetite is governed by limits and alert thresholds. These indicators ensure that the Group is well-positioned to meet its target values and reach its goals in terms of profitability.

8.9. INTERNAL CRISIS RECOVERY PLAN (PRCI)

In response to new measures introduced under Bank Al Maghrib's Circular 4/W/2017 relating to the introduction of an Internal Crisis Recovery (PRCI), BANK OF AFRICA has taken the necessary steps to comply with this regulation.

The purpose of this prevention system is to assess BANK OF AFRICA Group's resilience, as a systemic institution, in the event of an extreme crisis and to identify the key drivers to restore its viability in terms of solvency, liquidity, asset quality and profitability. The various risks to which the group is exposed are also covered by this PRCI. These include credit risk, market risk, country risk, balance sheet risk, operational risk, cybercrime risk, non-compliance risk and reputational risk. restore its viability in terms of solvency, liquidity, asset quality and profitability. The various risks to which the group is exposed are also covered by this PRCI. These include credit risk, market risk, country risk, balance sheet risk, operational risk, cybercrime risk, non-compliance risk and reputational risk.

As a result, a taxonomy of the Group's risks has been developed in conjunction with the ICAAP system, with more robust internal stress tests based on extreme but plausible scenarios covering every category of risk to which the Group is exposed.

The work carried out has enabled the Group to draw up an inventory of which businesses are considered as significant, which operations are fundamental and which functions are critical in the event of a major crisis. Crisis scenarios have been drawn up and simulations and impact calculations carried out. In addition, a simulation of the Covid-19 health crisis has been factored in which assumes a pessimistic and extreme development of the pandemic, similar to the scenarios considered by the IMF.

As a result, for each estimated impact, recovery measures have been defined with objectives established to restore the Bank's financial viability via previously identified quantifiable drivers. As such, the list of recovery measures has been reviewed, detailing the preparatory and prerequisite measures and the operational and financial risks to facilitate implementation of recovery measures as well as prioritising the defined measures.

BANK OF AFRICA – BMCE GROUP has adopted a system of early warning indicators for crises with the aim of identifying crises in a timely manner as well as defining a set of indicators for triggering recovery measures. The monitoring of these indicators is carried out as part of the Group's overall risk management and monitoring system.

This plan is updated annually to ensure that it complies with the relevant regulatory requirements.

The aim is for it to become a genuine tool within the risk prevention process.

8.10. CORPORATE SOCIAL RESPONSIBILITY

Underpinning BANK OF AFRICA - BMCE Group's management framework relating to its undertakings regarding the environment, climate change and social responsibility is a set of values and an underlying commitment to respecting human rights and the environment. This framework has been adopted by every one of the Group's banking and banking-related subsidiaries.

It should also be noted that this framework applies to all financial products and services offered by the Bank. As a result, BANK OF AFRICA - BMCE Group factors sustainable development considerations and goals into its commercial approach and manages the environmental, climate-related and social risks associated with its commercial commitments.

The risks resulting from environmental, climate-related and social (ECS) issues are inherent in any financial transaction. They translate into financial, legal, collateral-related or reputational impacts for the Bank.

The ECS risk identification, measurement and internal analysis systems are now closely linked to the day-to-day operational risk management process.

8.11. MEASUREMENT OF CAPITAL ADEQUACY

BANK OF AFRICA Group has opted for the standardised approach as outlined in Bank Al Maghrib circulars (BAM).

The latter require banks to have a Tier 1 capital ratio of 9% and a solvency ratio of 12% at both the parent company and consolidated levels.

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

Capital adequacy and composition

BANK OF AFRICA's share capital stood at MAD 2 056 066 480 made up of 205 606 648 ordinary shares, each with a nominal value of 10 dirhams. The shares are fully paid-up. Each ordinary share entitles the holder to one voting right.

Measurement of capital adequacy

BANK OF AFRICA Group has opted for the standardised approach to calculating risk-weighted assets as prescribed by Bank Al- Maghrib circulars (BAM):

Since 30 June 2014, capital adequacy ratios have been calculated in accordance with Basel III regulatory standards as defined by BAM.

The method for calculating capital was reviewed in the light of these new regulations and temporary measures have been adopted for a period until 2019.

The circulars governing these Declarations are as follows:

- Circular No. 26/G/2006 relating to calculating capital requirements based on the standardised approach for hedging credit institutions' credit, market and operational risks;
- Circular No. 8/G/2010 relating to calculating capital requirements based on internal approaches for hedging credit institutions' credit, market and operational risks
- Circular No. 14/G/13 relating to capital requirements for credit institutions

Composition of capital and capital adequacy ratio

Tier 1 capital	23 174 837
Items to be included in Tier 1 capital	26 553 390
Share Capital	2 056 066
Consolidated reserves, including premiums related to share capital and not included in hidden reserves	19 138 907
Retained earnings	26 741
Net income for the previous period	2 007 058
Minority interests	3 324 618
Items to be deducted from Tier 1 capital	3 378 553
Good will	1 032 114
Other adjustments to Tier 1 capital	1 502 481
Immobilisations	809 905
Other deductions	34 053
Additional core capital	2 000 000
Perpetual subordinated debt	2 000 000
Tier 2 capital	7 191 632
Perpetual subordinated debt	6 332 602
Revaluation differences	676 116
Hidden reserves	182 914
Total	32 366 469

Capital Requirements by Risk Type	December, 2021
Risk-weighted credit risks	222 904 789
Risk-weighted market risks	9 732 152
Risk-weighted operational assets	26 022 125
Total risk-weighted assets	258 659 066
Tier 1 Capital	25 174 837
Tier 1 Capital ratio	9.7%
Total capital	32 366 469
Capital adequacy ratio	12.5%