Summary prospectus

Bank Of Africa

Perpetual subordinated debt issue of up to MAD 500,000,000 with a loss absorption and coupon payment cancellation provision

The prospectus approved by the AMMC comprises:
- The offer document
- BANK OF AFRICA's reference document for the 2022 financial year, registered by the AMMC 16 June 2023, reference number EN/EM/009/2023
- BANK OF AFRICA's updated (v.1) reference document for the 2022 financial year, registered by the AMMC 28/11/2023, reference number EN/EM/030/2023.

	Tranche A (adjustable every 5 years – unlisted)	Tranche B (adjustable annually – unlisted)
Maximum size	MAD 500,000,000	
Maximum number of securities	5,000 perpetual subordinated notes	
Nominal value	MAD 100,000	
Securities' tradability	**Over-the-counter (not traded on the Casablanca Stock Exchange)**	
Nominal interest rate	**Adjustable every 5 years** For an initial 5-year period, the nominal interest rate will be based on the 5-year rate, in turn based on the 5-year benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 30 November 2023, plus a risk premium	**Adjustable annually** For the first year, the nominal interest rate will be based on the full 52-week rate, in turn based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 30 November 2023, plus a risk premium
Risk premium	Between 220 and 230 basis points	Between 210 and 220 basis points
Repayment guarantee	No specific guarantee is provided in respect of this issue	
Maturity	Perpetual, with the possibility of early repayment from the 5th anniversary of the cum-coupon date, and only at the issuer's request, on condition that notice of at least five years is given and with Bank Al-Maghrib's prior approval	
Allotment method	French auction method with priority given to Tranche A (floating rate adjustable every 5 years) and then Tranche B (rate adjustable annually)	

Subscription period: 5-7 December 2023 inclusive

Only those qualified Moroccan investors listed in this offer document may subscribe for these notes and trade them on the secondary market

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

MOROCCAN CAPITAL MARKETS AUTHORITY'S VISA

In accordance with the provisions of the AMMC circular published in application of Article 5 of Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering, this prospectus has been approved by the AMMC 28/11/2023, reference number VI/EM/032/2023.

This offer document forms only part of the prospectus approved by the AMMC. The latter comprises the following documents:
- This offer document
- BANK OF AFRICA's reference document for the 2022 financial year, registered by the AMMC 16 June 2023, reference number EN/EM/009/2023
- BANK OF AFRICA's updated (v.1) reference document for the 2022 financial year, registered by the AMMC 28/11/2023, reference number EN/EM/030/2023.

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WARNING

The prospectus approved by the Moroccan Capital Markets Authority (AMMC) comprises the following documents:

- **The offer document**
- **BANK OF AFRICA's reference document for the 2022 financial year, registered by the AMMC 16 June 2023, reference number EN/EM/009/2023**
- **BANK OF AFRICA's updated (v.1) reference document for the 2022 financial year, registered by the AMMC 28/11/2023, reference number EN/EM/030/2023.**

Potential investors are asked to read the information contained in each of the aforementioned documents prior to making their decision on whether to participate in the transaction referred to in this offer document.

The visa of the Moroccan Capital Markets Authority (AMMC) does not imply that it approves the opportunity presented by this transaction nor that it authenticates the information presented. The visa has been granted following a review to ensure that the information given to investors in respect of the proposed transaction is relevant and consistent.

The attention of potential investors is drawn to the fact that investing in financial instruments incurs risk.

The AMMC does not comment on whether the proposed transaction is appropriate or provide qualitative judgement of the issuer's position. Neither does the AMMC visa offer any safeguard against the risks associated with the issuer or the securities offered in the context of the transaction referred to in this prospectus.

Investors must therefore ensure, prior to subscribing, that they have a good understanding of the nature and characteristics of the securities offered and that they are able to manage their exposure to the risks inherent in the said securities.

Investors are therefore asked to:

- **Carefully read each of the documents and the information provided, especially that provided in this offer document's Risk Factors section as well as in the aforementioned registration document.**
- **Consult, if necessary, any professional who is competent in matters of investment in financial instruments.**

The aforementioned prospectus is not intended for persons who are not legally authorised to participate in the proposed transaction due to their place of residence.

Persons who may happen to have a copy of the said prospectus in their possession are invited to make the necessary enquiries to ensure that they comply with the regulations which govern their participating in this type of transaction.

The financial instruments referred to in the aforementioned prospectus will only be offered by the transaction's bookrunner in strict accordance with the current laws and regulations in those countries in which the latter will make such an offer.

Neither the Moroccan Capital Markets Authority (AMMC) nor BMCE Capital Conseil shall be liable in the event that the book-runner fails to comply with such laws or regulations.

A perpetual subordinated note differs from a classic bond in terms of the rank of claims contractually defined by the subordination clause as well as it not having any maturity date.

The effect of the subordination clause is, in the event of the issuer's liquidation, to subordinate the repayment of the note to that of all other obligations, including the fixed-maturity subordinated notes that have already been issued and those which might subsequently be issued. The principal and interest relating to these securities constitute a subordinated obligation which ranks or will rank only above BANK OF AFRICA's equity securities.

The attention of potential investors is also drawn to the fact that:

- **This perpetual debt issue has no set maturity date but may be redeemed whenever the issuer chooses with Bank Al-Maghrib's prior approval, which might in turn have an impact on the expected maturity and the conditions for reinvesting.**
- **Investment in perpetual subordinated notes includes clauses for writing down the securities' nominal value and cancelling interest payments.**

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

I. Offer structure

BANK OF AFRICA envisages issuing 5,000 perpetual subordinated notes, each with a nominal value of 100,000 dirhams. The overall amount issued will be 500,000,000 dirhams, broken down as follows:

- **Tranche A**, a perpetual note with no maturity date, 5-year adjustable rate, not listed on the Casablanca Stock Exchange, for up to 500,000,000 dirhams, the nominal value of each security being 100,000 dirhams
- **Tranche B**, a perpetual note with no maturity date, rate adjustable annually, not listed on the Casablanca Stock Exchange, for up to 500,000,000 dirhams, the nominal value of each security being 100,000 dirhams

The total amount allotted to both tranches must not under any circumstance exceed 500,000,000 dirhams. In the event that this debt issue is not fully subscribed, the amount issued will be limited to the amount actually subscribed.

II. Transaction aims

The primary aim of this transaction is to:

- Implement the Bank's financial strategy up to 2025 and comply with regulatory requirements
- Finance the Bank's organic growth in Morocco and overseas
- Pre-empt changes to regulatory requirements in those countries in which it has operations.

In accordance with Bank Al-Maghrib's Circular No. 14/G/2013, as amended and completed, as to how credit institutions should calculate regulatory capital, the funds raised from this transaction will be classified as additional Tier 1 capital.

III. Information about BANK OF AFRICA's perpetual subordinated notes

Warning

A perpetual subordinated note differs from a classic bond in terms of the rank of claims contractually defined by the subordination clause as well as it not having any maturity date. The effect of the subordination clause is, in the event of the issuer's liquidation, to subordinate the repayment of the note to that of all other obligations, including the fixed-maturity subordinated notes that have already been issued and those which might subsequently be issued.

The principal and interest relating to these securities constitute a subordinated obligation which ranks or will rank only above BANK OF AFRICA's equity securities. The attention of potential investors is also drawn to the fact that:

- *This perpetual debt issue has no set maturity date but may be redeemed whenever the issuer chooses with Bank Al-Maghrib's prior approval, which might in turn have an impact on the expected maturity and the conditions for reinvesting.*
- *Investment in perpetual subordinated notes includes clauses for writing down the securities' nominal value and cancelling interest payments, exposing investors to the risks outlined in Section V of this part of the offer document.*

1. Characteristics of Tranche A

Characteristics of Tranche A (Floating rate notes, rate adjustable every 5 years, not listed on the Casablanca Stock Exchange)	
Type of securities issued	Perpetual subordinated notes not listed on the Casablanca Stock Exchange, entirely in non-physical form and registered in a financial intermediary's account at Maroclear, the central securities depositary
Legal form	Notes in bearer form
Maximum tranche size	MAD 500,000,000
Maximum number of securities issued	5,000 subordinated notes
Nominal value	MAD 100,000
Issue price	100% of the nominal value i.e. MAD 100,000
Maturity	Perpetual, with the possibility of early repayment from the 5th anniversary of the cum-coupon date, only at the request of the issuer, on condition that notice of at least five years is given and with Bank Al-Maghrib's prior approval.
Subscription period	5-7 December 2023 inclusive
Cum-coupon date	8 December 2023
Allotment method	French auction method with priority given to Tranche A (floating rate adjustable every 5 years), then Tranche B (rate adjustable annually)
Nominal interest rate	**<u>Floating rate adjustable every 5 years</u>** For the first 5 years, the nominal interest rate will be based on the benchmark yield for 5-year Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 30 November 2023, plus a risk premium of between 220 and 230 basis points. This benchmark yield will be published 1 December 2023 by BANK OF AFRICA on its website and 1 December 2023 in a gazette containing legal notices. Beyond the initial 5 years and for each successive 5-year period, the benchmark rate shall be calculated on the basis of the secondary market benchmark rate for 5-year Treasury bond yields as published by Bank Al-

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	Maghrib, 5 business days prior to the coupon's latest anniversary for each 5-year period. To the resulting benchmark rate will be added a risk premium of between 220 and 230 basis points which will be set at the end of the subscription period. Noteholders will be informed of the rate by BANK OF AFRICA via the latter's website 5 business days prior to the anniversary on which the coupon is adjusted and on the same day that the benchmark rate is calculated. In the event that the benchmark yield for 5-year Treasury bonds is not directly observable on the curve, the benchmark yield will be determined by the linear interpolation method, using both the opening and the closing values of the note's entire 5-year maturity (actuarial basis).
Risk premium	Between 220 and 230 basis points
Interest	Interest will be paid annually on the anniversary of the loan's cum-coupon date i.e. 8 December each year. Payment will be made on that day or the first business day after 8 December if the latter is not a business day. Interest on the perpetual subordinated notes will cease to accrue from the date that the capital is repaid by BANK OF AFRICA. BANK OF AFRICA may decide, at its discretion and with Bank Al-Maghrib's prior approval, to cancel, entirely or partially, interest payments for an indefinite period of time and on a non-cumulative basis to fulfil its obligations (in particular following a request from Bank Al-Maghrib). Following this decision, all amounts of cancelled interest are no longer payable by the issuer or considered as accumulating or owing to holders of the perpetual subordinated notes issued by BANK OF AFRICA. Each cancellation decision will relate to the coupon for which payment was initially scheduled for the next anniversary. BANK OF AFRICA is required to apply the provisos of Bank Al-Maghrib's Circular No. 14/G/2013 of 13 August 2013 as to how credit institutions should calculate regulatory capital, including Article 10 of the said circular which defines core capital instruments as being equity capital and any other item making up the share capital as well as a requirement to meet a certain number of criteria (listed below), primarily including the proviso which stipulates that dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment in respect of senior equity instruments made, including the perpetual subordinated bonds referred to in this offer document. The criteria mentioned above include the following: - The instruments are issued directly by the institution with the prior approval of its administrative body - The instruments are perpetual - The instruments' principal may not be reduced or redeemed, except in the event of the institution's liquidation and only with Bank Al-Maghrib's prior approval - The instruments are subordinate to all other claims in the event of the institution's insolvency or liquidation - The instruments do not benefit from any collateral provision or guarantee from any related party which would see these instruments' claims ranking raised - The instruments are not subject to any contractual or other arrangement which would see these instruments' claims ranking raised in the event of insolvency or liquidation - The instruments make it possible to absorb the first and proportionally largest part of the losses as soon as they occur - The instruments give their owner a claim on the institution's residual assets which, in the event of liquidation and after paying all higher-ranking claims, is proportional to the instruments' issued amount. The said outstanding amount is neither set nor capped, except in the case of equity securities

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	- The purchase of the instruments is not directly or indirectly financed by the institution - Dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment made in respect of senior equity instruments. These distributions may only be made out of distributable sources. The level of distributions shall not be linked to the price at which the instruments were acquired on issue, except in the case of equity securities - The provisos governing core capital instruments do not provide for (i) preferential rights for dividend payments (ii) a cap or other restrictions on the maximum amount distributed, except in the case of equity securities (iii) the institution being obliged to make distributions to its holders - Non-payment of dividends does not constitute an event of default for the institution; and - Cancellation of distributions does not impose any constraint on the institution. In the event of ceasing to pay interest, the issuer shall be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, the perpetual subordinated noteholders and the AMMC of this cancellation decision. The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices specifying the amount of interest cancelled, the reasons for this decision to cancel an interest payment and the corrective measures that have been implemented. The distribution of interest may only be made out of distributable sources and shall not be linked to BANK OF AFRICA's creditworthiness. BANK OF AFRICA may decide, at its discretion and with Bank Al-Maghrib's prior approval, to increase the coupon payment which, as a result, will be higher than the coupon amount determined on the basis of the below formula. Should it decide to increase the coupon payment, the issuer will be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, all holders of perpetual subordinated notes issued by BANK OF AFRICA and the AMMC of this decision. The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices. In the event that there are other instruments with a coupon payment cancellation provision, the decision to cancel/increase the coupon payment will be made pro rata to the coupon amount across all these instruments. Interest will be calculated as per the following formula: **[Nominal x nominal interest rate]** Interest will be calculated on the basis of the most recent nominal amount as defined in the 'Loss absorption' clause or on the basis of the outstanding capital due, as defined in the 'Repayment of capital' clause.
Repayment of capital	Repayment of capital is subject to Bank Al-Maghrib's approval and will be carried out on a straight-line basis over a minimum 5-year period from the 5th year onwards (cf. 'Early repayment' clause).
Early repayment	BANK OF AFRICA shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial 5 years from the cum-coupon date. Beyond this initial 5-year period, the capital may be entirely or partially redeemed at the borrower's request on condition that notice of at least five years is given and with Bank Al-Maghrib's approval. Any early repayment (full or partial) will be made pro-rata to all tranches of the perpetual subordinated notes referred to in this offer document on a straight-line basis over a minimum 5-year period. The perpetual noteholders will be informed of the early repayment via notices, as soon as the decision to

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	redeem early has been taken, with a reminder at least sixty calendar days prior to the date on which the repayment is to start. These notices will be published in a gazette containing legal notices and on the issuer's website, specifying the amount, duration and date on which the repayment is to start. The issuer may not redeem (fully or partially) the perpetual subordinated notes referred to in this offer document if their nominal value has been written down, in accordance with the 'Loss absorption' clause. In the event that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets on an individual or consolidated basis during the repayment period, then the repayment will be carried out on the basis of the securities' initial nominal value. Any early repayment (fully or partially), arising prior to the anniversary, will be made on the basis of the outstanding capital due and the interest incurred at the repayment date. BANK OF AFRICA shall not be permitted to repurchase the perpetual subordinated notes referred to in this offer document if their nominal value has been written down in accordance with the 'Loss absorption' clause. The issuer shall be obliged to inform the AMMC and all perpetual subordinated noteholders subscribing to this issue of any possible repurchase procedure, which itself should be approved by Bank Al-Maghrib, via a notice published in a gazette containing legal notices, specifying the number of notes to be repurchased, the period and the repurchase price. BANK OF AFRICA will carry out the repurchase pro-rata to the sell orders received (in the event that the number of securities offered is higher than the number of securities to be repurchased). The repurchased notes will be cancelled. In the event that a merger, demerger or partial contribution of BANK OF AFRICA's assets occurs during the loan's duration, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for BANK OF AFRICA's rights and obligations. The repayment of the capital is, in the event of BANK OF AFRICA's liquidation, subordinate to all other claims (cf. 'Loan's ranking').
Loss absorption	The securities shall be written down as soon as the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib falls below 6.0% of risk-weighted assets on an individual or consolidated basis. The securities shall be written down[1] by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1[2]) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital (after taking into account any tax-related effect). The said write-down shall be carried out within a period of one calendar month from the date of realising that the 6% minimum ratio has not been complied with, on an individual or consolidated basis, by decreasing the nominal value of the securities by an equivalent amount by up to a nominal value of 50 dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within 30 days following the end of each half-yearly period (date for drawing up the half-yearly financial statements and publishing capital adequacy ratios) at an extraordinary or intermediary date set by the regulatory authority, the issuer must check to see that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, complies with the minimum 6.0% level of risk-weighted assets on an individual and consolidated basis. BANK OF AFRICA shall publish its CET1 ratio on an individual and consolidated basis and its projections of this ratio for each half-yearly period on an 18-month horizon. The ratio, as defined by Bank Al-Maghrib, relating to the

[1] A potential write-down of the securities' nominal value would enable BANK OF AFRICA to record an exceptional gain, resulting in a higher level of net income and, in turn, increased shareholders' equity.

[2] It is worth noting that BANK OF AFRICA's historical and projected prudential ratios (CET1, Tier 1 and capital adequacy ratios) are presented in its reference document and in its updated (v.1) reference document.

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	financial period in question and the Bank's projections of this ratio will be published on an individual and consolidated basis prior to end-April in respect of the annual financial statements and end-October in respect of the half-yearly financial statements in the context of BANK OF AFRICA publishing its Pillar III publications (consultable on its website). The AMMC will be concurrently informed of these ratios. The ratio will also be published in a gazette containing legal notices within thirty days following the occurrence of a material event which may impact the regulatory ratios. These publications will be conveyed to the noteholders' representative, acting on behalf of the holders of the perpetual subordinated notes referred to in this offer document as well as to Bank Al-Maghrib and the AMMC. They must contain details about the prudential ratios (core capital or CET1 ratio and capital adequacy ratio), the composition of regulatory capital as well as a breakdown of risk-weighted assets. In the event of non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, the issuer shall be obliged to immediately inform Bank Al-Maghrib and the AMMC and send the perpetual subordinated noteholders, within 5 business days from the time that non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, is noted, a notice published on its website and in a gazette containing legal notices, specifying the occurrence of an event triggering the loss absorption provision, the amount by which the securities' nominal value will be written down, the method used to calculate this amount, the corrective measures implemented and the date on which the write-down will take effect. After any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, BANK OF AFRICA may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down. The issuer must inform the perpetual subordinated noteholders within one month by notice published on its website and in a gazette containing legal notices of the decision to appreciate the nominal value, the calculation method and the effective date of the said appreciation. In the event that there are other instruments containing a loss absorption provision, the write-down/appreciation of the nominal value will be carried out pro-rata to all the other instruments whose trigger limit has been breached, based on the most recent nominal value preceding the date that the loss absorption provision was triggered. Interest will be calculated on the basis of the most recent nominal value preceding the coupon payment date (taking into account write-down/appreciation to the nominal value). The issuer must immediately inform the AMMC of any write-down or appreciation in the securities' nominal value.
Securities' tradability	Tradable over the counter. The perpetual subordinated notes referred to in this offer document may only be traded by the qualified investors listed in this offer document. Each qualified investor owning the perpetual subordinated notes referred to in this offer document shall undertake to transfer the said notes only to other qualified investors listed in this offer document. Furthermore, custodians must not under any circumstance accept instructions for settlement and delivery of the perpetual subordinated notes referred to in this offer document from investors other than the qualified investors listed in this offer document.
Assimilation clauses	The perpetual subordinated notes referred to in this offer document will not be assimilated into subordinated notes previously issued. In the event that BANK OF AFRICA were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, and providing that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.

Loan's ranking/Subordination	The capital shall be subject to a subordination clause. Applying this clause shall not in any way breach the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations and subscribers' rights to obtain, in accordance with the terms and conditions set out in the contract, payment for its securities in capital and interest. In the event of BANK OF AFRICA's liquidation, this issue's perpetual subordinated securities will only be repaid after all preferred and common stockholders have been repaid. These perpetual subordinated securities will rank alongside all other subordinated loans that have already been or may subsequently be issued by BANK OF AFRICA both in Morocco and overseas. This repayment will be made on the basis of the lower of the following two amounts: ▪ The initial nominal value less any potential amounts previously repaid ▪ The amount available after reimbursement has been made to all preferred or common stockholders and holders of subordinated notes that have already been or may subsequently be issued by BANK OF AFRICA in Morocco or overseas. These perpetual subordinated notes will rank *pari passu* with subordinated perpetual notes of the same type. It is worth recalling that BANK OF AFRICA carried out (i) in June 2017, a MAD 1,000,000,000 AT1 perpetual subordinated debt issue, (ii) in August 2021, a MAD 1,000,000,000 AT1 perpetual subordinated debt issue, (iii) in December 2022, a MAD 500,000,000 AT1 perpetual subordinated debt issue and (iv) in June 2023, a MAD 500,000,000 AT1 perpetual subordinated debt issue.
Repayment guarantee	No specific guarantee is provided under the terms of this issue.
Credit rating	BANK OF AFRICA has not solicited a credit rating for the issued securities.
Noteholders' representative	A meeting of the Board of Directors 27 November 2023 appointed Mr Hamad JOUAHRI as the noteholders' interim representative. This decision shall take effect from the start of the subscription period. It is specifically stipulated that the aforementioned interim representative will be the same for Tranches A and B (perpetual subordinated notes), which are grouped together within the same and single entity. In addition, the interim representative will convene a general meeting of the noteholders, within 6 months of the subscription period's closing date, to appoint a permanent representative, in accordance with the terms by which they are able to access and exercise their rights as well as any incompatibility provided for in Articles of 301(i) and 301(ii) of Act No. 17-95 relating to public limited companies, as amended and completed. The Board of Directors, meeting 27 November 2023, set, as required, the interim representative's annual remuneration at 100,000 dirhams (inclusive of all taxes). The remuneration of the representative of the bondholders will be disclosed to the public upon the publication of the notice convening the bondholders' general meeting. In accordance with Article 302 of the aforementioned Act, the noteholders' representative is entrusted with powers to carry out any necessary management-related actions on the noteholders' behalf and to protect their shared interests. There are no shareholding or business ties between BANK OF AFRICA and Mr Hamad Jouahri. Furthermore, Mr Jouahri also represents noteholders in respect of notes previously issued by BANK OF AFRICA between 2008 and 2023. Bank Of Africa commits to transmit the minutes of the said meeting to the AMMC immediately upon its holding.
Governing law	Moroccan law
Competent jurisdiction	Casablanca Commercial Court

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2. Characteristics of Tranche B

Characteristics of Tranche B (Floating rate notes, rate adjustable annually, no maturity date, not listed on the Casablanca Stock Exchange)	
Type of securities issued	Perpetual subordinated notes not listed on the Casablanca Stock Exchange, entirely in non-physical form and registered in a financial intermediary's account at Maroclear, the central securities depositary
Legal form	Notes in bearer form
Maximum tranche size	MAD 500,000,000
Maximum number of securities issued	5,000 subordinated notes
Nominal value	MAD 100,000
Issue price	100% of the nominal value i.e. MAD 100,000
Maturity	Perpetual, with the possibility of early repayment from the 5th anniversary of the cum-coupon date, only at the request of the issuer, on condition that notice of at least five years is given and with Bank Al-Maghrib's prior approval.
Subscription period	5-7 December 2023 inclusive
Cum-coupon date	8 December 2023
Allotment method	French auction method with priority given to Tranche A (floating rate adjustable every 5 years), then Tranche B (rate adjustable annually)
Nominal interest rate	<u>**Rate adjustable annually**</u> For the first year, the nominal interest rate will be the full 52-week money market rate based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 30 November 2023, plus a risk premium of between 210 and 220 basis points. This benchmark yield will be published 1 December 2023 by BANK OF AFRICA on its website and 1 December 2023 in a gazette containing legal notices. At each anniversary, the benchmark yield will be the full 52-week money market rate based on the benchmark yield for Treasury bonds traded on the secondary market as published by Bank Al-Maghrib 5 business days prior to each anniversary. To the resulting benchmark rate will be added a risk premium of between 210 and 220 basis points which will be set at the end of the subscription period. Noteholders will be informed of the rate by BANK OF AFRICA via the latter's website 5 business days prior to the anniversary on which the coupon is adjusted and on the same day that the benchmark rate is calculated.
Calculation method	In the event that the 52-week rate is not directly observable, BANK OF AFRICA will determine the benchmark yield by the linear interpolation method, using both the opening and the closing values of the note's entire 52-week maturity (monetary basis). This linear interpolation will be arrived at by converting the rate immediately above that of the 52-week maturity (actuarial basis) into the equivalent money market rate. The calculation formula is: (((Actuarial rate + 1) ^ (k/exact number of days*))-1) x 360/k, where k is the maturity of the actuarial rate requiring conversion. *Exact number of days is 365 or 366 days
Risk premium	Between 210 et 220 basis points

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Date for determining the interest rate	The coupon will be revised annually on the anniversary of the loan's cum-coupon date i.e. 8 December each year. BANK OF AFRICA will notify subordinated noteholders of the rate via its website 5 business days prior to each anniversary.
Interest	Interest will be paid annually on the anniversary of the loan's cum-coupon date i.e. 8 December each year. Payment will be made on that day or the first business day after 8 December if the latter is not a business day. Interest on the perpetual subordinated notes will cease to accrue from the date that the capital is repaid by BANK OF AFRICA. BANK OF AFRICA may decide, at its discretion and with Bank Al-Maghrib's prior approval, to cancel, entirely or partially, interest payments for an indefinite period of time and on a non-cumulative basis to fulfil its obligations (in particular following a request from Bank Al-Maghrib). Following this decision, all amounts of cancelled interest are no longer payable by the issuer or considered as accumulating or owing to holders of the perpetual subordinated notes issued by BANK OF AFRICA. Each cancellation decision will relate to the coupon for which payment was initially scheduled for the next anniversary. BANK OF AFRICA is required to apply the provisos of Bank Al-Maghrib's Circular No. 14/G/2013 of 13 August 2013 as to how credit institutions should calculate regulatory capital, including Article 10 of the said circular which defines core capital instruments as being equity capital and any other item making up the share capital as well as a requirement to meet a certain number of criteria (listed below), primarily including the provision which stipulates that dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment in respect of senior equity instruments made, including the perpetual subordinated bonds referred to in this offer document. The criteria mentioned above include the following: - The instruments are issued directly by the institution with the prior approval of its administrative body - The instruments are perpetual - The instruments' principal may not be reduced or redeemed, except in the event of the institution's liquidation and only with Bank Al-Maghrib's prior approval - The instruments are subordinate to all other claims in the event of the institution's insolvency or liquidation - The instruments do not benefit from any collateral provision or guarantee from any related party which would see these instruments' claims ranking raised - The instruments are not subject to any contractual or other arrangement which would see these instruments' claims ranking raised in the event of insolvency or liquidation - The instruments make it possible to absorb the first and proportionally largest part of the losses as soon as they occur - The instruments give their owner a claim on the institution's residual assets which, in the event of liquidation and after paying all higher-ranking claims, is proportional to the instruments' issued amount. The said outstanding amount is neither set nor capped, except in the case of equity securities - The purchase of the instruments is not directly or indirectly financed by the institution - Dividend or similar distributions should only be made after all legal and contractual obligations have been met and payment made in respect of senior equity instruments. These distributions may only be made out of distributable sources. The level of distributions shall not be linked to the price at which the instruments were acquired on issue, except in the case of equity securities

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	- The provisos governing core capital instruments do not provide for (i) preferential rights for dividend payments (ii) a cap or other restrictions on the maximum amount distributed, except in the case of equity securities (iii) the institution being obliged to make distributions to its holders - Non-payment of dividends does not constitute an event of default for the institution; and - Cancellation of distributions does not impose any constraint on the institution. In the event of ceasing to pay interest, the issuer shall be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, the perpetual subordinated noteholders and the AMMC of this cancellation decision. The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices specifying the amount of interest cancelled, the reasons for this decision to cancel an interest payment and the corrective measures that have been implemented. The distribution of interest may only be made out of distributable sources and shall not be linked to BANK OF AFRICA's creditworthiness. BANK OF AFRICA may decide, at its discretion and with Bank Al-Maghrib's prior approval, to increase the coupon payment which, as a result, will be higher than the coupon amount determined on the basis of the below formula. Should it decide to increase the coupon payment, the issuer will be obliged to inform, within a period of no more than sixty calendar days prior to the payment date, all holders of perpetual subordinated notes issued by BANK OF AFRICA and the AMMC of this decision. The perpetual subordinated noteholders shall be informed by a notice published in a gazette containing legal notices. In the event that there are other instruments with a coupon payment cancellation provision, the decision to cancel/increase the coupon payment will be made pro rata to the coupon amount across all these instruments. Interest will be calculated as per the following formula: **[Nominal x nominal interest rate x exact number of days/360 days]** Interest will be calculated on the basis of the most recent nominal amount as defined in the 'Loss absorption' clause or on the basis of the outstanding capital due, as defined in the 'Repayment of capital' clause.
Repayment of capital	Repayment of capital is subject to Bank Al-Maghrib's approval and will be carried out on a straight-line basis over a minimum 5-year period from the 5th year onwards (cf. 'Early repayment' clause).
Early repayment	BANK OF AFRICA shall not be permitted to redeem the perpetual subordinated notes referred to in this offer document within the initial 5 years from the cum-coupon date. Beyond this initial 5-year period, the capital may be entirely or partially redeemed at the borrower's request on condition that notice of at least five years is given and with Bank Al-Maghrib's approval Any early repayment (full or partial) will be made pro-rata to all tranches of the perpetual subordinated notes referred to in this offer document on a straight-line basis over a minimum 5-year period. The perpetual noteholders will be informed of the early repayment via notices, as soon as the decision to redeem early has been taken, with a reminder at least sixty calendar days prior to the date on which the repayment is to start. These notices will be published in a gazette containing legal notices and on the issuer's website, specifying the amount, duration and date on which the repayment is to start. The issuer may not redeem (fully or partially) the perpetual subordinated notes referred to in this offer document if their nominal value has been written down, in accordance with the 'Loss absorption' clause. In the event that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, falls below

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	6.0% of risk-weighted assets on an individual or consolidated basis during the repayment period, then the repayment will be carried out on the basis of the securities' initial nominal value. Any early repayment (fully or partially), arising prior to the anniversary, will be made on the basis of the outstanding capital due and the interest incurred at the repayment date. BANK OF AFRICA shall not be permitted to repurchase the perpetual subordinated notes referred to in this offer document if their nominal value has been written down in accordance with the 'Loss absorption' clause. The issuer shall be obliged to inform the AMMC and all perpetual subordinated noteholders subscribing to this issue of any possible repurchase procedure, which itself should be approved by Bank Al-Maghrib, via a notice published in a gazette containing legal notices, specifying the number of notes to be repurchased, the period and the repurchase price. BANK OF AFRICA will carry out the repurchase pro-rata to the sell orders received (in the event that the number of securities offered is higher than the number of securities to be repurchased). The repurchased notes will be cancelled. In the event that a merger, demerger or partial contribution of BANK OF AFRICA's assets occurs during the loan's duration, resulting in a universal transfer of the assets to a separate legal entity, the rights and obligations in respect of the subordinated notes shall be automatically transferred to the legal entity substituting for BANK OF AFRICA's rights and obligations. The repayment of the capital is, in the event of BANK OF AFRICA's liquidation, subordinate to all other claims (cf. 'Loan's ranking').
Loss absorption	The securities shall be written down as soon as the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, falls below 6.0% of risk-weighted assets on an individual or consolidated basis. The securities shall be written down[3] by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1[4]) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital (after taking into account any tax-related effect). The said write-down shall be carried out within a period of one calendar month from the date of realising that the 6% minimum ratio has not been complied with, on an individual or consolidated basis, by decreasing the nominal value of the securities by an equivalent amount by up to a nominal value of 50 dirhams (in accordance with Article 292 of Act No. 17-95 relating to public limited companies, as amended and completed). Within 30 days following the end of each half-yearly period (date for drawing up the half-yearly financial statements and publishing capital adequacy ratios) or at an extraordinary or intermediary date set by the regulatory authority, the issuer must check to see that the Common Equity Tier 1 (CET1) ratio, as defined by Bank Al-Maghrib, complies with the minimum 6.0% level of risk-weighted assets on an individual and consolidated basis. BANK OF AFRICA shall publish its CET1 ratio on an individual and consolidated basis and its projections of this ratio for each half-yearly period on an 18-month horizon. The ratio, as defined by Bank Al-Maghrib, relating to the financial period in question and the Bank's projections of this ratio will be published on an individual and consolidated basis prior to end-April in respect of the annual financial statements and end-October in respect of the half-yearly financial statements in the context of BANK OF AFRICA publishing its Pillar III publications (consultable on its website). The AMMC will be concurrently informed of these ratios. The ratio will also be published in a gazette containing legal notices within thirty days following the occurrence of a material event which may impact the regulatory ratios. These publications

[3] A potential write-down of the securities' nominal value would enable BANK OF AFRICA to record an exceptional gain, resulting in a higher level of net income and, in turn, increased shareholders' equity.

[4] It is worth noting that BANK OF AFRICA's historical and projected prudential ratios (CET1, Tier 1 and capital adequacy ratios) are presented in its reference document and in its updated (v.1) reference document.

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	will be conveyed to the noteholders' representative, acting on behalf of the holders of the perpetual subordinated notes referred to in this offer document as well as to Bank Al-Maghrib and the AMMC. They must contain details about the prudential ratios (core capital or CET1 ratio and capital adequacy ratio), the composition of regulatory capital as well as a breakdown of risk-weighted assets. In the event of non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, the issuer shall be obliged to immediately inform Bank Al-Maghrib and the AMMC and send the perpetual subordinated noteholders, within 5 business days from the time that non-compliance with the 6.0% minimum ratio, on an individual or consolidated basis, is noted, a notice published on its website and in a gazette containing legal notices, specifying the occurrence of an event triggering the loss absorption provision, the amount by which the securities' nominal value will be written down, the method used to calculate this amount, the corrective measures implemented and the date on which the write-down will take effect. After any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, BANK OF AFRICA may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down. The issuer must inform the perpetual subordinated noteholders within one month by notice published on its website and in a gazette containing legal notices of the decision to appreciate the nominal value, the calculation method and the effective date of the said appreciation. In the event that there are other instruments containing a loss absorption provision, the write-down/appreciation of the nominal value will be carried out pro-rata to all the other instruments whose trigger limit has been breached, based on the most recent nominal value preceding the date that the loss absorption provision was triggered. Interest will be calculated on the basis of the most recent nominal value preceding the coupon payment date (taking into account write-down/appreciation to the nominal value). The issuer must immediately inform the AMMC of any write-down or appreciation in the securities' nominal value.
Securities' tradability	Tradable over the counter. The perpetual subordinated notes referred to in this offer document may only be traded by the qualified investors listed in this offer document. Each qualified investor owning the perpetual subordinated notes referred to in this offer document shall undertake to transfer the said notes only to other qualified investors listed in this offer document. Furthermore, custodians must not under any circumstance accept instructions for settlement and delivery of the perpetual subordinated notes referred to in this offer document from investors other than the qualified investors listed in this offer document.
Assimilation clauses	The perpetual subordinated notes referred to in this offer document will not be assimilated into subordinated notes previously issued. In the event that BANK OF AFRICA were to subsequently issue new securities with identical rights in every aspect to those of this issue, it may, without requiring the bearers' consent, and providing that the issue contracts so allowed, assimilate all the securities of the subsequent issues, thereby unifying all transactions as far as their management and trading are concerned.
Loan's ranking/Subordination	The capital shall be subject to a subordination clause. Applying this clause shall not in any way breach the legal rules relating to the accounting principles for appropriating losses, shareholders' obligations and subscribers' rights to obtain, in accordance with the terms and conditions set out in the contract, payment for its securities in capital and interest. In the event of BANK OF AFRICA's liquidation, this issue's perpetual subordinated securities will only be repaid after all preferred and common stockholders have been repaid. These perpetual subordinated securities will rank alongside

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	all other subordinated loans that have already been or may subsequently be issued by BANK OF AFRICA both in Morocco and overseas. This repayment will be made on the basis of the lower of the following two amounts: ▪ The initial nominal value less any potential amounts previously repaid ▪ The amount available after reimbursement has been made to all preferred or common stockholders and holders of subordinated notes that have already been or may subsequently be issued by BANK OF AFRICA in Morocco or overseas. These perpetual subordinated notes will rank *pari passu* with subordinated perpetual notes of the same type. It is worth recalling that BANK OF AFRICA carried out (i) in June 2017, a MAD 1,000,000,000 AT1 perpetual subordinated debt issue, (ii) in August 2021, a MAD 1,000,000,000 AT1 perpetual subordinated debt issue, (iii) in December 2022, a MAD 500,000,000 AT1 perpetual subordinated debt issue and (iv) in June 2023, a MAD 500,000,000 AT1 perpetual subordinated debt issue.
Repayment guarantee	No specific guarantee is provided under the terms of this issue.
Credit rating	BANK OF AFRICA has not solicited a credit rating for the issued securities.
Noteholders' representative	A meeting of the Board of Directors 27 November 2023 appointed Mr Hamad JOUAHRI as the noteholders' interim representative. This decision shall take effect from the start of the subscription period. It is specifically stipulated that the aforementioned interim representative will be the same for Tranches A and B (perpetual subordinated notes), which are grouped together within the same and single entity. In addition, the interim representative will convene a general meeting of the noteholders, within 6 months of the subscription period's closing date, to appoint a permanent representative, in accordance with the terms by which they are able to access and exercise their rights as well as any incompatibility provided for in Articles of 301(i) and 301(ii) of Act No. 17-95 relating to public limited companies, as amended and completed. The Board of Directors, meeting 27 November 2023, set, as required, the interim representative's annual remuneration at 100,000 dirhams (inclusive of all taxes). The remuneration of the representative of the bondholders will be disclosed to the public upon the publication of the notice convening the bondholders' general meeting. In accordance with Article 302 of the aforementioned Act, the noteholders' representative is entrusted with powers to carry out any necessary management-related actions on the noteholders' behalf and to protect their shared interests. There are no shareholding or business ties between BANK OF AFRICA and Mr Hamad Jouahri. Furthermore, Mr Jouahri also represents noteholders in respect of notes previously issued by BANK OF AFRICA between 2008 and 2023. Bank Of Africa commits to transmit the minutes of the said meeting to the AMMC immediately upon its holding.
Governing law	Moroccan law
Competent jurisdiction	Casablanca Commercial Court

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IV. Event of Default

The term 'Event of Default' may be defined as the non-payment of some or all of the interest and/or principal owing by the Company with regard to any debt security unless payment is made within 14 business days of its due date and unless the Company has decided, with Bank Al-Maghrib's prior approval, to cancel payment of some or all of the interest in accordance with the provisos detailed above in the perpetual subordinated notes' characteristics in Part II – Section III – 'Information about BANK OF AFRICA's perpetual subordinated notes'.

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

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

V. Risks in connection with the subordinated notes

1. General risks in connection with the subordinated notes

→Interest rate risk:

Interest rate fluctuations may impact the yield of notes for which the rate is adjustable every 5 years. An increase in interest rates may therefore negatively impact the value of these notes.

→Default risk:

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

2. Risks specific to perpetual subordinated notes

The risk factors listed below should not be regarded as exhaustive and may not encompass every possible risk incurred when investing in perpetual subordinated bonds.

The attention of investors considering subscribing for the perpetual subordinated notes referred to in this offer document is drawn to the fact that an investment in this type of security is subject to the following main risks:

→ Risk associated with the introduction to the Moroccan financial market of a new financial instrument:

Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Bank Al-Maghrib's Circular No. 14/G/2013, as additional equity instruments. These instruments are regularly issued by international banks but are novel to some Moroccan investors. Each potential investor should determine the suitability of such an investment in light of its own circumstances and should have sufficient financial resources and liquidity to incur the risks of such an investment, including the possibility of having to write-down the nominal value of these securities (see below "Risk associated with writing down the nominal value of the securities) as well as the possibility of interest payments being cancelled (see below "Risk associated with the possibility of interest payments being cancelled).

→ Risk associated with the instrument's complexity:

The notes hereby offered are complex instruments insofar as the associated pay-offs are not entirely predictable. In fact, the issuer has full discretion to cancel interest payments for an indefinite period and on a non-cumulative basis. Furthermore, the nominal value of the notes may be written down if the trigger threshold is reached. In addition, whilst an increase in the nominal value is anticipated, it remains subject to Bank Al-Maghrib's approval. Lastly, an increase in the coupon is possible but remains at the issuer's sole discretion and there is no deterministic mechanism for it to be activated. These aspects make it difficult to predict the notes' future cash flows as forecasts require several assumptions and parameters (the issuer's financial health, projected capital adequacy ratios, other commitments and liabilities of the issuer, etc.). The very nature of the notes therefore makes their management, particularly their valuation, complex.

→ Risk associated with the perpetual nature of these securities:

These perpetual subordinated notes are issued for an indefinite period and, as a result, the capital may only be redeemed on the issuer's initiative and with Bank Al-Maghrib's prior approval. Capital repayment is not permitted within a period of five (5) years from the issue date and, thereafter, on condition that notice of at least five years is given.

→ Risk associated with the subordination clause:

The capital and interest are subject to a subordination clause, according to which, in the event of the issuer's liquidation, the perpetual subordinated notes hereby offered will only be repaid after all conventional, preferred and common stockholders have been repaid and after repayment has been made to holders of all other fixed-maturity or perpetual subordinated notes without a loss absorption and coupon cancellation provision which have already been or may subsequently be issued by the issuer in Morocco or overseas.

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→<u>Risk associated with writing down the nominal value of securities (loss absorption provision):</u>

As soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below the trigger set by the issuer (set at 6.0% in respect of this offer document, in accordance with the provisos of Bank Al-Maghrib's technical notice which stipulates the terms and conditions for applying Circular 14/G/2013 relating to credit institutions' regulatory capital), on an individual or consolidated basis, the securities shall be written down by an amount that is equivalent to the difference between the theoretical Tier 1 core capital (CET1) required for a CET1 to risk-weighted assets ratio of 6% and actual Tier 1 core capital.

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

However, after any potential write-down of the securities' nominal value, if the issuer's financial situation requiring this write-down were to improve, BANK OF AFRICA may immediately trigger, with Bank Al-Maghrib's prior approval, the mechanism for appreciating, entirely or partially, the nominal value which had been written down. BANK OF AFRICA continuously monitors its ratios to ensure that it complies with the international standards of the Basel Committee and Bank Al-Maghrib's regulatory guidelines. For this purpose, the Group's regulatory risk steering policy enables it to:

- Have a solid financial base, enabling it to meet all its commitments

- Comply with all the regulatory ratios required by Bank Al-Maghrib

- Build up an additional capital buffer, enabling it to absorb the shocks of regulatory and internal stress tests and ensure that it complies with post-stress test thresholds

- Meet the regulatory authority's requirements for reporting capital adequacy ratios (half-yearly Pillar III publications to ensure financial information transparency: detailed capital adequacy ratios, composition of regulatory capital, breakdown of risk-weighted assets).

At June 30, 2023, BANK OF AFRICA's capital adequacy ratios[5] were as follows:

	Parent company	*Consolidated*
CET1 ratio (minimum 8%)	**9.5%**	**8.7%**
Tier 1 ratio (minimum 9%)	**11.5%**	**9.8%**
Capital adequacy ratio (minimum 12%)	**15.0%**	**12.03%**

Source: Bank Of Africa

→ <u>Risk associated with the possibility of interest payments being cancelled:</u>

Investors incur the risk of interest payments being cancelled, entirely or partially, for an indefinite period of time and on a non-cumulative basis. The decision to cancel, for the purpose of meeting its obligations, remains at the issuer's discretion and requires Bank Al-Maghrib's prior approval.

→ <u>Risk factors impacting the CET 1 ratio:</u>

A deterioration in the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, to a level below 6.0%, thus triggering a write-down of the nominal value of the securities, could be caused by a number of factors, namely:

- ✓ Incurring substantial losses following a possible increase in non-performing loans or a materially adverse change in the interest rate environment
- ✓ The introduction of new accounting standards
- ✓ The introduction of new regulatory requirements.

[5] *BANK OF AFRICA's capital adequacy ratios are presented in its reference document for the 2022 financial year, registered by the AMMC 16 June 2023, reference number EN/EM/009/2023 and the updated (v.1) reference document for the 2022 financial year, registered by the AMMC 28/11/2023, reference number EN/EM/030/2023.*

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If one or more of these risk factors were to arise, the CET 1 ratio would only deteriorate if BANK OF AFRICA and its shareholders were unable to implement all the corrective measures enabling the Bank to comply with all the regulatory ratios required by Bank Al-Maghrib.

→ Risk associated with the securities' liquidity and tradability:

Due to their complexity, the notes referred to in this offer document are not suitable for non-qualified investors. Furthermore, trading in the said notes is strictly reserved for the qualified investors listed in this offer document, even on the secondary market. This restriction might result in these notes' reduced liquidity compared to other notes for which tradability is not restricted.

→ Risk associated with several options benefiting the issuer:

The notes referred to in this offer document contain several options benefiting the issuer, namely:

- ✓ Early repayment option
- ✓ Option to write-down/appreciate the securities' nominal value
- ✓ Option to cancel interest payments.

Potential investors must take these options into account when making an investment decision based on their own goals and constraints. Investors must also factor these options when submitting their tender as well as in determining the securities' fair value.

→ Risk associated with additional debt issuance:

The issuer might subsequently issue other debt securities with an equal or higher ranking than the notes referred to in this offer document. Such issues would reduce the amount potentially recoverable by the holders of these notes in the event of the issuer's liquidation.

VI. Transaction calendar

The following table outlines the transaction calendar:

Order	Stage	Date
1	AMMC visa obtained	Tuesday 28 November 2023
2	Prospectus excerpt published on BANK OF AFRICA's website	Tuesday 28 November 2023
3	BANK OF AFRICA publishes a press release in a gazette containing legal notices	Wednesday 29 November 2023
4	Benchmark yields monitored	Thursday 30 November 2023
5	Benchmark yields and nominal interest rates published on BANK OF AFRICA's website	Friday 1 December 2023
6	Benchmark yields and nominal interest rates published in a gazette containing legal notices	Friday 1 December 2023
7	Subscription period opens	Tuesday 5 December 2023
8	Subscription period closes	Thursday 7 December 2023
9	Allotment of securities	Thursday 7 December 2023
10	Settlement and delivery	Friday 8 December 2023
11	BANK OF AFRICA publishes the transaction results and its decision on interest rates for this transaction in a gazette containing legal notices and on its website	Monday 11 December 2023

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PART II: Information about BANK OF AFRICA, the issuer

I. General information

Company name:	BANK OF AFRICA, abbreviated to 'BOA'
Head office:	140, avenue Hassan II, Casablanca
Telephone:	05 22 49 80 04/03
Fax:	05 22 26 49 65
Website:	www.bankofafrica.ma
Legal form:	Public limited company with a Board of Directors
Date of incorporation:	31 August 1959
Life:	99 years
Trade Register registration number:	27,129 Casablanca
Financial year:	From 1 January to 31 December
Purpose: *(Article 3 of the Memorandum and Articles of Association)*	BANK OF AFRICA's purpose, under Act No. 103-12 relating to credit and similar institutions, is to: ▪ Conduct any type of banking, foreign exchange, treasury, guarantee, acceptance, discount, rediscount, current account overdraft transactions and any form of short-, medium- and long-term lending; contract any loan and any commitment in any currency; buy, sell or dispose of any movable or immovable property; conduct any type of transit, fee-based or precious metals transaction ▪ Make any investment, subscription, stock market or other purchase or sale in cash or using futures in any type of security or other financial instrument ▪ Make, hold or manage investments in any banking, financial, real estate, industrial or commercial undertaking for its own account or on behalf of third parties ▪ And, generally, conduct any banking, financial, commercial, industrial, movable and immovable transaction that may be directly or indirectly related to its purpose.
Share capital at 31 October 2023:	MAD 2,125,656,420 comprising 212,565,642 shares, each with a par value of 10 dirhams
Legal documents:	The Company's legal documents, including the Memorandum and Articles of Association, the minutes of shareholder meetings and the statutory auditors' reports, may be consulted at BANK OF AFRICA's head office
List of applicable legislation:	By virtue of its legal form, BANK OF AFRICA is governed by Moroccan law and Act No. 17-95, amended and completed By virtue of its business activity, BANK OF AFRICA is governed by Act No. 103-12 relating to credit and similar institutions (Banking Act) By virtue of its shares being listed on the Casablanca Stock Exchange, its bond issues and its certificate of deposit issuance programme, BANK OF AFRICA is subject to all legal and regulatory provisos relating to financial markets including:

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	▪ Act No. 19-14 relating to the stock exchange, securities brokerage firms and investment advisors ▪ General Rules of the Stock Exchange approved by Decree No. 2208-19 of 3 July 2019 of the Minister of the Economy and Finance ▪ Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering ▪ Act No. 43-12 relating to the AMMC ▪ The AMMC's General Rules, approved by Decree No. 2169-16 of the Minister of the Economy and Finance ▪ AMMC circulars ▪ Act No. 35-94 relating to certain negotiable debt securities and the Ministry of Finance and Foreign Investment's Decree No. 2560-95 of 9 October 1995 relating to negotiable debt securities ▪ Act No. 35-96 relating to establishing a Central Securities Depository and a system for registering certain types of securities in accounts, as amended and completed ▪ The General Rules of the Central Securities Depository, approved by Decree No. 932-98 of 16 April 1998 of the Minister of the Economy, Finance, Privatisation and Tourism, amended and completed by Decree No. 1961-01 of 30 October 2001 ▪ Act No. 26-03 relating to public offerings on the Moroccan stock market, as amended and completed.
Tax regime:	BANK OF AFRICA, as a credit institution, is liable to payment of corporation tax (40% target rate by 2026) and VAT (10%)
Competent court in the event of litigation:	Casablanca Commercial Court

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II. BANK OF AFRICA's shareholders

1. Shareholder breakdown

At 31/10/2023, BANK OF AFRICA's share capital stood at MAD 2,125,656,420, comprising 212,565,642 fully paid-up shares of the same class and with the same rights, each with a par value of 10 dirhams.

Table 1: Shareholder breakdown at 30 June 2023

Shareholder	30/06/2023	
	Number of shares	% of share capital
Controlling interest	**74 122 399**	**35.51%**
RMA*	57 214 824	27.41%
O CAPITAL GROUP	14 955 000	7.16%
SFCM	1 952 575	0.94%
Long-term shareholders	**97 327 691**	**46.62%**
Banque Fédérative du Crédit Mutuel	51 268 825	24.56%
Caisse de Dépôt et de Gestion	16 964 385	8.13%
BRITISH INTERNATIONAL INVESTMENT Group plc	10 412 113	4.99%
CIMR	8 213 251	3.93%
MAMDA/MCMA Group**	10 469 117	5.01%
Others	**37 319 737**	**17.88%**
BANK OF AFRICA staff	2 231 883	1.07%
Miscellaneous and free float	35 087 854	16.81%
Total	208 769 827	100%

Source: Bank Of Africa

The reported shareholder breakdown is based on:
- Information provided by BOA custodian bank for shareholders whose securities are deposited with BOA
- Blocking certificates received by the mixed shareholder meeting of 20 June 2023
- Shareholder declarations if there is no blocking certificate
(*) including shares held by RMA's specialised mutual funds (2,975,095 shares)
(**) Breakdown of MAMDA/MCMA Group's shareholding as declared by shareholder:
MCMA: 6,378,938
MAC: 4,090,179

Table 2: Shareholder breakdown at 12/10/2023

Shareholder	12/10/2023 (*)	
	Number of shares	% of share capital
Controlling interest	**75 470 702**	**35.50%**
RMA*	58 255 089	27.41%
O CAPITAL GROUP	15 226 909	7.16%
SFCM	1 988 704	0.94%
Long-term shareholders	**90 939 238**	**42.78%**
Banque Fédérative du Crédit Mutuel	52 200 985	24.56%
Caisse de Dépôt et de Gestion	17 666 678	8.31%
BRITISH INTERNATIONAL INVESTMENT Group plc	10 412 113	4.90%

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CIMR	10 659 462	5.01%
MAMDA/MCMA Group**	**46 155 702**	**21.71%**
Others	2 270 355	1.07%
BANK OF AFRICA staff	43 885 347	20.65%
Miscellaneous and free float	212 565 642	100%

Source: Bank Of Africa

The reported shareholder breakdown is based on:
- Information provided by BOA custodian bank for shareholders whose securities are deposited with BOA
- Declarations received on behalf of shareholders whose securities are not deposited with BOA

(*) including shares held by RMA's specialised mutual funds (3,029,186 shares)
(**) Breakdown of MAMDA/MCMA Group's shareholding: for MAC: 4,164,545 shares, for MCMA: 6,494,917 shares

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2. Board of Directors

Table 3: Board members (November 2023)

Director	Date initially appointed	Description	Term of office expiry
Mr Othman BENJELLOUN	1995	Chairman & Chief Executive Officer	AGM convened to approve the financial statements 2024
RMA *represented by Mr Azeddine GUESSOUS*	1994	31 January 2023, RMA informed BANK OF AFRICA of a change in its permanent representative with the appointment of Mr Azeddine GUESSOUS.	AGM convened to approve the financial statements 2024
BANQUE FEDERATIVE DU CREDIT MUTUEL *(Crédit Mutuel/Alliance Fédérale Group holding company)* *represented by Mr Lucien MIARA*	2005	Mr Lucien MIARA is the permanent representative of Banque Fédérative du Crédit Mutuel, a BANK OF AFRICA shareholder. He has spent his entire career at Crédit Mutuel- Alliance Fédérale Group.	AGM convened to approve the financial statements 2025
CAISSE DE DEPOT ET DE GESTION *represented by Mr* Khalid SAFIR	2010	CDG had a seat on BANK OF AFRICA's Board of Directors from 1966 to 1997 before being reappointed at the Annual General Meeting of 26 May 2010. Mr Khalid SAFIR is Chief Executive Officer of CDG since July 2022, a BANK OF AFRICA shareholder.	AGM convened to approve the financial statements 2027
O CAPITAL GROUP *represented by* Mr Hicham EL AMRANI	2001	O Capital Group resulted from the acquisition, in May 2021, of FinanceCom by Holding Benjelloun Mezian. FinanceCom was a Director of the Bank from 2001 to 2021.	AGM convened to approve the financial statements 2026
Mr Azeddine GUESSOUS	2017	Mr Azeddine GUESSOUS sat on the Board as an *Intuitu Personae* Director from 2005 to 2008, then as RMA's permanent representative, before being reappointed as an *Intuitu Personae* Director in 2017. In January 2023, he was reappointed as RMA's permanent representative.	AGM convened to approve the financial statements 2028
British International Investment (CDC Ltd) *represented by Mr* MARC BEAUJEAN	2019	M. Marc BEAUJEAN is a Director of BANK OF AFRICA and British International Investment's representative. He is the founder, in 2019, and principal partner of Beaujean & Partners, a strategic consulting firm specialising in banking and insurance.	AGM convened to approve the financial statements 2023

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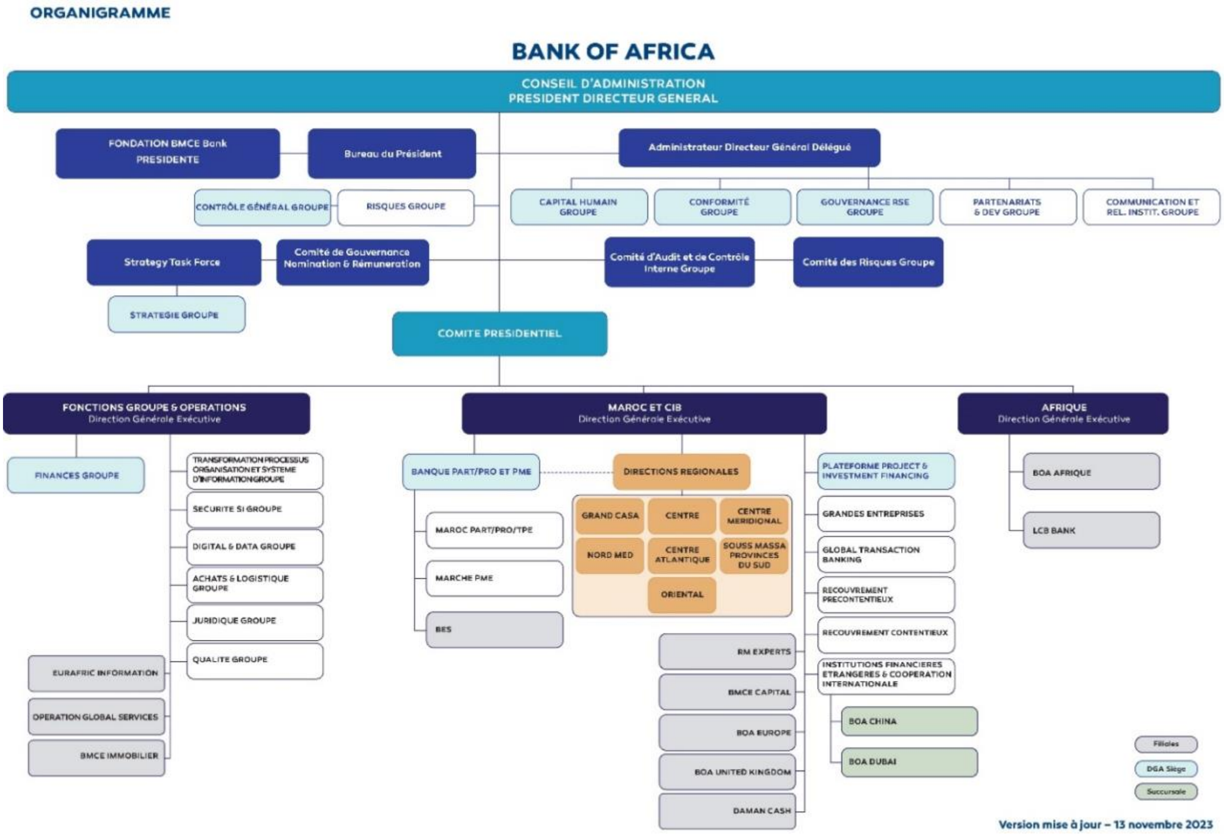
Mr Mohamed KABBAJ	2021	Independent Director Mr Mohamed KABBAJ was a Director of the Bank between 1997 and 2000	AGM convened to approve the financial statements 2026
Mrs Nezha LAHRICHI	2021	Independent Director	AGM convened to approve the financial statements 2026
Mrs Ngozi EDOZIEN	2023	Independent Director	AGM convened to approve the financial statements 2028
Mrs Laureen KOUASSI-OLSSON	2023	Independent Director	AGM convened to approve the financial statements 2028
Mr Abdou BENSOUDA	2018	*Intuitu Personae* Director Director of O Capital Group, one of BANK OF AFRICA's key shareholders	AGM convened to approve the financial statements 2023
Mr Brahim BENJELLOUN TOUIMI	2004	Director and General Manager Chairman of the Board of BOA GROUP (Luxembourg)	AGM convened to approve the financial statements 2027
Mrs Myriem BOUAZZAOUI	2021	*Intuitu Personae* Director Chief Executive Officer of BMCE Capital Gestion	AGM convened to approve the financial statements 2026
Mr Brian HENDERSON		Adviser to the Chairman	

Source: Bank Of Africa

III. BANK OF AFRICA's organisational structure (13 November 2023)



Source: Bank Of Africa

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IV. Business activity

1. Loan growth

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

Table 4: Net loans by customer type for the period 2022-H1 2023

MAD M	2022	June 23	Change
Loans and advances to credit and similar institutions	**30 627**	**32 139**	**4.94%**
Loans and advances to customers	**132 708**	**135 365**	**2.00%**
Operating loans	34 117	34 709	1.74%
Consumer loans	7 870	8 018	1.88%
Equipment loans	20 898	24 502	17.24%
Property loans	41 210	41 131	0.79%
Other loans	20 238	18 632	-7.93%
Accounts receivable acquired through factoring	2 745	2 948	7.39%
Accrued interest receivable	659	720	9.40%
Non-performing loans	4 970	5 027	1.15%
Total loans	**163 335**	**167 504**	**2.55%**

Source: BANK Of Africa –parent company [6]

At 30 June 2023, outstanding loans rose by 2.55% to MAD 167,504 million. This was primarily due to a 4.94% increase to MAD 32,139 million in loans and advances to credit and similar institutions.

Loans and advances to customers rose by 2% to MAD 135,365 million, primarily due to a 17.24% increase to MAD 24,502 million in equipment loans, a 1.88% rise to MAD 8,018 million in consumer loans and growth of 1.74% to MAD 34,709 million in operating loans.

2. Customer deposit growth

The following table shows customer deposit growth by product type for the period 2022-H1 2023:

Table 5: Customer deposit growth by product type:

MAD M	2022	June 23	Change
Sight deposits in credit	101 005	101 183	0.18%
Savings accounts	27 072	27 435	1.34%
Term deposits	23 234	18 029	-22.40%
Other accounts in credit	4 318	3 768	-12.74%
Accrued interest payable	259	245	-5.30%
Total customer deposits	**155 888**	**150 660**	**-3.35%**

Source: BANK Of Africa – parent company

At 30 June 2023, customer deposits fell by 3.35% to MAD 150,660 million, mainly due to a 22.40% drop to MAD 18,028 millions in term deposits and a 12.74% decline in other accounts in credit to MAD 3,768 million.

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

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- **PART III: Financial information**

I. BANK OF AFRICA's consolidated financial position

1. BANK OF AFRICA's consolidated balance sheet under IFRS between 30/06/2022 and 30/06/2023:

The following table shows the consolidated income statement from 30 June 2022 to 30 June 2023:

Table 6: Changes in consolidated income statement between 30/06/2022 and 30/06/2023

MAD K	30/06/22	30/06/23	Change
Interest and similar income	7 943 002	9 470 922	19.24%
Interest and similar expenses	-2 221 144	-3 253 873	46.50%
NET INTEREST INCOME	**5 721 858**	**6 217 048**	**8.65%**
Fees received	1 833 571	2 290 823	24.94%
Fees paid	-338 041	-422 384	24.95%
FEE INCOME	**1 495 530**	**1 868 439**	**24.93%**
Net gains or losses resulting from net hedging positions			-
Net gains or losses on financial instruments at fair value through profit or loss	153 146	91 415	-40.31%
Net gains or losses on trading assets/liabilities	93 552	92 312	-1.33%
Net gains or losses on other assets/liabilities at fair value through profit or loss	59 594	-897	-101.51%
Net gains or losses on financial instruments at fair value through other comprehensive income	183 878	55 485	-69.83%
Net gains or losses on debt instruments through other comprehensive income			-
Remuneration of equity instruments (dividends) through other comprehensive income (non-recyclable)	183 878	55 485	-69.83%
Net gains or losses from available-for-sale financial assets			-
Net gains or losses from the derecognition of financial assets at amortised cost			-
Net gains or losses from reclassifying financial assets at amortised cost as financial assets at fair value though profit or loss			-
Net gains or losses from reclassifying financial assets through other comprehensive income as financial assets at fair value though profit or loss			-
Net income from insurance activities			-
Net income from other activities	435 330	393 863	-9.53%
Expenses from other activities	-235 487	-249 078	5.77%
NET BANKING INCOME	**7 754 255**	**8 377 172**	**8.03%**
General operating expenses	-3 488 534	-3 651 238	4.66%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-474 121	-422 128	-10.97%

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GROSS OPERATING INCOME	***3 791 600***	***4 303 806***	***13.51%***
Cost of risk	*-1 383 786*	*-1 505 150*	*8.77%*
OPERATING INCOME	***2 407 814***	***2 798 656***	***16.23%***
Share of earnings of companies accounted for using the equity method	*76 845*	*67 162*	*-12.60%*
Net gains or losses on other assets	*4 465*	*9 607*	*115.16%*
Changes in value of goodwill			-
PRE-TAX INCOME	***2 489 124***	***2 875 425***	***15.52%***
Corporate income tax	*-672 113*	*-798 062*	*18.74%*
NET INCOME	***1 817 011***	***2 077 363***	***14.33%***
Non-controlling interests	*548 976*	*663 003*	*20.77%*
NET INCOME attributable to shareholders of the parent company	**1 268 035**	**1 414 360**	***11.54%***

Source: BANK Of Africa

2. BANK OF AFRICA's consolidated balance sheet under IFRS at 2022-H1 2023

ASSETS (MAD K)	2022	June 23	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	18 425 856	16 656 252	*-9.60%*
Financial assets at fair value through profit or loss	0	-	
- Financial assets held for trading purposes	42 305 151	50 410 053	*19.16%*
- Financial assets at fair value through profit or loss	1 555 980	1 620 305	*4.13%*
Derivative hedging instruments			
Available-for-sale financial assets			
Financial assets at fair value through other comprehensive income			
- Debt instruments at fair value through other comprehensive income (recyclable)	553 274	366 991	*-33.67%*
- Equity instruments at fair value through other comprehensive income (non-recyclable)	5 575 246	5 560 381	*-0.27%*
Held-to-maturity investments			
Securities at amortised cost	51 299 202	52 364 913	*2.08%*
Loans and advances to credit and similar institutions at amortised cost	26 324 021	30 527 985	*15.97%*
Loans and advances to customers	209 469 232	209 614 258	*0.07%*
Revaluation adjustment (assets) for portfolios hedged against interest rate risk			
Financial investments from insurance operations			
Current tax assets	1 290 422	1 501 364	*16.35%*
Deferred tax assets	2 443 684	2 459 341	*0.64%*
Prepayments, accrued income and other assets	8 377 263	9 312 009	*11.16%*
Non-current assets held for sale		-	
Investments in companies accounted for using the equity method	1 215 549	1 193 938	*-1.78%*
Investment property	3 434 112	3 406 201	*-0.81%*
Property, plant and equipment	8 560 774	8 323 944	*-2.77%*
Intangible assets	1 292 679	1 341 872	*3.81%*

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Goodwill	1 032 114	1 032 114	*0.00%*
Total Assets	**383 154 559**	**395 691 919**	**3.27%**

Source: BANK OF AFRICA – consolidated financial statements under IFRS

LIABILITIES - MAD K	2022	June 23	Change
Amounts due to central banks, the Public treasury and postal cheque centre			
Financial liabilities measured using the fair value option through profit or loss			
- Financial liabilities held for trading purposes			
- Financial liabilities at fair value through profit or loss			
Derivative hedging instruments			
Debt securities issued	9 167 945	9 433 082	2.89%
Amounts due to credit and similar institutions	65 731 476	87 845 597	33.64%
Amounts due to customers	246 179 646	236 634 848	-3.88%
Revaluation adjustment (liabilities) on portfolios hedged against interest rate risk			
Current tax liabilities	1 551 727	1 848 030	19.10%
Deferred tax liabilities	1 179 479	1 173 441	-0.51%
Accruals, deferred income and other liabilities	13 942 922	13 820 205	-0.88%
Liabilities related to non-current assets held for sale			
Technical provisions for insurance contracts			
Provisions	1 458 938	1 482 662	1.63%
Subsidies - public funds and special guarantee funds			
Subordinated debt	12 100 668	11 554 642	-4.51%
TOTAL LIABILITIES	**351 312 800**	**363 792 508**	3.55%
Shareholders' equity			
Share capital and related reserves	19 975 690	20 660 756	3.43%
Consolidated reserves	0		
- Attributable to shareholders of the parent company	2 253 001	2 726 675	21.02%
- Non-controlling interests	4 878 592	5 232 778	7.26%
Gains and losses recognised directly in equity	**0**		
- Attributable to shareholders of the parent company	671 763	696 170	3.63%
- Non-controlling interests	522 540	505 669	-3.23%
Net income for the period	**0**		
- Attributable to shareholders of the parent company	2 304 613	1 414 360	-38.63%
- Non-controlling interests	1 235 561	663 003	-46.34%
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	**31 841 759**	**31 899 411**	0.18%
TOTAL LIABILITIES	**383 154 559**	**395 691 919**	**3.27%**

Source: BANK Of Africa – consolidated financial statements under IFRS

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3. BANK OF AFRICA's consolidated income statement at Q3 2023

Consolidated income statement under IFRS	30/09/2023	31/09/2022	Change
Interest and similar income	14 338 035	12 032 137	19.2%
Interest and similar expenses	-5 072 442	-3 443 236	47.3%
Net interest income	9 265 593	8 588 901	7.9%
Fees received	3 472 230	3 090 070	12.4%
Fees paid	-683 177	-733 912	-6.9%
FEE INCOME	2 789 053	2 356 158	18.4%
Net gains or losses resulting from net hedging positions	-	-	
Net gains or losses on financial instruments at fair value through profit or loss	157 972	-274 938	**<100%**
Net gains or losses on trading assets/liabilities	181 625	-358 964	**<100%**
Net gains or losses on other assets/liabilities at fair value through profit or loss	-23 653	84 026	**<100%**
Net gains or losses on financial instruments at fair value through other comprehensive income	201 389	198 191	1.6%
Net gains or losses on debt instruments through other comprehensive income			
Remuneration of equity instruments (dividends) through other comprehensive income (non-recyclable)	201 389	198 191	1.6%
Net gains or losses from the derecognition of financial assets at amortised cost			
Net gains or losses from reclassifying financial assets at amortised cost as financial assets at fair value though profit or loss			
Net gains or losses from reclassifying financial assets through other comprehensive income as financial assets at fair value though profit or loss			
Net income from insurance activities			
Net income from other activities	634 123	853 873	-25.7%
Expenses from other activities	-448 826	-367 491	22.1%
Net banking income	12 599 304	11 354 695	11.0%
General operating expenses	-5 788 960	-5 337 033	8.5%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-650 877	-692 166	-6.0%
Gross operating income	6 159 467	5 325 495	15.7%
Cost of risk	-2 065 615	-1 834 054	12.6%
Operating income	4 093 852	3 491 441	17.3%
Share of earnings of companies accounted for using the equity method	112 307	75 808,95	48.1%
Net gains or losses on other assets	30 578	7 803,86	**>100%**
Changes in value of goodwill		-	
Pre-tax income	4 236 737	3 575 054	18.5%
Corporate income tax	-1 075 569	-871 773	23.4%
Income net of tax from discontinued operations			
Net income	3 161 168	2 703 281	16.9%
Non-controlling interests	1 129 476	931 903	21.2%
Net income attributable to shareholders of the parent company	2 031 692	1 771 378	14.7%

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4. BANK OF AFRICA's consolidated balance sheet at Q3 2023

ASSETS UNDER IFRS	30/09/2023	31/12/2022	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	13 476 810	18 425 856	-26.9%
Financial assets at fair value through profit or loss	-	-	
- Financial assets held for trading purposes	50 962 818	42 305 151	20.5%
- Financial assets at fair value through profit or loss	1 677 669	1 555 980	7.8%
Derivative hedging instruments	-	-	
Financial assets at fair value through other comprehensive income	-	-	
- Debt instruments at fair value through other comprehensive income (recyclable)	361 232	553 274	-34.7%
- Equity instruments at fair value through other comprehensive income (non-recyclable)	5 548 674	5 575 246	-0.5%
Securities at amortised cost	50 886 528	51 299 202	-0.8%
Loans and advances to credit and similar institutions at amortised cost	30 246 692	26 324 021	14.9%
Loans and advances to customers at amortised cost	213 601 683	209 469 232	2.0%
Revaluation adjustment for portfolios hedged against interest rate risk	-	-	
Financial investments from insurance operations	-	-	
Current tax assets	1 604 774	1 290 422	24.4%
Deferred tax assets	2 494 923	2 443 684	2.1%
Prepayments, accrued income and other assets	8 670 721	8 377 263	3.5%
Non-current assets held for sale	-	-	
Investments in companies accounted for using the equity method	940 229	1 215 549	-22.6%
Investment property	3 269 903	3 434 112	-4.8%
Property, plant and equipment	8 530 864	8 560 774	-0.3%
Intangible assets	1 480 121	1 292 679	14.5%
Goodwill	1 018 097	1 032 114	-1.4%
TOTAL ASSETS UNDER IFRS	**394 771 738**	**383 154 559**	**3.0%**

Source: Bank Of Africa – consolidated financial statements under IFRS

LIABILITIES UNDER IFRS	30/09/2023	31/12/2022	Change
Amounts due to central banks, the Public treasury and postal cheque centre			
Financial liabilities measured using the fair value option through profit or loss			
- Financial liabilities held for trading purposes	-		
- Financial liabilities at fair value through profit or loss	-		
Derivative hedging instruments			
Debt securities issued	**10 447 560**	**9 167 945**	**14.0%**
Amounts due to credit and similar institutions	**86 703 285**	**65 731 476**	**31.9%**
Amounts due to customers	**232 776 358**	**246 179 646**	**-5.4%**
Revaluation adjustment on portfolios hedged against interest rate risk		**-**	
Current tax liabilities	**1 986 137**	**1 551 727**	**28.0%**
Deferred tax liabilities	**1 178 043**	**1 179 479**	**-0.1%**
Accruals, deferred income and other liabilities	**15 167 810**	**13 942 922**	**8.8%**
Liabilities related to non-current assets held for sale		**-**	
Liabilities under insurance contracts		**-**	
Provisions	**1 505 011**	**1 458 938**	**3.2%**
Subsidies - public funds and special guarantee funds		**-**	
Subordinated debt	**11 582 489**	**12 100 668**	**-4.3%**
TOTAL LIABILITIES	**361 346 693**	**351 312 800**	**2.9%**
Shareholders' equity			
Share capital and related reserves	**20 663 556**	**19 975 690**	**3.4%**
Consolidated reserves		**-**	
- Attributable to shareholders of the parent company	**3 090 201**	**2 253 001**	**37.2%**
- Non-controlling interests	**5 279 513**	**4 878 592**	**8.2%**
Gains and losses recognised directly in equity		**-**	
- Attributable to shareholders of the parent company	**722 810**	**671 763**	**7.6%**
- Non-controlling interests	**507 797**	**522 540**	**-2.8%**

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Net income for the period		**-**	
- Attributable to shareholders of the parent company	**2 031 692**	**2 304 613**	**- 11.8%**
- Non-controlling interests	**1 129 476**	**1 235 561**	**-8.6%**
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	**33 425 045**	**31 841 759**	**5.0%**
TOTAL LIABILITIES UNDER IFRS	**394 771 738**	**383 154 559**	**3.0%**

Source: Bank Of Africa – consolidated financial statements under IFRS

II. BANK OF AFRICA parent company's financial position

1. BANK OF AFRICA parent company's income statement at 30 June 2023

	30/06/2022	30/06/2023	Change
OPERATING INCOME FROM BANKING OPERATIONS	**6 781 402**	**7 591 843**	**11.95%**
Interest, remuneration and similar income from transactions with credit institutions	198 747	419 446	111.05%
Interest, remuneration and similar income from transactions with customers	2 669 504	2 975 990	11.48%
Interest and similar income from debt securities	328 135	689 064	109.99%
Income from equity securities and Sukuk certificates	659 923	686 970	4.10%
Income from *Mudarabah* and *Musharakah* securities	-		
Income from lease-financed non-current assets	10 120	19 430	92.00%
Income from *Ijarah* assets	-		
Fee income	628 330	664 781	5.80%
Other banking income	2 286 643	2 136 162	-6.58%
Transfer of expenses on investment deposits received	-		
OPERATING EXPENSES ON BANKING OPERATIONS	**2 972 262**	**3 638 782**	**22.42%**
Interest and expenses on transactions with credit and similar institutions	329 231	894 166	171.59%
Interest and expenses on transactions with customers	422 878	588 362	39.13%
Interest and similar expenses on debt securities issued	260 717	310 327	19.03%
Expenses on *Mudarabah* and *Musharakah* securities	-	-	
Expenses on lease-financed non-current assets	9 871	16 605	68.22%
Expenses on *Ijarah* assets	-		
Other banking expenses	1 949 565	1 829 322	-6.17%
Transfer of income on investment deposits received	1	-	
NET BANKING INCOME	**3 809 140**	**3 953 061**	**3.78%**
Non-banking operating income	53 365	32 305	-39.46%
Non-banking operating expenses	16 240	59 700	267.61%
GENERAL OPERATING EXPENSES	**1 781 665**	**1 776 750**	**-0.28%**
Employee expenses	864 404	819 975	-5.14%
Taxes other than on income	49 536	55 405	11.85%
External expenses	732 949	795 662	8.56%
Other general operating expenses	4 000	4 065	1.63%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	130 776	101 643	-22.28%
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**902 833**	**762 994**	**-15.49%**
Provisions for non-performing loans and signature loans	648 915	671 287	3.45%
Losses on irrecoverable loans	238 478	57 464	-75.90%

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Other provisions	15 440	34 243	121.78%
WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**335 534**	**264 739**	**-21.10%**
Write-backs for non-performing loans and signature loans	326 988	142 851	-56.31%
Amounts recovered on impaired loans	8 536	16 364	91.71%
Other write-backs	10	105 524	1055140.00%
INCOME FROM ORDINARY OPERATIONS	**1 497 301**	**1 650 661**	**10.24%**
Non-recurring income	66 676	66 263	-0.62%
Non-recurring expenses	140 565	131 822	-6.22%
PRE-TAX INCOME	**1 422 412**	**1 585 102**	**11.44%**
Corporate income tax	285 361	384 443	34.72%
NET INCOME FOR THE YEAR	**1 137 051**	**1 200 659**	**5.59%**

2. BANK OF AFRICA parent company's consolidated balance sheet at 30 June 2023

ASSETS - MAD K	31/12/2022	30/06/2023	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	**5 872 022**	**4 782 577**	-18.55%
Loans and advances to credit and similar institutions	**26 718 136**	**29 876 778**	11.82%
Sight	5 579 695	9 055 093	62.29%
Fixed term	21 138 441	20 821 685	-1.50%
Loans and advances to customers	**129 962 437**	**132 416 858**	1.89%
Cash and consumer loans and participatory financing arrangements	42 284 899	43 052 867	1.82%
Equipment loans and participatory financing arrangements	21 174 518	24 818 709	17.21%
Mortgage loans and participatory financing arrangements	41 291 221	40 881 527	-0.99%
Other loans and participatory financing arrangements	25 211 799	23 663 755	-6.14%
Factoring receivables	**2 745 439**	**2 947 882**	7.37%
Trading and available-for-sale securities	**44 009 829**	**51 568 788**	17.18%
Treasury bonds and similar assets	27 732 651	35 905 931	29.47%
Other debt securities	188 547	628 460	233.32%
Equity securities	16 068 557	15 014 323	-6.56%
Sukuk certificates	20 074	20 074	0.00%
Other assets	**8 073 212**	**9 138 474**	13.20%
Investment securities	**12 644 762**	**14 313 368**	13.20%
Treasury bonds and similar assets	8 630 225	10 420 986	20.75%
Other debt securities	4 014 537	3 892 382	-3.04%
Sukuk certificates	-		
Investments in associates and similar assets	**12 942 537**	**13 187 008**	1.89%
Investments in related companies	9 585 309	9 838 724	2.64%
Other equity securities and similar assets	3 357 228	3 348 284	-0.27%
Mudarabah and *Musharakah* securities	-		
Subordinated loans	**199 866**	**191 787**	-4.04%

Investment deposits given	-		
Leased and rented assets	**369 854**	**339 749**	-8.14%
***Ijara* assets**	-		
Intangible assets	**439 757**	**560 173**	27.38%
Property, plant and equipment	**2 749 665**	**2 723 501**	-0.95%
Total Assets	**246 727 516**	**262 046 943**	**6.21%**

LIABILITIES - MAD K	2022	30/06/2023	Change
Amounts due to central banks, the Public treasury and postal cheque centre			
Amounts due to credit and similar institutions	**41 534 120**	**63 156 942**	52.06%
Sight	4 094 472	11 423 037	178.99%
Fixed term	37 439 648	51 733 905	38.18%
Customer deposits	**155 887 985**	**150 660 468**	-3.35%
Sight deposit accounts in credit	101 020 870	101 196 273	0.17%
Savings accounts	27 127 818	27 502 834	1.38%
Term deposits	23 421 263	18 193 414	-22.32%
Other accounts in credit	4 318 034	3 767 947	-12.74%
Amounts due to customers on participatory products	0	0	
Debt securities issued	**6 473 177**	**6 638 489**	2.55%
Negotiable debt securities	6 473 177	6 638 489	2.55%
Bonds	0	0	
Other debt securities issued	0	0	
Other liabilities	**7 513 296**	**6 507 625**	-13.39%
Provisions, contingent liabilities	**1 447 348**	**1 463 473**	1.11%
Statutory provisions	270 073	203 810	-24.54%
Subsidies, public funds and special guarantee funds	0	0	
Subordinated debt	**12 100 668**	**11 554 642**	-4.51%
Investment deposits received	**0**	**0**	
Revaluation reserve	**0**	**0**	
Reserves and premiums related to capital	**17 887 993**	**18 573 058**	3.83%
Share capital	**2 087 698**	**2 087 698**	0.00%
Shareholders, unpaid share capital (-)	**0**		
Retained earnings (+/-)	**65**	**79**	21.54%
Net income to be appropriated (+/-)	**0**		
Net income for the year (+/-)	**1 525 093**	**1 200 659**	-21.27%
Total Liabilities	**246 727 516**	**262 046 943**	**6.21%**

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5. BANK OF AFRICA parent company's income statement at Q3 2023

	30/09/2022	30/09/2023	Change
OPERATING INCOME FROM BANKING OPERATIONS	**10 450 856**	**11 145 957**	**6.65%**
Interest, remuneration and similar income from transactions with credit institutions	357 852	635 330	77.54%
Interest, remuneration and similar income from transactions with customers	4 047 896	4 567 676	12.84%
Interest and similar income from debt securities	530 464	1 070 083	101.73%
Income from equity securities and Sukuk certificates	676 665	704 919	4.18%
Income from *Mudarabah* and *Musharakah* securities	-	-	
Income from lease-financed non-current assets	16 352	29 045	77.62%
Income from *Ijarah* assets	-	-	
Fee income	955 281	997 813	4.45%
Other banking income	3 866 346	3 141 089	-18.76%
Transfer of expenses on investment deposits received	-	-	
OPERATING EXPENSES ON BANKING OPERATIONS	**5 435 445**	**5 628 524**	**3,55%**
Interest and expenses on transactions with credit and similar institutions	561 465	1 474 868	162.68%
Interest and expenses on transactions with customers	636 727	952 955	49.66%
Interest and similar expenses on debt securities issued	407 612	507 647	24.54%
Expenses on *Mudarabah* and *Musharakah* securities	-	-	
Expenses on lease-financed non-current assets	14 715	25 246	71.57%
Expenses on *Ijarah* assets	-	-	
Other banking expenses	3 814 926	2 667 808	-30.07%
Transfer of income on investment deposits received	-	-	
NET BANKING INCOME	**5 015 411**	**5 517 433**	**10,01%**
Non-banking operating income	353 327	64 549	-81.73%
Non-banking operating expenses	18 112	62 603	245.64%
GENERAL OPERATING EXPENSES	**2 720 772**	**2 674 800**	**-1.69%**
Employee expenses	1 296 711	1 264 055	-2.52%
Taxes other than on income	72 477	57 833	-20.21%
External expenses	1 167 825	1 184 326	1.41%
Other general operating expenses	6 000	6 065	1.08%
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	177 759	162 521	-8.57%
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**1 275 322**	**1 101 679**	**-13.62%**
Provisions for non-performing loans and signature loans	963 691	1 004 292	4.21%
Losses on irrecoverable loans	247 664	71 424	-71.16%
Other provisions	63 967	25 962	-59.41%
WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**375 435**	**316 687**	**-15.65%**
Write-backs for non-performing loans and signature loans	365 681	188 773	-48.38%
Amounts recovered on impaired loans	9 629	22 390	132.53%
Other write-backs	125	105 524	84319.20%
INCOME FROM ORDINARY OPERATIONS	**1 729 967**	**2 059 587**	**19.05%**

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Non-recurring income	98 515	99 394	0.89%
Non-recurring expenses	210 848	311 744	47.85%
PRE-TAX INCOME	**1 617 634**	**1 847 237**	**14.19%**
Corporate income tax	265 420	494 360	86.26%
NET INCOME FOR THE YEAR	**1 352 214**	**1 352 877**	**0.05%**

6. BANK OF AFRICA parent company's balance sheet at Q3 2023

ASSETS	31/12/2022	30/09/2023	Change
Cash and balances at central banks, the Public treasury and postal cheque centre	**5 872 022**	**3 498 466**	**-40.42%**
Loans and advances to credit and similar institutions	**26 718 136**	**27 920 441**	**4.50%**
Sight	5 579 695	4 746 422	-14.93%
Fixed term	21 138 441	23 174 018	9.63%
Loans and advances to customers	**129 962 437**	**135 737 133**	**4.44%**
Cash and consumer loans and participatory financing arrangements	42 284 899	40 742 986	-3.65%
Equipment loans and participatory financing arrangements	21 174 518	26 615 560	25.70%
Mortgage loans and participatory financing arrangements	41 291 221	41 032 478	-0.63%
Other loans and participatory financing arrangements	25 211 799	27 346 108	8.47%
Factoring receivables	**2 745 439**	**3 002 963**	**9.38%**
Trading and available-for-sale securities	**44 009 829**	**51 661 121**	**17.39%**
Treasury bonds and similar assets	27 732 651	35 466 428	27.89%
Other debt securities	188 547	650 302	244.90%
Equity securities	16 068 557	15 524 318	-3.39%
Sukuk certificates	20 074	20 074	0.00%
Other assets	**8 073 212**	**8 277 065**	**2.53%**
Investment securities	**12 644 762**	**14 431 144**	**14.13%**
Treasury bonds and similar assets	8 630 225	10 457 592	21.17%
Other debt securities	4 014 537	3 973 553	-1.02%
Sukuk certificates	-		
Investments in associates and similar assets	**12 942 537**	**13 280 017**	**2.61%**
Investments in related companies	9 585 309	9 767 281	1.90%
Other equity securities and similar assets	3 357 228	3 512 736	4.63%
Mudarabah and *Musharakah* securities	-		
Subordinated loans	**199 866**	**193 292**	**-3.29%**
Investment deposits given	**-**		
Leased and rented assets	**369 854**	**332 315**	**-10.15%**
***Ijara* assets**	**-**		
Intangible assets	**439 757**	**650 838**	**48.00%**
Property, plant and equipment	**2 749 665**	**2 780 387**	**1.12%**
Total Assets	**246 727 516**	**261 765 183**	**6.09%**

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LIABILITIES	31/12/2022	30/09/2023	Change
Amounts due to central banks, the Public treasury and postal cheque centre	-		
Amounts due to credit and similar institutions	**41 534 120**	**63 509 945**	**52.91%**
Sight	4 094 472	8 081 023	97.36%
Fixed term	37 439 648	55 428 921	48.05%
Customer deposits	**155 887 985**	**148 019 980**	**-5.05%**
Sight deposit accounts in credit	101 020 870	101 290 033	**0.27%**
Savings accounts	27 127 818	27 632 848	**1.86%**
Term deposits	23 421 263	14 771 381	**-36.93%**
Other accounts in credit	4 318 034	4 325 718	**0.18%**
Amounts due to customers on participatory products	-		
Debt securities issued	**6 473 177**	**7 247 440**	**11.96%**
Negotiable debt securities	6 473 177	7 247 440	11.96%
Bonds	-		
Other debt securities issued	-		
Other liabilities	**7 513 296**	**7 684 551**	**2.28%**
Provisions, contingent liabilities	**1 447 348**	**1 452 888**	**0.38%**
Statutory provisions	**270 073**	**251 378**	**-6.92%**
Subsidies, public funds and special guarantee funds	-		
Subordinated debt	**12 100 668**	**11 582 489**	**-4.28%**
Investment deposits received	-		
Revaluation reserve	-		
Reserves and premiums related to capital	**17 887 993**	**18 575 858**	**3.85%**
Share capital	**2 087 698**	**2 087 698**	**0.00%**
Shareholders, unpaid share capital (-)	-		
Retained earnings (+/-)	**65**	**79**	**21.54%**
Net income to be appropriated (+/-)	-		
Net income for the year (+/-)	**1 525 093**	**1 352 877**	**-11.29%**
Total Liabilities	**246 727 516**	**361 765 183**	**46.63%**

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PART III: Risks

I. Risks in connection with BANK OF AFRICA, the issuer and its industry

1. Counterparty risk management

Net loans distributed by the Bank (consolidated basis) to customers and to credit institutions totalled MAD 240.1 billion at 30 June 2023 versus MAD 235.7 billion at 31 December 2022.

Non-performing loan growth was consistent with that of overall loan growth, primarily due to the Group introducing its convergence policy and the stricter regulatory environment. The Group's non-performing loan ratio was broadly unchanged at 9.87% compared to 9.96% at 31 December 2022. The loan-loss coverage ratio stood at 66.8% at at 30 June 2023, an improvement on 31 December 2022 (65.9%).

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

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

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

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

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

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

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

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

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

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

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

<table>
<tr><th colspan="2">Category</th><th>Class</th><th>Definition</th></tr>
<tr><td rowspan="7">Investment grade</td><td rowspan="4">Investment grade</td><td>1</td><td>Extremely stable short- and medium-term; very stable long-term; solvent despite serious disruptions</td></tr>
<tr><td>2</td><td>Very stable short- and medium-term; stable long-term; sufficiently solvent despite persistently negative events</td></tr>
<tr><td>3</td><td>Solvent short- and medium-term despite significant difficulties; moderately negative developments can be withstood long-term</td></tr>
<tr><td>4</td><td>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</td></tr>
<tr><td rowspan="3">Risque moyen</td><td>5</td><td>Stable short-term; no expected change to threaten the loan in the coming year; can only withstand small negative developments medium-term</td></tr>
<tr><td>6</td><td>Ability limited to withstand unexpected negative developments</td></tr>
<tr><td>7</td><td>Ability very limited to withstand unexpected negative developments</td></tr>
<tr><td rowspan="4">Sub-investment grade</td><td rowspan="2">Sub-investment grade</td><td>8</td><td>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</td></tr>
<tr><td>9</td><td>Incapable of repaying interest and principal on time; fulfilling obligations dependent on favourable internal and external commercial and economic conditions</td></tr>
<tr><td rowspan="2">Risque très élevé</td><td>10</td><td>Very high risk of default; incapable of repaying interest and principal on time; partial default in repayment of interest and capital</td></tr>
<tr><td>11</td><td>Total default in repayment of interest and capital</td></tr>
</table>

<table>
<tr><td rowspan="8">“Healthy” ratings</td><td>1</td><td rowspan="8">Increasing probability of default (PD)</td></tr>
<tr><td>2</td></tr>
<tr><td>3</td></tr>
<tr><td>4</td></tr>
<tr><td>5</td></tr>
<tr><td>6</td></tr>
<tr><td>7</td></tr>
<tr><td>8</td></tr>
<tr><td rowspan="3">“In default” ratings</td><td>9</td><td>Pre-doubtful</td></tr>
<tr><td>10</td><td>Doubtful</td></tr>
<tr><td>11</td><td>Irrecoverable</td></tr>
</table>

Source: BANK OF AFRICA

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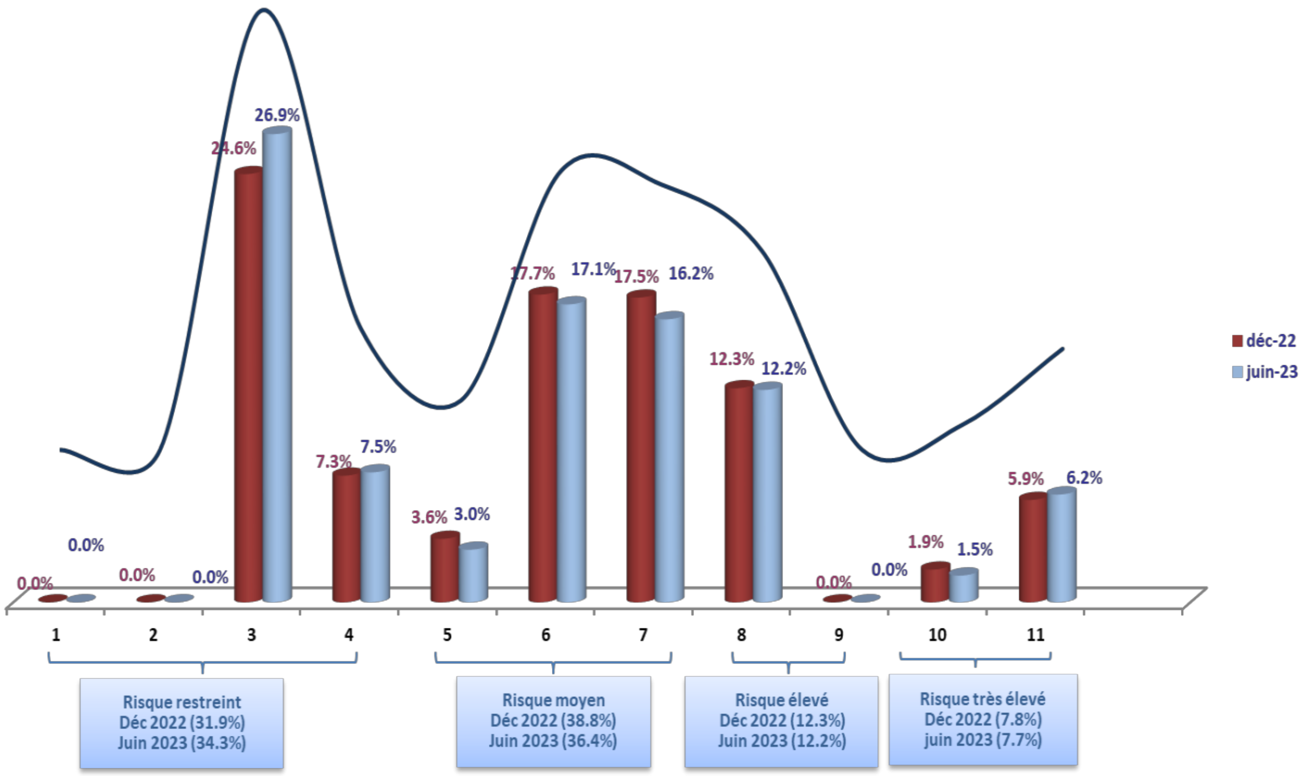
The following chart shows the breakdown of loan commitments by risk category at 30 June 2023:



Source: BANK OF AFRICA

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

2. Interest rate risk and liquidity risk

1. Liquidity risk analysis

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

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

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

There are two major sources of liquidity risk:

• The institution's inability to raise the required funds to deal with unexpected situations in the short term, such as a massive deposit withdrawal or a maximum drawdown of off-balance sheet commitments

• A mismatch of assets and liabilities or the financing of medium- or long-term assets by short-term liabilities. An acceptable liquidity level is a level that enables the Bank to finance asset growth and to fulfil its commitments when they are due, thereby protecting the Bank from any eventual crisis. Two indicators are used to evaluate the Bank's liquidity profile:

• The Liquidity Coverage Ratio (LCR), which stood at 180% on a consolidated basis at 31 December 2022, above the regulatory requirement of 100% set by Bank Al Maghrib.

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• The profile of static periodic or cumulative gaps in dirhams and in foreign currencies, which enables the Bank to measure the level of liquidity risk incurred over the short, medium and long term. This method is used to estimate asset-liability mismatches over different time periods and determine an appropriate hedging strategy.

Monetary liabilities stood at MAD 31,748 million with an equivalent duration of 35.26 days whilst liquid assets amounted to MAD 29,688.3 million at 31 December 2022. It is also worth pointing out that Treasury bonds accounted for 94.13% of the Bank's fixed income assets, implying almost full liquidity. This asset category amounted to MAD 27,650 million.

2. Interest rate risk analysis

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

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

Interest rate risk may be measured by conducting a series of simulation-based stress tests under a scenario in which interest rates are raised by 200 basis points as recommended by the Basel Committee. The Bank's strategy in terms of interest rate risk management is aimed at ensuring earnings stability when interest rates change, thereby protecting net interest income and optimising the economic value of equity.

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

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

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

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

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

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

Simulation-based stress tests are carried out to assess the impact from a change in interest rates on net interest income and on the economic value of equity. At 31 December 2022, if the trading book portfolio were excluded, the impact from a +200-basis points change in interest rates on net interest income was estimated to be negative MAD 0.023 billion or -0.52% of projected net interest income. The impact from a -200-basis points change was estimated to be positive MAD 0.018 billion or +0.41% of projected net interest income. The change in the economic value of equity, if the trading book portfolio were excluded, in the event of a 200-basis points shock, was estimated to be MAD 1.213 billion or 8.92% of regulatory capital.

Fixed income portfolio

At 30 June 2023, the fixed income portfolio had an average duration of 0.89 years and an average sensitivity of 0.86 years. Its market value was MAD 25,315 million.

A parallel +50 bps move in interest rates would result in an average loss of MAD 111.28 million.

A parallel +100 bps move in interest rates would result in an average loss of MAD 221.41 million.

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

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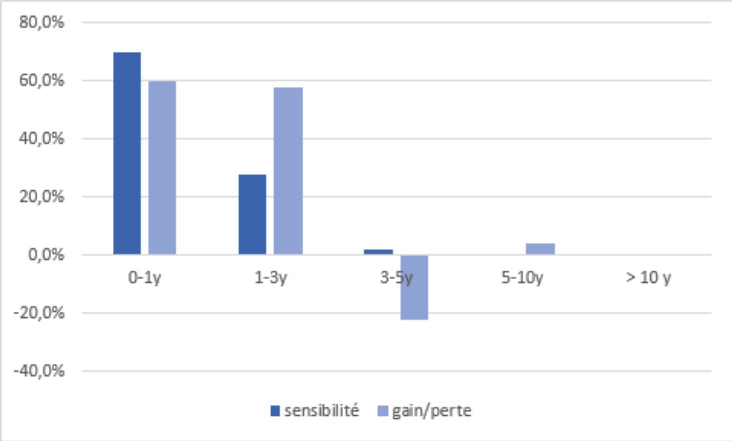

3. Foreign exchange risk

Table 1 Foreign exchange risk by currency

	Net long position*	Net short position*	% shareholders' equity
EUR	0.00	41.88	0.19%
LYD	0.01	0.00	0.00%
QAR	1.56	0.00	0.01%
BHD	0.10	0.00	0.00%
SEK	0.00	11.98	0.05%
CHF	0.00	12.91	0.06%
TND	0.00	1.31	0.01%
CAD	4.22	0.00	0.02%
DZD	0.29	0.00	0.00%
KWD	12.99	0.00	0.06%
SAR	6.68	0.00	0.03%
AED	136.44	0.00	0.61%
JPY	3.87	0.00	0.02%
DKK	0.00	15.68	0.07%
NOK	0.54	0.00	0.00%
USD	0.00	301.43	1.35%
GBP	1.29	0.00	0.01%

Source: Bank Of Africa

(*) Assets-liabilities in the same currency +/- net forward commitments +/- options delta (data at 30/06/2023)

The net balance of positions was as follows:

- For long positions: MAD 168 million or 0.7% of net shareholders' equity
- For short positions: MAD 385 million or 1.7% of net shareholders' equity

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

4. Regulatory risk

Local subsidiaries as well as the Economic Intelligence Centre continuously monitor regulatory developments in those countries in which the Group has operations. The results are regularly shared with the Risk departments, as part of the Group risk community, to estimate the potential impact on subsidiaries' loan portfolios and on the

Group as a whole. These factors are taken into consideration when setting exposure limits on a parent and consolidated basis.

Table 2 Capital adequacy ratio at 30 June 2023 (Basel III) on a consolidated basis

	Risk-weighted assets (MAD K)
Weighted credit risk	251 494 233
Weighted market risk	9 073 912
Weighted operational risk	26 867 167
Total risk-weighted assets	**287 435 312**

Source: BANK OF AFRICA

Table 3 Tier 1 capital ratio

	Total (MAD K)
Tier 1 capital	**28 138 817**
Total risk-weighted assets	**287 435 312**
Tier 1 capital ratio	**9.8%**

Source: BANK OF AFRICA

Table 4 Minimum capital adequacy ratio

	Total (MAD K)
Tier 1 capital	**25 138 817**
Eligible capital	**34 591 757**
Total risk-weighted assets	**287 435 312**
Minimum capital adequacy ratio	**12.0%**

Source: BANK OF AFRICA

The Bank's capital adequacy ratio, which reflects its ability to entirely meet its obligations out of shareholders' equity, remains above the regulatory minimum of 12%.

The minimum capital adequacy ratio is defined as being a ratio of at least 12% between total Tier 2 capital and the Bank's total risk-weighted exposure to credit, operational and market risks.

This ratio was 12% on a consolidated basis at 30 June 2023.

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

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

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The specific risks identified in relation to Pillar 2, for which capital requirements need to be potentially quantified, include the following: interest rate, liquidity, customer concentration, geographical concentration, sector concentration, country, structural exchange rate, non-compliance, legal, reputational, cyber and climate risk.

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

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

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

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

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

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

Table 5 Projected minimum capital adequacy ratio

Parent company	June-23	Dec-23	June-24	Dec-24
Core capital	**14 547**	**13 807**	**14 233**	**13 648**
Tier I capital	**17 547**	**17 307**	**18 733**	**18 148**
Tier II capital	**22 936**	**22 142**	**23 054**	**21 957**
Risk-weighted assets	**152 897**	**152 944**	**156 571**	**158 260**
CET 1 ratio	**9.5%**	**9.0%**	**9.1%**	**8.6%**
Tier 1 capital ratio	**11.5%**	**11.3%**	**12.0%**	**11.5%**
Capital adequacy ratio	**15.0%**	**14.5%**	**14.7%**	**13.9%**

Consolidated	June-23	Dec-23	June-24	Dec-24
Core capital	**25 139**	**26 514**	**28 539**	**30 119**
Tier I capital	**28 139**	**30 014**	**33 039**	**34 619**
Tier II capital	**34 592**	**35 913**	**38 425**	**39 491**
Risk-weighted assets	**287 435**	**297 878**	**306 175**	**314 032**
CET 1 ratio	**8.7%**	**8.9%**	**9.3%**	**9.6%**
Tier 1 capital ratio	**9.8%**	**10.1%**	**10.8%**	**11.0%**
Capital adequacy ratio	**12.03%**	**12.1%**	**12.5%**	**12.6%**

Source: BANK OF AFRICA

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

To comply with European regulations applicable in France, BANK OF AFRICA has embarked on a process of buying back shares held by BOA Holding Luxembourg in BOA France, approved by the Bank's Board of Directors with the prior approval of Bank Al-Maghrib. This procedure, which is being finalised with the European authorities, will remove any prospective regulatory constraint on BOA Holding Luxembourg, which will continue to be governed solely by Luxembourg law on commercial companies.

5. Operational risk

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

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

- Identify, analyse and appraise operational risks
- Appraise internal control procedures
- Monitor operational risks using alert indicators.
- Operational risk is managed by adopting preventive and/or corrective action to counter the major risks identified.

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

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

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

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

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

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Credit risk management system

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

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

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

BANK OF AFRICA is committed to complying with international tax transparency laws, particularly US FATCA legislation. The Group Compliance Division has established a system for complying with legal requirements by identifying customers who are 'US persons' and helping them complete the requisite procedures as well as the filings required by the US tax authorities. In 2022, BANK OF AFRICA implemented a series of initiatives, as a result of which its FATCA compliance system obtained 'Compliance' certification status without any 'Event Of Default' (unconditional certification). FATCA-eligible subsidiaries filed their declarations end-June 2022 in respect of the 2021 financial year.

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

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

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

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

• BANK OF AFRICA has a moral responsibility to enable its customers to access the funds that they have entrusted to it. Any breach of this obligation in times of crisis may have an impact on public order. This principle shall prevail above any other.

• BANK OF AFRICA must fulfil its obligations towards Morocco's interbank clearing system.

• BANK OF AFRICA intends, as a priority, to fulfil its existing legal and contractual obligations (relating to loans and other commitments) before assuming any other obligation.

• BANK OF AFRICA intends to maintain its international credibility by guaranteeing, as a priority, its commitments vis-à-vis foreign correspondents:

- ✓ BANK OF AFRICA Group's existing customers take priority over all others using its services
- ✓ Services are provided along the entire chain from front-office to back-office e.g. from branch level up until they are recognised in accounting terms.

IT risk

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

6. Non-operating asset risk

The Bank possesses a stock of non-operating property assets, acquired as dation-in-payment. The Bank is therefore exposed to the risk of not being able to sell these assets or having to dispose of them at a loss. BANK OF AFRICA's non-operating property portfolio was valued at MAD 5 billion at 31 December 2022, an amount which includes assets recognised under the Bank's non-operating assets as well as assets held by the Group's property subsidiaries.

7. Country risk

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

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

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

The Group's country risk policy comprises, in addition to the country risk management strategy, the principles for identifying, managing and controlling these risks as well as the organisational bodies responsible. The system for delegating and reducing exposure is the core feature of this managerial approach to risk prevention.

The system has been designed so as to be increasingly restrictive as country risk increases. The level of exposure is therefore calibrated to the level of country risk, reflected by the rating assigned to each country and the extent to which each Group entity is capitalised.

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

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

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

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

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

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

Developments in Ghana's economic and financial situation have been closely monitored, in particular, by monitoring the various stages of the country's debt restructuring programme, conducting specific stress tests ahead of implementing the necessary risk-mitigation strategies and booking adequate provisions in accordance with the statutory auditors' recommendations.

Furthermore, limits for high-risk countries have been maintained at current exposure levels with new transactions reported to the credit committee for its approval.

The Group monitors on an ongoing basis a possible contagion effect on countries with the same risk profile. The Group Risks department has therefore set up a list of countries on negative watch, which may be revised as a function of any changes to country risk indicators. This will enable the Bank to map those countries with a real risk of default.

8. Environmental-related financial risk

Appraising and managing environmental and social risks and impacts are an integral part of the overall risk management process for funded projects. It is essential for the sustainable and successful environmental performance of projects. The due diligence process implemented by BANK AFRICA aims to:

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

In first half 2023, no financial risk related to environmental issues was recorded.

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WARNING

The above information forms only part of the prospectus approved by the Moroccan Capital Markets Authority 28 November 2023, reference number VI/EM/032/2023.
The AMMC recommends that interested parties read the entire prospectus which is available to the general public in French.

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