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BANK OF AFRICA
BMCE GROUP

FINANCIAL COMMUNICATION

DECEMBER 31, 2023

BANK OF AFRICA

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

31 December 2023

BANK OF AFRICA
140, Avenue Hassan II
PO. BOX 20 039 Casa Principale
Phone: 05 22 20 04 92 / 96
Fax: 05 22 20 05 12
Capital: 2 125 656 420 MAD
Swift: bmce ma mc
Telex: 21.931 - 24.004
Trade Register: casa 27.129
CCP: Rabat 1030
CNSS: 10.2808.5
Tax Identification Number: 01085112
Trading tax: 35502790

GOVERNANCE AND CSR GROUP-FINANCIAL COMMUNICATION
Phone: 05 22 49 28 10
Fax: 05 22 26 49 65
E-mail: relationsinvestisseurs@bankofafrica.ma

BANK OF AFRICA WEBSITES : www.bankofafrica.ma
www.ir-bankofafrica.ma

INTERNATIONAL TRADE WEBSITE : www.bmcetrade.com

BMCE CAPITAL WEBSITE : www.bmcecapital.com

BANK OF AFRICA
BMCE GROUP

Summary

BANK OF AFRICA
BMCE GROUP

Established in 1959 and privatised in 1995, BANK OF AFRICA is a universal bank which offers a diversified range of products and services through a domestic network of 653 branches. BANK OF AFRICA, Morocco's third largest bank in terms of market share for deposits and loans, currently has operations in about thirty countries in sub-Saharan Africa, Europe and Asia.

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

The Group's activities in Morocco

BANK OF AFRICA's activities in Morocco include:

- Retail Banking, sub-divided by market specialisation - retail customers, professional banking customers, private clients and Moroccans living abroad;

- Corporate Banking, including SMEs and large enterprises.

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

- BMCE Capital, the Bank's investment banking subsidiary, is organised by business line on an integrated basis which include asset management, wealth management, brokerage and capital markets activities as well as M&A and other corporate advisory services.

- Specialised financial services, whose products are primarily marketed via the branch network, the aim being to develop intra-Group commercial and operational synergies – consumer credit, leasing, bank-insurance, factoring and vehicle leasing. RM Experts, subsidiary specialising in recovery, was established in 2010.

BANK OF AFRICA's international activities

BANK OF AFRICA set up a new subsidiary in January 2019, covering a full range of banking and processing services, as part of its ambition to improve the quality of its services. The Bank rapidly turned to international markets by building a strong presence in Europe. In 1972, it became the first Moroccan bank to open a branch in Paris. The Group's European activities are conducted through BANK OF AFRICA UK and BANK OF AFRICA Europe, which constitute the Group's European platform for investing in Africa.

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

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

Similarly, in Congo Brazzaville, BANK OF AFRICA acquired a stake in LCB BANK in 2003, which now stands at nearly 40%.

BANK OF AFRICA's development accelerated in 2008 following the acquisition of a 35% stake in BOA Group which has operations in some fifteen countries. BANK OF AFRICA has since increased its stake in the pan-African bank to 72,4%.

BANK OF AFRICA
BMCE GROUP

Fidaroc Grant Thornton

BDO

7, Boulevard Driss Slaoui
Casablanca

119 BdAbdelmoumen, 5ème Etage N° 39,
20360 Casablanca

GROUP BANK OF AFRICA BMCE GROUP

STATUTORY AUDITORS' LIMITED AUDIT CERTIFICATE RELATING TO THE PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2023

We have performed a limited audit of the provisional financial position of BANK OF AFRICA BMCE GROUP and its subsidiaries, comprising the consolidated statement of financial position, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and a selection of explanatory notes for the period from 1 January to 31 December 2023. This provisional financial position shows consolidated shareholders' equity of MAD 33.893.817 thousands, including consolidated net income of MAD 4.078.509 thousands.

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

BANK OF AFRICA BMCE Group possesses a stock of non-operating real estate assets, acquired as dation-in-payment, These assets represented a total of 5 billion dirhams as of end of 2023. In accordance with the applicable regulatory requirements, assets of MAD 1 billion were identified as presenting uncertainties about their resale value.

On the basis of our limited audit, we have not identified any items that lead us to believe that the attached consolidated financial statements do not give a true and fair view of income from operations over the period and of the financial position and assets of BANK OF AFRICA BMCE Group at 31 December 2023, in accordance with international accounting standards (IAS/IFRS).

Casablanca, 22 March 2024

The Statutory Auditors

FIDAROC GRANT THORNTON

FIDAROC GRANT THORNTON
Membre Grant Thornton International
7, Bd. Driss Slaoui - Casablanca
Tél : 05 22 54 48 00 - Fax : 05 22 29 66 70

Faïçal MEKOUAR
Associé

BDO SARL

B.D.O S.a.r.l
119, Bd Abdelmoumen
Casablanca
Tél:

Amine BAAKILI
Associé

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

1.1. CONSOLIDATED BALANCE SHEET

The consolidated financial statements at 31 December 2023 were approved by the board of directors on 22 March 2024.

ASSETS UNDER IFRS	Note	Dec-23	Dec-22
Cash and balances at central banks, the Public treasury and postal cheque centre	**4.1**	**18 474 878**	**18 425 856**
Financial assets at fair value through profit or loss		**-**	**-**
- Financial assets held for trading purposes	4.2	46 812 574	42 305 151
- Financial assets at fair value through profit or loss	4.2	1 716 731	1 555 980
Derivative hedging instruments		**-**	**-**
Financial assets at fair value through other comprehensive income		**-**	**-**
- Debt instruments at fair value through other comprehensive income (recyclable)	4.3	477 287	553 274
- Equity instruments at fair value through other comprehensive income (non-recyclable)	4.3	6 068 863	5 575 246
Securities at amortised cost	**4.4**	**50 152 565**	**51 299 202**
Loans and advances to credit and similar institutions at amortised cost	**4.5**	**25 409 242**	**26 324 021**
Loans and advances to customers at amortised cost	**4.5**	**212 196 303**	**209 469 232**
Revaluation adjustment for portfolios hedged against interest rate risk		**-**	**-**
Financial investments from insurance operations		**-**	**-**
Current tax assets	**4.8**	**1 098 772**	**1 290 422**
Deferred tax assets	**4.8**	**2 537 183**	**2 443 684**
Prepayments, accrued income and other assets	**4.9**	**7 822 343**	**8 377 263**
Non-current assets held for sale		**-**	**-**
Investments in companies accounted for using the equity method	**4.10**	**967 149**	**1 215 549**
Investment property	**4.11**	**3 381 408**	**3 434 112**
Property, plant and equipment	**4.11**	**8 642 451**	**8 560 774**
Intangible assets	**4.11**	**1 408 667**	**1 292 679**
Goodwill	**4.12**	**1 018 097**	**1 032 114**
TOTAL ASSETS UNDER IFRS		**388 184 512**	**383 154 559**

(In thousand MAD)

LIABILITIES UNDER IFRS	Note	Dec-23	Dec-22
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	**4.7**	**10 050 436**	**9 167 945**
Amounts due to credit and similar institutions	**4.5**	**73 195 714**	**65 731 476**
Amounts due to customers	**4.6**	**238 681 080**	**246 179 646**
Revaluation adjustment on portfolios hedged against interest rate risk		**-**	**-**
Current tax liabilities	**4.8**	**1 440 385**	**1 551 727**
Deferred tax liabilities	**4.8**	**1 166 946**	**1 179 479**
Accruals, deferred income and other liabilities	**4.9**	**15 945 325**	**13 942 922**
Liabilities related to non-current assets held for sale		**-**	**-**
Liabilities under insurance contracts		**-**	**-**
Provisions	**4.13**	**1 672 828**	**1 458 938**
Subsidies - public funds and special guarantee funds		**-**	**-**
Subordinated debt	**4.6**	**12 137 981**	**12 100 668**
TOTAL LIABILITIES		**354 290 695**	**351 312 800**
Shareholders' equity			
Share capital and related reserves		**20 661 573**	**19 975 690**
Consolidated reserves		**-**	**-**
- Attributable to shareholders of the parent company		2 680 849	2 253 001
- Non-controlling interests		5 217 456	4 878 592
Gains and losses recognised directly in equity		**-**	**-**
- Attributable to shareholders of the parent company		744 004	671 763
- Non-controlling interests		511 425	522 540
Net income for the period		**-**	**-**
- Attributable to shareholders of the parent company		2 662 160	2 304 613
- Non-controlling interests		1 416 350	1 235 561
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY		**33 893 817**	**31 841 759**
TOTAL LIABILITIES UNDER IFRS		**388 184 512**	**383 154 559**

(In thousand MAD)

1.2. CONSOLIDATED INCOME STATEMENT

	Note	Dec-23	Dec-22
Interest and similar income		19 374 050	16 863 155
Interest and similar expenses		-6 924 139	-4 940 870
Net interest income	**2,1**	**12 449 911**	**11 922 285**
Fees received		4 679 933	4 323 156
Fees paid		-928 406	-1 026 342
Fee income	**2,2**	**3 751 527**	**3 296 814**
Net gains or losses resulting from net hedging positions		-	-
Net gains or losses on financial instruments at fair value through profit or loss	**2,3**	**215 851**	**-172 119**
Net gains or losses on trading assets/liabilities		193 410	-281 121
Net gains or losses on other assets/liabilities at fair value through profit or loss		22 441	109 002
Net gains or losses on financial instruments at fair value through other comprehensive income	**2,4**	**225 460**	**201 412**
Net gains or losses on debt instruments through other comprehensive income			
Remuneration of equity instruments (dividends) through other comprehensive income (non-recyclable)		225 460	201 412
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	2,5	901 376	1 073 630
Expenses from other activities	2,5	-591 295	-697 614
Net banking income		**16 952 830**	**15 624 409**
General operating expenses	2 6	-7 899 389	-7 318 762
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2 6	-900 256	-962 165
Gross operating income		**8 153 185**	**7 343 481**
Cost of risk	2,7	-2 758 286	-2 646 347
Operating income		**5 394 899**	**4 697 135**
Share of earnings of companies accounted for using the equity method		142 674	142 334
Net gains or losses on other assets	2,8	-22 340	30 841
Changes in value of goodwill			-
Pre-tax income		**5 515 232**	**4 870 310**
Corporate income tax	2 9	-1 436 723	-1 330 135
Income net of tax from discontinued operations			
Net income		**4 078 509**	**3 540 174**
Non-controlling interests		1 416 350	1 235 561
Net income attributable to shareholders of the parent company		**2 662 160**	**2 304 613**

(In thousand MAD)

1.3. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	CHANGES IN EQUITY DEC 22							
	Share Capital	Reserves related to stock	Treasury stock	Reserves & consolidated earnings	Unrealised or deferred gains or losses	Shareholder's Equity attributable to parent	Non-controlling interests	Total
Ending balance of adjusted Shareholder's Equity 31.12.2021	**2 056 066**	**17 236 350**		**4 937 094**	**-421 840**	**23 807 669**	**5 691 448**	**29 499 117**
Change in the accounting methods								
Beginning Balance of Shareholder's Equity 01.01.2022	**2 056 066**	**17 236 350**		**4 937 094**	**-421 840**	**23 807 669**	**5 691 448**	**29 499 117**
Operations on capital	31 632	651 642		-683 274				
Share-based payment plans								
Operations on treasury stock								
Dividends				-817 552		-817 552	-580 526	-1 398 078
Net Income				**2 304 613**		**2 304 613**	**1 235 561**	**3 540 174**
Changes in assets and liabilities recognised directly in equity					-75 009	-75 009		-75 009
Transfer to earnings					80 796	80 796	280 538	361 334
Unrealized or deferred gains or losses					**5 787**	**5 787**	**280 538**	**286 325**
Change in the scope of consolidation								
Others				**-95 451**		**-95 451**	**9 672**	**-85 779**
Ending balance of Shareholder's Equity 31.12.2022	**2 087 698**	**17 887 992**		**5 645 430**	**-416 053**	**25 205 066**	**6 636 693**	**31 841 759**
Recognition of expected credit losses (on financial instruments)								
Beginning balance of Shareholder's Equity 01.01.2023	**2 087 698**	**17 887 992**		**5 645 430**	**-416 053**	**25 205 066**	**6 636 693**	**31 841 759**
Operations on capital	37 958	647 925		-685 883				
Share-based payment plans								
Operations on treasury stock								
Dividends				-850 262		-850 262	-628 172	-1 478 434
Net Income				**2 662 160**		**2 662 160**	**1 416 350**	**4 078 510**
Changes in assets and liabilities recognised directly in equity					40 148	40 148		40 148
Transfer to earnings					-530 604	-530 604	-388 629	-919 233
Unrealized or deferred gains or losses					**-490 456**	**-490 456**	**-388 629**	**-879 085**
Change in the scope of consolidation				**11 364**		**11 364**	**-19 980**	**-8 616**
Others				**210 713**		**210 713**	**128 970**	**339 683**
Ending balance of Shareholder's Equity 31.12.2023	**2 125 656**	**18 535 917**		**6 993 522**	**-906 509**	**26 748 586**	**7 145 231**	**33 893 817**

1.4. STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME

	Dec-23	Dec-22
Net income	**4 078 509**	**3 540 174**
Gains or losses recognised directly in other comprehensive income that will be subsequently reclassified under profit or loss	**-919 233**	**469 987**
Exchange differences	-919 233	469 987
Financial assets at fair value through other comprehensive income (recyclable)		
Revaluation adjustments		
Gains or losses recognised directly in other comprehensive income that will not be subsequently reclassified under profit or loss	**40 148**	**-94 553**
Actuarial gains or losses on defined benefit plans		
Items recognised at fair value through other comprehensive income (non-recyclable)	40 148	-94 553
Share of gains or losses recognised directly through other comprehensive income of companies accounted for using the equity method		
Total gains or losses recognised directly in other comprehensive income	**-879 085**	**375 434**
Net income and gains or losses recognised directly through other comprehensive income	**3 199 424**	**3 915 608**
Attributable to shareholders of the parent company	2 171 704	2 325 854
Non-controlling interests	1 027 720	1 589 754

(In thousand MAD)

BANK OF AFRICA
BMCE GROUP

1.5. STATEMENT OF CASH FLOWS AT 31 DECEMBER 2023

	NOTE	Dec-23	Dec-22
Pre-tax income		**5 515 232**	**4 870 310**
+/- Net depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2.6	706 460	712 693
+/- Net impairment of goodwill and other non-current assets		-	-
+/- Net impairment of financial assets	2.7	-132 044	15 527
+/- Net provisions	2.7	2 133 315	1 865 924
+/- Share of earnings of companies accounted for using the equity method	4.10	-142 674	-142 334
+/- Net gain/loss from investing activities		-132 696	-811 191
+/- Net gain/loss from financing activities		-	-
+/- Other movements		223 367	79 891
Total non-cash items included in pre-tax income and other adjustments		**2 655 729**	**1 720 508**
+/- Flows related to transactions with credit and similar institutions		5 658 544	-310 746
+/- Flows related to transactions with customers		-15 173 169	8 897 944
+/- Flows related to other transactions affecting financial assets or liabilities		612 553	-11 435 915
+/- Flows related to other transactions affecting non-financial assets or liabilities		2 194 004	2 065 565
+/- Taxes paid		-1 600 094	-1 387 781
Net increase/decrease in assets and liabilities from operating activities		**-8 308 162**	**-2 170 933**
Net cash flow generated by operating activities		**-137 201**	**4 419 885**
+/- Flows related to financial assets at fair value through other comprehensive income		-855 078	-2 005 313
+/- Flows related to investment property		28 256	126 205
+/- Flows related to plant, property and equipment and intangible assets		-1 022 900	-584 446
Net cash flow related to investing activities		**-1 821 466**	**-2 463 553**
+/- Cash flows from or to shareholders		-813 806	-2 239 621
+/- Other net cash flows from financing activities		828 851	-1 159 965
Net cash flow related to financing activities		**15 046**	**-3 399 586**
Effect of exchange rate changes on cash and cash equivalents		-1 004 358	729 444
Net increase/decrease in cash and cash equivalents		**-2 947 979**	**-713 810**
Cash and cash equivalents at beginning of year		**21 965 754**	**22 679 565**
Cash and balances at central banks, the Public treasury and postal cheque centre (assets and liabilities)	1.4	18 425 856	19 737 051
Sight deposits (assets and liabilities) and loans/borrowings with credit institutions		3 539 898	2 942 513
Cash and cash equivalents at end of year		**19 017 775**	**21 965 754**
Cash and balances at central banks, the Public treasury and postal cheque centre (assets and liabilities)	1.4	18 474 878	18 425 856
Sight deposits (assets and liabilities) and loans/borrowings with credit institutions		542 897	3 539 898
Net change in cash and cash equivalents		**-2 947 979**	**-713 811**

1.6. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

1.6.1. Applicable accounting standards

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

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

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

1.6.2. Consolidation principles

a. Scope of consolidation

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

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

- The subsidiary's total assets exceed 0.5% of the parent company's;

- The subsidiary's net assets exceed 0.5% of the parent company's;

- The subsidiary's banking income exceeds 0.5% of the parent company's ;

- "Cumulative" thresholds which ensure that the combined total of entities excluded from the scope of consolidation does not exceed 5% of the consolidated total.

b. Consolidation methods

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

At 31 December 2023, no Group subsidiary was jointly controlled.

c. Consolidation rules

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

Elimination of intragroup balances and transactions

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

Translation of financial statements prepared in foreign currencies

The Group's consolidated financial statements are prepared in dirhams. The financial statements of companies whose functional currency is not the dirham are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expenditures are translated at the average rate for the period.

d. Business combinations and measurement of goodwill

Cost of a business combination

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

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

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

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

Goodwill

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

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

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

Measurement of goodwill

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

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

At 31 December 2023, the Group carried out impairment tests to ensure that cash-generating units' carrying amount did not exceed their recoverable amount.

The recoverable amount of a cash-generating unit is the higher of the net fair value of the unit and its value in use. Fair value is the price that is likely to be obtained from selling the CGU in normal market conditions.

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

- If the subsidiary's recoverable amount is more than the carrying amount, then there is no reason to book an impairment charge;

- If the subsidiary's recoverable amount is less than the carrying amount, the difference is recognised as an impairment charge. It will be allocated to goodwill as a priority and subsequently to other assets on a pro-rata basis.

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

- A revenue-based approach, commonly known as the "dividend discount model", is a standard method used by the banking industry. The use of this method depends on the subsidiary's business plan and will value the subsidiary based on the net present value of future dividend payments. These flows are discounted at the cost of equity.

- The "discounted cash flow method" is a standard method for measuring firms in the services sector. It is based on discounting available cash flows at the weighted average cost of capital.

Step acquisitions

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

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

1.6.1.2. Financial assets and liabilities

a. Loans and receivables

Loans and receivables include credit provided by the Group.

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

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

b. Securities

Classification of securities

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

- Depreciated cost;

- Fair value through equity: changes in fair value of the financial instrument are impacted in «other items of the comprehensive income» («fair value by OCI»);

- Fair value through profit or loss: changes in the fair value of the instrument are impacted in net income.

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

- business model defined by the company

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

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

IFRS 9 distinguishes three management models:

- The collection of contractual cash flows, the business model «Collection»;

- The collection of contractual flows and the sale of assets, the model of management « Collection and Sale »;

- Other management intentions, i.e. the «Other / Sale» management model.

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

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

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

; or

- equity instruments (i.e. shares).

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

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

- always measured at fair value through profit or loss,

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

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

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

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

- under certain conditions when the liability contains embedded derivatives

; or

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

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

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

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

Temporary acquisitions and sales

Repurchase agreements

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

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

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

Securities lending and borrowing transactions

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

Date of recognition of securities transactions

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

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

These transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire or until the Group has substantially transferred all the risks and rewards related to ownership of the securities.

c. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies

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

d. Impairment and restructuring of financial assets

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

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

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

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

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

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

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

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

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

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

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

• Financial asset placed on the watchlist

• Reorganised due to payment difficulties, although not defaulting

• Past-due event

• There are material adverse changes in the borrower's economic, commercial or financial operating environment

• Risks of financial difficulties have been identified, etc.

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

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

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

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

Probabilities of Default (PD)

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

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

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

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

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

Loss Given Default (LGD)

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

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

Exposure At Default (EAD)

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

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

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

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

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

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

- When acquiring shares: all shares are considered as part of Bucket 1 regardless of the issuer's rating,

- In subsequent evaluations:

- In the event of a downgrade of the issuer's rating, the security changes to bucket 2

- On the basis of credit losses proven to be at maturity if the counterparty is in default - Bucket 3

Forbearance

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

Restructuring of assets classed as "Loans and receivables"

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

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

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

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

The discount is calculated as the difference between :

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

e. Issues of debt securities

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

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

f. Treasury shares

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

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

As of 31 December 2023, the Group does not hold any treasury shares.

g. Derivative instruments

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

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

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

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

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

i. Determining the fair value of financial instruments

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

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

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

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

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

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

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

j. Income and expenses arising from financial assets and liabilities

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

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

k. Cost of risk

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

l. Offsetting financial assets and liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6.1.3. Property plant and equipment and intangible assets

a. Property, plant and equipment

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

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

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

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

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

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

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

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

Component-based matrix adopted by BANK OF AFRICA

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

Impairment

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

b. Investment property

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

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

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

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

c. Intangible assets

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

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

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

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

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

1.6.1.4. Leases

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

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

a. Lessor accounting

Finance leases

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

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

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

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

Operating leases

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

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

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

b. Lessee accounting

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

Finance leases

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

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

The Operating leases

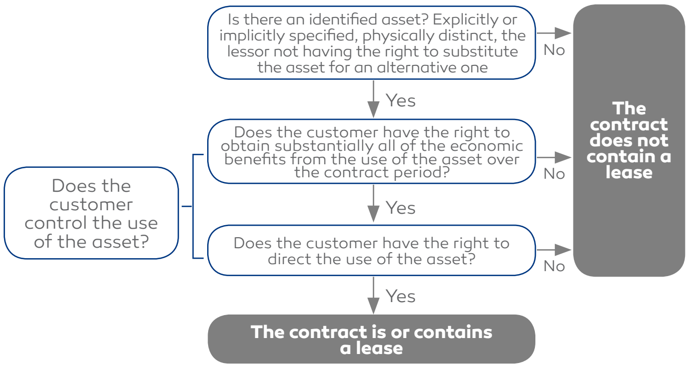
IFRS 16 'Leases' will supersede IAS 17 from 1 January 2019. It will change the way in which leases are accounted for.

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

Policies adopted

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

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



The contract does not contain a lease

The Group has adopted two simplification measures provided for under IFRS 16 regarding short-term contracts (up to 12 months) and contracts whose underlying assets are of limited value. The IASB recommends a guideline threshold of USD 5.000 or less.

The lease period

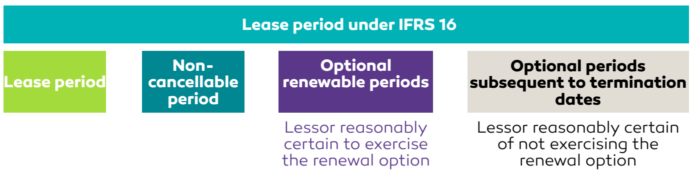
The period during which the Group has previously used particular types of property (leased or owned) and the underlying economic reasons thereof have been used to determine whether the group is reasonably certain of exercising an option or not.

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

- For commercial leases, a period of 9 years on average has been applied;

- For residential leases, a period of 3 years;

- For leased vehicles, the period applied is that of the contract.



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

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

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

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

At 31 December 2023, the Group did not recognise any assets as held for sale or discontinued activities

1.6.2. Employee benefits

Classification of employee benefits

a. Short-term benefits

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

b. Defined-contribution post-employment benefits

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

c. Defined-benefit post-employment benefits

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

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

d. Long-term benefits

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

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

e. Termination benefits

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

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

a. Calculation method

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

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

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

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

b. Accounting principles

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

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

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

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

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

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

1.6.3. Share-based payments

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

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

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

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

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

1.6.4. Provisions recorded under liabilities

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

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

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

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

- A present obligation towards a third party ;

- An outflow of resources is probable in order to settle the obligation;

- The amount can be estimated reliably.

1.6.5. Current and deferred taxes

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

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

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

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

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

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

IFRIC 23 interpretation:

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

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

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

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

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

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

1.6.6. Cash flow statement

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

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

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

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

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

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

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

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

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

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

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

- Goodwill impairment tests ;

- Provisions for employee benefits;

- The measurement of provisions for risks and charges.

II. NOTES TO THE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2023

2.1. NET INTEREST INCOME

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

	Dec-23			Dec-22		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	**12 522 804**	**3 389 201**	**9 133 603**	**11 028 835**	**2 901 832**	**8 127 003**
Deposits, loans and borrowings	11 877 025	3 224 231	8 652 794	10 354 978	2 861 887	7 493 091
Repurchase agreements		164 970	-164 970		39 945	-39 945
Finance leases	645 779		645 779	673 857		673 857
Interbank transactions	**1 504 841**	**2 708 255**	**-1 203 414**	**1 156 604**	**1 335 517**	**-178 913**
Deposits, loans and borrowings	1 482 632	1 721 779	-239 147	1 143 133	1 005 231	137 902
Repurchase agreements	22 209	986 476	-964 267	13 471	330 286	-316 815
Debt issued by the Group		**826 682**	**-826 682**		**703 521**	**-703 521**
Financial instruments at fair value through other comprehensive income						
Debt instruments	**5 346 404**		**5 346 404**	**4 677 716**		**4 677 716**
TOTAL INTEREST INCOME/(EXPENSE)	**19 374 050**	**6 924 139**	**12 449 911**	**16 863 155**	**4 940 870**	**11 922 285**

(In thousand MAD)

2.2. NET FEE INCOME

	Dec-23			Dec-22		
	Income	Expense	Net	Income	Expense	Net
Net fees on transactions	**3 715 703**	**367 879**	**3 347 824**	**3 457 864**	**418 568**	**3 039 296**
With credit institutions			-			-
With customers	2 311 862		2 311 862	2 081 485		2 081 485
In securities	216 372	77 272	139 100	223 752	64 947	158 805
In foreign exchange	1 187 469	290 607	896 862	1 152 627	353 621	799 006
In financial futures and off balance sheet transactions			-			-
Provision of banking and financial services	**964 230**	**560 527**	**403 703**	**865 292**	**607 774**	**257 518**
Net income from mutual fund management			-			-
Net income from means of payment	561 982	146 541	415 441	498 031	129 109	368 922
Insurance			-			-
Other	402 249	413 986	-11 738	367 261	478 665	-111 404
NET FEE INCOME	**4 679 933**	**928 406**	**3 751 527**	**4 323 156**	**1 026 342**	**3 296 814**

(In thousand MAD)

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

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

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

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

	Dec-23			Dec-22		
	Trading assets	Other assets at fair value through profit or loss	Total	Trading portfolio	Portfolio measured using the fair value option	Total
Fixed income and variable income securities	-50 156	22 441	-27 715	-331 591	109 002	-222 589
Derivative instruments	243 566		243 566	50 470		50 470
Repurchase agreements						
Loans						
Borrowings						
Revaluation of interest rate risk hedged portfolios						
Revaluation of foreign exchange positions						
TOTAL	**193 410**	**22 441**	**215 851**	**-281 121**	**109 002**	**-172 119**

(In thousand MAD)

2.4. REMUNERATION FROM EQUITY INSTRUMENTS THROUGH OTHER COMPREHENSIVE INCOME (NON-RECYCLABLE)

	Dec-23	Dec-22
Remuneration from equity instruments (dividends) through other comprehensive income (non-recyclable)	225 460	201 412
TOTAL	**225 460**	**201 412**

(In thousand MAD)

2.5. INCOME AND EXPENSES FROM OTHER ACTIVITIES

	Dec-23			Dec-22		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities						
Net income from investment property						
Net income from assets held under operating leases	384 227	127 736	256 491	286 542	117 770	168 772
Net income from real estate development activities						
Other banking income and expenses	361 695	372 615	-10 920	446 671	527 034	-80 363
Other non-banking income from operations	155 454	90 944	64 510	340 417	52 810	287 607
TOTAL NET INCOME FROM OTHER ACTIVITIES	**901 376**	**591 295**	**310 081**	**1 073 630**	**697 614**	**376 016**

(In thousand MAD)

2.6. GENERAL OPERATING EXPENSES

	Dec-23	Dec-22
Employee expenses	4 228 669	4 135 071
Taxes	341 305	288 265
External expenses	2 918 514	2 677 657
Other general operating expenses	410 902	217 769
Impairment and provisions for intangible assets and property, plant and equipment	900 256	962 165
General Operating Expenses	**8 799 645**	**8 280 927**

(In thousand MAD)

2.7. COST OF RISK

	Dec-23	Dec-22
Net impairment	**-1 848 769**	**-1 601 496**
Bucket 1	**-47 353**	**-409 793**
Including loans and advances to credit and similar institutions	-35	4 849
Including loans and advances to customers	-46 464	-161 375
Including off-balance sheet commitments	8 418	-2 253
Including debt instruments	-9 273	-251 014
Including debt instruments at fair value through other comprehensive income (recyclable)		
Bucket 2	**-118 634**	**53 411**
Including loans and advances to credit and similar institutions	-	-1 690
Including loans and advances to customers	-118 737	55 108
Including off-balance sheet commitments	103	-7
Including debt instruments	-	
Including debt instruments at fair value through other comprehensive income (recyclable)		
Bucket 3	**-1 682 782**	**-1 245 114**
Including loans and advances to credit and similar institutions	-122	-2 401
Including loans and advances to customers	-1 630 282	-1 162 182
Including off-balance sheet commitments	-52 377	-80 531
Including debt instruments	-	
Including debt instruments at fair value through other comprehensive income (recyclable)		
Amounts recovered on loans and advances	**207 102**	**133 919**
Losses on irrecoverable loans and advances	**-859 063**	**-895 980**
Other	**-257 556**	**-282 790**
Cost of risk	**-2 758 286**	**-2 646 347**

2.8. NET GAINS AND LOSSES ON OTHER ASSETS

	Dec-23	Dec-22
Property, plant and equipment and intangible assets used in business operations	**26 306**	**30 841**
Capital gains on disposal	26 306	30 841
Capital losses on disposal		
Other	-48 647	
Net gains or losses on other assets	**-22 340**	**30 841**

2.9. CORPORATE INCOME TAX

2.9.1. Current and deferred tax

	Dec-23	Dec-22
Current tax	1 098 772	1 290 422
Deferred tax	2 537 183	2 443 684
Current and deferred tax assets	**3 635 955**	**3 734 106**
Current tax	1 440 385	1 551 727
Deferred tax	1 166 946	1 179 479
Current and deferred tax liabilities	**2 607 331**	**2 731 205**

(In thousand MAD)

2.9.2. Net corporate income tax expense

	Dec-23	Dec-22
Current tax expense	-1 602 754	-1 190 118
Net deferred tax expense for the year	166 031	-140 017
Net corporate income tax expense	**-1 436 723**	**-1 330 135**

(In thousand MAD)

2.9.3. Effective tax rate

	Dec-23	Dec-22
Pre-tax income	5 515 232	4 870 310
Corporate income tax expense	-1 436 723	-1 330 135
Average effective tax rate	**26,1%**	**27,3%**

(In thousand MAD)

III. BUSINESS SEGMENT INFORMATION

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

- Banking in Morocco : BANK OF AFRICA;

- Asset management and Investment banking : BMCE Capital, BMCE Capital Bourse and BMCE Capital Gestion;

- Specialised financial services : Salafin, Maghrébail, Maroc Factoring, RM Experts and Acmar;

- International activities : Banque de Développement du Mali, BANK OF AFRICA Europe, BANK OF AFRICA UK, LCB Bank, and BOA Group.

3.1. INCOME BY BUSINESS SEGMENT

	Dec-23					
	BANKING IN MOROCCO	ASSET MANAGEMENT AND INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHER OPERATIONS	INTERNATIONAL OPERATIONS	TOTAL
Net interest income	5 177 163	58 222	549 693	-4 370	6 669 202	**12 449 911**
Fee income	1 271 025	163 676	42 069		2 274 757	**3 751 527**
Net banking income	**6 414 536**	**388 755**	**607 264**	**252 121**	**9 290 153**	**16 952 830**
General operating expenses and impairment	-3 630 361	-316 575	-257 957	-117 139	-4 477 613	**-8 799 645**
Gross operating income	**2 784 175**	**72 180**	**349 307**	**134 982**	**4 812 541**	**8 153 185**
Corporate income tax	-592 802	-52 559	-140 497	-8 575	-642 290	**-1 436 723**
Net income attributable to shareholders of the parent company	**869 535**	**89 406**	**119 379**	**13 431**	**1 570 409**	**2 662 160**

(In thousand MAD)

	Dec-22					
	BANKING IN MOROCCO	ASSET MANAGEMENT AND INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHER OPERATIONS	INTERNATIONAL OPERATIONS	TOTAL
Net interest income	5 380 072	14 428	647 955	-5 392	5 885 222	**11 922 285**
Fee income	1 196 321	169 444	37 329		1 893 720	**3 296 814**
Net banking income	**6 182 770**	**345 909**	**700 557**	**163 378**	**8 231 795**	**15 624 409**
General operating expenses and impairment	-3 304 538	-287 853	-259 881	-119 576	-4 309 079	**-8 280 927**
Gross operating income	**2 878 232**	**58 056**	**440 676**	**43 802**	**3 922 716**	**7 343 482**
Corporate income tax	-553 111	-54 330	-163 823	-6 091	-552 780	**-1 330 135**
Net income attributable to shareholders of the parent company	**815 696**	**85 711**	**127 626**	**20 280**	**1 255 299**	**2 304 613**

(In thousand MAD)

3.2. ASSETS AND LIABILITIES BY BUSINESS SEGMENT

	Dec-23					
	BANKING IN MOROCCO	ASSET MANAGEMENT AND INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHER OPERATIONS	INTERNATIONAL OPERATIONS	TOTAL
TOTAL ASSETS	**245 352 940**	**918 217**	**17 020 199**	**726 110**	**124 167 046**	**388 184 512**
ASSETS						
Financial assets at fair value through other comprehensive income	4 435 569	10 209	24 724	5 305	2 070 342	**6 546 150**
Loans and advances to customers at amortised cost	137 101 539		15 972 343	594 028	58 528 392	**212 196 303**
Financial assets at fair value through profit or loss	46 794 965	84 565	861		1 648 914	**48 529 305**
Securities at amortised cost	14 140 642				36 011 923	**50 152 565**
LIABILITIES						
Amounts due to customers	151 931 325		465 249	312 554	85 971 952	**238 681 080**
Shareholder's Equity	20 772 024	528 494	1 564 594	-287 505	11 316 210	**33 893 817**

(In thousand MAD)

	Dec-22					
	BANKING IN MOROCCO	ASSET MANAGEMENT AND INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHER OPERATIONS	INTERNATIONAL OPERATIONS	TOTAL
TOTAL ASSETS	**233 204 555**	**843 156**	**16 976 188**	**168 540**	**131 962 121**	**383 154 560**
ASSETS						
Financial assets at fair value through other comprehensive income	3 901 919	8 809	24 725	5 028	2 188 039	**6 128 520**
Loans and advances to customers at amortised cost	133 434 271		15 836 020	1	60 198 941	**209 469 233**
Financial assets at fair value through profit or loss	42 301 200	103 052	861		1 456 019	**43 861 132**
Securities at amortised cost	12 637 870				38 661 333	**51 299 202**
LIABILITIES						
Amounts due to customers	155 264 736		647 357		90 267 553	**246 179 646**
Shareholder's Equity	20 040 335	492 999	1 537 563	-236 899	10 007 762	**31 841 759**

(In thousand MAD)

BANK OF AFRICA
BMCE GROUP

IV. NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2023

4.1. CASH AND BALANCES AT CENTRAL BANKS, THE PUBLIC TREASURY AND POSTAL CHEQUE CENTRE

	Dec-23	Dec-22
CASH AND BALANCES	**4 401 685**	**4 942 621**
CENTRAL BANKS	14 035 066	13 467 863
PUBLIC TREASURY	33 450	10 695
POSTAL CHEQUE CENTRE	4 676	4 677
CENTRAL BANKS, PUBLIC TREASURY, POSTAL CHEQUE CENTRE	**14 073 193**	**13 483 235**
Cash and balances at central banks, the Public treasury and postal cheque centre	**18 474 878**	**18 425 856**

(In thousand MAD)

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

	Dec-23			Dec-22		
	Financial assets/liabilities held for trading purposes	Other assets/liabilities at fair value through profit or loss	Total	Financial assets/liabilities held for trading purposes	Other assets/liabilities at fair value through profit or loss	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable debt securities	**39 734 927**		**39 734 927**	**34 223 390**		**34 223 390**
Treasury bills and other marketable assets mobilised with central banks	38 150 578		38 150 578	32 004 837		32 004 837
Other negotiable debt securities	1 584 349		1 584 349	2 218 554		2 218 554
Bonds	**1 633 125**		**1 633 125**	**1 792 635**		**1 792 635**
Government bonds	699 130		699 130	807 312		807 312
Other bonds	933 994		933 994	985 322		985 322
Equities and other variable income securities	**5 433 918**	**1 716 732**	**7 150 650**	**6 314 522**	**1 555 980**	**7 870 502**
Repurchase agreements						
Loans						
To credit institutions						
To corporate customers						
To retail customers						
Financial derivative instruments for trading purposes	**10 604**		**10 604**	**-25 396**		**-25 396**
Currency derivative instruments	10 604		10 604	-25 396		-25 396
Interest rate derivative instruments						
Equity derivative instruments						
Credit derivative instruments						
Other derivative instruments						
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**46 812 573**	**1 716 732**	**48 529 305**	**42 305 151**	**1 555 980**	**43 861 131**
Of which securities on loan						
Excluding equities and other variable income securities						
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling						
Repurchase agreements						
Borrowings						
Credit institutions						
Corporate customers						
Debt securities						
Financial derivative instruments for trading purposes						
Currency derivative instruments						
Interest rate derivative instruments						
Equity derivative instruments						
Credit derivative instruments						
Other derivative instruments						
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						

4.3. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31/12/2023			31/12/2022		
	Balance sheet value	Unrealised gains	Unrealised losses	Balance sheet value	Unrealised gains	Unrealised losses
Debt instruments at fair value through other comprehensive income (recyclable)	477 287	-	-42 668	553 274	-	-99 328
Equity instruments at fair value through other comprehensive income (non-recyclable)	6 068 863	1 752 214	-601 854	5 575 246	1 703 095	-608 159

(In thousand MAD)

4.4. SECURITIES AT AMORTISED COST

	Dec-23	Dec-22
Treasury bills and other marketable assets mobilised with central banks	**14 906 251**	**9 547 421**
Treasury bills and other marketable assets mobilised with central banks	14 211 894	8 795 435
Other negotiable debt securities	694 358	751 986
Bonds	**36 396 515**	**42 943 467**
Government bonds	30 663 849	38 626 994
Other bonds	5 732 665	4 316 473
Impairment	**-1 150 200**	**-1 191 686**
TOTAL DEBT INSTRUMENTS AT AMORTISED COST	**50 152 566**	**51 299 202**

(In thousand MAD)

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

LOANS AND ADVANCES TO CREDIT INSTITUTIONS AT AMORTISED COST

	Dec-23	Dec-22
Sight deposits	8 538 558	11 922 968
Loans	16 314 188	14 349 694
Of which overnight loans	*739 389*	*490 274*
Repurchase agreements	640 048	133 014
TOTAL LOANS AND ADVANCES TO CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**25 492 794**	**26 405 676**
Impairment of loans and advances to credit institutions	-83 552	-81 655
TOTAL LOANS AND ADVANCES TO CREDIT INSTITUTIONS NET OF IMPAIRMENT	**25 409 242**	**26 324 021**

(In thousand MAD)

AMOUNTS DUE TO CREDIT INSTITUTIONS

	Dec-23	Dec-22
Sight deposits	5 147 072	7 209 171
Borrowings	34 063 349	30 825 986
Of which overnight loans	*3 540 365*	*1 507 129*
Repurchase agreements	33 985 293	27 696 319
TOTAL	**73 195 714**	**65 731 476**

(In thousand MAD)

4.6. AMOUNTS DUE TO AND FROM CUSTOMERS

LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

	Dec-23	Dec-22
Overdrawn accounts	21 722 638	21 434 885
Customer loans	181 931 943	176 367 379
Repurchase agreements	10 689 321	13 636 192
Finance leases	16 534 566	15 859 122
TOTAL LOANS AND ADVANCES TO CUSTOMERS BEFORE IMPAIRMENT	**230 878 469**	**227 297 577**
Impairment of loans and advances to customers	-18 682 166	-17 828 345
TOTAL LOANS AND ADVANCES TO CUSTOMERS NET OF IMPAIRMENT	**212 196 303**	**209 469 232**

(In thousand MAD)

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS BY BUSINESS SEGMENT

	Dec-23	Dec-22
Banking in Morocco	137 101 539	133 434 271
Specialised Financial Services	15 972 343	15 836 020
International Operations	58 528 392	60 198 941
Asset Management	0	0
Other Operations	594 028	1
Total - principal	**212 196 303**	**209 469 232**
Accrued interest		
Balance sheet value	**212 196 303**	**209 469 232**

(In thousand MAD)

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS BY GEOGRAPHICAL REGION

	Dec-23	Dec-22
Morocco	153 667 910	149 270 291
Africa	57 128 679	56 585 407
Europe	1 399 713	3 613 534
Total - principal	**212 196 303**	**209 469 232**
Accrued interest		
Balance sheet value	**212 196 303**	**209 469 232**

(In thousand MAD)

BREAKDOWN OF LOANS AND ADVANCES AND IMPAIRMENT BY BUCKET

	dec-23							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through other comprehensive income	**400 512**	**94 111**	**-**	**494 623**	**1 768**	**15 568**	**-**	**17 336**
Debt instruments at fair value through other comprehensive income (recyclable)	400 512	94 111		494 623	1 768	15 568		17 336
Financial assets at amortised cost	**269 267 897**	**16 899 067**	**21 507 065**	**307 674 029**	**2 827 197**	**2 553 439**	**14 535 282**	**19 915 918**
Loans and advances to credit institutions	25 456 027	-	36 767	25 492 794	52 814	-	30 738	83 552
Loans and advances to customers	192 509 105	16 899 067	21 470 298	230 878 469	1 624 183	2 553 439	14 504 544	18 682 166
Debt securities	51 302 766			51 302 766	1 150 200			1 150 200
Total assets	**269 668 410**	**16 993 178**	**21 507 065**	**308 168 652**	**2 828 965**	**2 569 007**	**14 535 282**	**19 933 254**
Total off-balance sheet	**50 338 524**	**106 687**	**258 789**	**50 704 000**	**195 348**	**625**	**224 550**	**420 523**

	dec-22							
	Receivables and commitments				Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through other comprehensive income	**563 824**	**-**	**-**	**563 824**	**10 550**	**-**	**-**	**10 550**
Debt instruments at fair value through other comprehensive income (recyclable)	563 824			563 824	10 550			10 550
Financial assets at amortised cost	**267 881 614**	**17 383 920**	**20 928 606**	**306 194 140**	**2 842 458**	**2 437 599**	**13 821 627**	**19 101 685**
Loans and advances to credit institutions	26 295 784	**104 048**	5 844	26 405 676	73 053	**2 897**	5 704	81 655
Loans and advances to customers	189 094 943	17 279 872	20 922 762	227 297 577	1 577 719	2 434 702	13 815 923	17 828 345
Debt securities	52 490 888			52 490 888	1 191 686			1 191 686
Total assets	**268 445 438**	**17 383 920**	**20 928 606**	**306 757 964**	**2 853 008**	**2 437 599**	**13 821 627**	**19 112 234**
Total off-balance sheet	**52 677 148**	**202 590**	**218 191**	**53 097 929**	**203 766**	**728**	**198 529**	**403 023**

BANK OF AFRICA
BMCE GROUP

AMOUNTS DUE TO CUSTOMERS

	Dec-23	Dec-22
Accounts in credit	150 363 104	148 874 854
Fixed term accounts	27 617 319	33 787 630
Savings accounts	47 022 454	45 962 805
Certificates of deposit	3 593 242	3 483 733
Repurchase agreements	1 694 236	4 882 677
Other accounts in credit	8 390 725	9 187 946
TOTAL LOANS AND RECEIVABLES DUE TO CUSTOMERS	**238 681 080**	**246 179 646**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY BUSINESS SEGMENT

	Dec-23	Dec-22
Banking in Morocco	151 931 325	155 264 736
Specialised Financial Services	465 249	647 357
International Operations	85 971 952	90 267 553
Asset Management		
Other Operations	312 554	
Total - principal	**238 681 080**	**246 179 646**
Accrued interest		
Balance sheet value	**238 681 080**	**246 179 646**

(In thousand MAD)

BREAKDOWN OF AMOUNTS DUE TO CUSTOMERS BY GEOGRAPHICAL REGION

	Dec-23	Dec-22
Morocco	152 709 128	155 912 093
Africa	85 265 907	89 366 493
Europe	706 045	901 060
Total - principal	**238 681 080**	**246 179 646**
Accrued interest		
Balance sheet value	**238 681 080**	**246 179 646**

(In thousand MAD)

4.7. DEBT SECURITIES, SUBORDINATED DEBT AND SPECIAL GUARANTEE FUNDS

	Dec-23	Dec-22
Other debt securities	**10 050 436**	**9 167 945**
Negotiable debt securities	10 050 436	9 167 945
Bonds		
Subordinated debt	**12 137 981**	**12 100 668**
Subordinated loans	12 137 981	12 100 668
Fixed maturity	6 637 981	7 600 668
Perpetual	5 500 000	4 500 000
Subordinated securities		
Fixed maturity		
Perpetual		
Public funds and special guarantee funds		
Total	**22 188 417**	**21 268 613**

(In thousand MAD)

4.8. CURRENT AND DEFERRED TAX

	Dec-23	Dec-22
Current tax	1 098 772	1 290 422
Deferred tax	2 537 183	2 443 684
Current and deferred tax assets	**3 635 955**	**3 734 106**
Current tax	1 440 385	1 551 727
Deferred tax	1 166 946	1 179 479
Current and deferred tax liabilities	**2 607 331**	**2 731 205**

(In thousand MAD)

4.9. ACCRUED INCOME, OTHER ASSETS AND LIABILITIES

	Dec-23	Dec-22
Guarantee deposits and bank guarantees paid	182 573	174 881
Settlement accounts relating to corporate actions	83 445	65 557
Cheque-cashing accounts	126 567	483 576
Reinsurers' share of technical provisions		
Accrued income and prepaid expenses	1 345 916	1 340 040
Other debtors	6 039 174	6 059 844
Liaison accounts	44 668	253 365
TOTAL ACCRUED INCOME AND OTHER ASSETS	**7 822 343**	**8 377 263**
Guarantee deposits received	7 413	19 935
Settlement accounts relating to corporate actions	3 300 983	2 803 337
Cheque-cashing accounts	1 716 108	1 429 559
Accrued expenses and deferred income	2 139 957	1 844 722
Other creditors and miscellaneous liabilities	8 780 865	7 845 367
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**15 945 326**	**13 942 921**

(In thousand MAD)

4.10. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

	Dec-23	Dec-22
ACMAR	34 198	27 172
Banque de Développement du Mali	753 459	702 404
Eurafric	-23 992	-25 053
AFRICA MOROCCO LINKS	53 070	61 919
Société Conseil Ingenierie et Développement		149 604
Bank Al Karam		133 143
Investments in companies accounted for using the equity method at BOA	150 415	166 361
Investments in companies accounted for using the equity method	**967 149**	**1 215 549**

FINANCIAL DATA PUBLISHED IN ACCORDANCE WITH LOCAL ACCOUNTING STANDARDS BY THE MAIN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

	Total Assets dec 2023	Net Banking Income or Net Revenues as of dec 2023	Company Income	Contribution in Net Income attributable to the parent company as of dec 2023
ACMAR	374 042	202 243	47 596	9 519
Banque de Développement du Mali	23 270 785	1 030 372	345 943	112 218
AFRICA MOROCCO LINKS	268 331	484 031	-27 334	-13 940
Eurafric	266 109	369 875	2 500	1 025

(In thousand MAD)

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

Financial assets at fair value through profit or loss	Dec-23			Dec-22		
	Gross carrying amount	Accumulated depreciation, amortisation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation, amortisation and impairment	Net carrying amount
Property, plant and equipment	**18 356 784**	**9 714 334**	**8 642 450**	**17 982 886**	**9 422 114**	**8 560 773**
Land and buildings	5 603 318	1 602 028	4 001 289	5 699 701	1 504 559	4 195 143
Equipment, furniture and fixtures	5 236 296	3 927 670	1 308 626	5 157 588	3 551 025	1 606 563
Plant and equipment leased as lessor under operating leases	0	0	0	0	0	0
Other property, plant and equipment	7 517 170	4 184 636	3 332 534	7 125 597	4 366 530	2 759 066
Intangible Assets	**3 109 143**	**1 700 476**	**1 408 667**	**2 798 281**	**1 505 602**	**1 292 679**
Purchased software	2 474 746	1 465 855	1 008 891	2 072 821	1 297 062	775 758
Internally-developed software	0	0	0	0	0	0
Other intangible assets	634 397	234 621	399 776	725 460	208 539	516 921
Investment Property	**3 883 194**	**501 785**	**3 381 408**	**3 918 104**	**483 991**	**3 434 112**

(In thousand MAD)

TABLE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	Dec-23	Dec-22
NET VALUE at 1 January	**8 560 772**	**8 517 858**
Acquisitions during the year	916 714	731 637
First-time consolidation	-	-
Depreciation, amortisation and impairment	-854 324	-723 938
Disposals during the year	73 880	92 987
Other changes	-54 592	-57 772
NET VALUE AT END OF YEAR	**8 642 450**	**8 560 772**

TABLE OF CHANGES IN INTANGIBLE ASSETS

	Dec-23	Dec-22
NET VALUE at 1 January	**1 292 679**	**1 222 904**
Acquisitions during the year	496 154	466 799
First-time consolidation	-	-
Depreciation, amortisation and impairment	-166 955	-144 050
Disposals during the year	-141 436	-608 547
Other changes	-71 775	355 574
NET VALUE AT END OF YEAR	**1 408 667**	**1 292 679**

TABLE OF CHANGES IN INVESTMENT PROPERTY

	Dec-23	Dec-22
NET VALUE at 1 January	**3 434 112**	**3 560 318**
Acquisitions during the year		45 137
First-time consolidation	-	
Depreciation, amortisation and impairment	-23 150	-171 344
Disposals during the year	-29 554	-
Other changes	-	-
NET VALUE AT END OF YEAR	**3 381 408**	**3 434 112**

LEASE EXPENSES

	Dec-23	Dec-22
Interest expense on lease liabilities	-52 100	-55 985
Depreciation expenses on right-of-use assets	-255 534	-251 602

RIGHT-OF-USE ASSETS

	Dec-23	Dec-22
Property, plant and equipment	8 642 451	8 560 774
Of which rights of use	1 153 415	1 176 079

LEASE LIABILITIES

	Dec-23	Dec-22
Accruals, deferred income and other liabilities	15 945 326	13 942 922
Of which lease liability	1 207 314	1 220 525

4.12. GOODWILL

	Dec-23	Dec-22
Gross carrying amount at start of period	**1 032 114**	**1 032 114**
Accumulated impairment at start of period		
Net carrying amount at start of period	**1 032 114**	**1 032 114**
Acquisitions		
Disposals	14 555	
Impairment recognised during the period		
Exchange differences		
Subsidiaries previously accounted for using the equity method		
Other movements	538	
Gross carrying amount at end of period	**1 018 097**	**1 032 114**
Accumulated impairment at end of period		
NET CARRYING AMOUNT AT END OF PERIOD	**1 018 097**	**1 032 114**

(In thousand MAD)

THE FOLLOWING TABLE PROVIDES A BREAKDOWN OF GOODWILL:

	Net book value dec 23	Net book value dec 22
Maghrébail	10 617	10 617
Banque de développement du Mali	3 588	3 588
SALAFIN	184 978	184 978
Maroc Factoring	1 703	1 703
BMCE CAPITAL BOURSE	2 618	2 618
BMCE INTERNATIONAL (MADRID)	3 354	3 354
BANK OF AFRICA	712 514	711 976
LOCASOM	98 725	98 725
CID		14 555
GROUP TOTAL	**1 018 097**	**1 032 114**

SENSITIVITY TO CHANGES IN ASSUMPTIONS

(in thousand MAD)	BOA Group	SALAFIN	LOCASOM
Discount rate	**19.00%**	**13.50%**	**7.00%**
Unfavourable 50 basis point change	-179 553	-36 301	-61 077
Favourable 50 basis point change	182 666	39 548	73 843

4.13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Dec-23	Dec-22
TOTAL PROVISIONS AT START OF PERIOD	**1 458 938**	**1 613 520**
Additional provisions	467 593	372 212
Write-backs	-211 997	-473 333
Other movements	-41 705	-53 461
TOTAL PROVISIONS AT END OF PERIOD	**1 672 828**	**1 458 938**

(In thousand MAD)	Legal and tax risk	Post-employment benefit obligations	Loan guarantees	Loss-making contracts	Other provisions	Total carrying amount
Opening balance	**104 711**	**476 643**	**400 480**		**477 105**	**1 458 939**
Provisions	79 992	11 098	44 601		331 902	467 592
Amounts used	-18 000		-15 814		-178 184	-211 997
Other movements	-619		-11 287		-29 799	-41 705
Closing balance	**166 084**	**487 741**	**417 980**		**601 023**	**1 672 828**

4.14. FAIR VALUE

4.14.1. FAIR VALUE OF ASSETS AND LIABILITIES AT AMORTISED COST

	31-Dec-23		31-Dec-22	
	Balance sheet value	Estimated market value	Balance sheet value	Estimated market value
ASSETS				
Loans and advances to credit and similar institutions at amortised cost	25 409 242	25 331 044	26 324 021	26 335 017
Loans and advances to customers at amortised cost	212 196 303	212 668 078	209 469 232	210 616 376
Securities at amortised cost	50 152 565	48 686 565	51 299 202	50 527 202
Investment property	3 381 408	3 451 048	3 434 112	3 503 752
LIABILITIES				
Amounts due to credit and similar institutions	73 195 714	73 195 714	65 731 476	65 731 476
Amounts due to customers	238 681 080	238 681 080	246 179 646	246 179 646
Debt securities issued	10 050 436	10 050 436	9 167 945	9 167 945
Subordinated debt	12 137 981	12 137 981	12 100 668	12 100 668

4.14.2. BREAKDOWN BY VALUATION METHOD FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN ACCORDANCE WITH IFRS 7 RECOMMENDATIONS

	dec-23			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at fair value through profit or loss held for trading purposes	48 529 305	-	-	48 529 305
- Financial assets at fair value for trading purposes	46 812 574			46 812 574
- Financial assets at fair value through profit or loss	1 716 731			1 716 731
Financial assets at fair value through other comprehensive income	808 379	-	5 737 771	6 546 150
- Debt instruments at fair value through other comprehensive income (recyclable)	477 287			477 287
- Equity instruments at fair value through other comprehensive income (non-recyclable)	331 092		5 737 771	6 068 863
FINANCIAL LIABILITIES				
Financial instruments at fair value through profit or loss held for trading purposes				
Financial instruments measured using the fair value option through profit or loss				
Derivative hedging instruments				

	dec-22			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at fair value through profit or loss held for trading purposes	43 861 132	-	-	43 861 132
- Financial assets at fair value for trading purposes	42 305 151			42 305 151
- Financial assets at fair value through profit or loss	1 555 980			1 555 980
Financial assets at fair value through other comprehensive income	884 366	-	5 244 154	6 128 520
- Debt instruments at fair value through other comprehensive income (recyclable)	553 274			553 274
- Equity instruments at fair value through other comprehensive income (non-recyclable)	331 092		5 244 154	5 575 246
FINANCIAL LIABILITIES				
Financial instruments at fair value through profit or loss held for trading purposes			-	-
Financial instruments measured using the fair value option through profit or loss			-	-
Derivative hedging instruments				

4.14.3. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES AT AMORTISED COST

	dec-23			
(in thousand MAD)	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and advances to credit and similar institutions			25 331 044	25 331 044
Loans and advances to customers			212 668 078	212 668 078
Securities at amortised cost			48 686 565	48 686 565
LIABILITIES				
Amounts due to credit and similar institutions			25 331 044	25 331 044
Amounts due to customers			212 668 078	212 668 078
Debt securities issued			48 686 565	48 686 565
Subordinated debt			3 451 048	3 451 048

	dec-22			
(in thousand MAD)	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and advances to credit and similar institutions			26 335 017	26 335 017
Loans and advances to customers			210 616 376	210 616 376
Securities at amortised cost			50 527 202	50 527 202
LIABILITIES				
Amounts due to credit and similar institutions			65 731 476	65 731 476
Amounts due to customers			246 179 646	246 179 646
Debt securities issued			9 167 945	9 167 945
Subordinated debt			12 100 668	12 100 668

	dec-23							dec-22						
	On demand	From overnight to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Indefinite maturity	Total	On demand	From overnight to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Indefinite maturity	Total
Cash and balances at central banks, the Public treasury and postal cheque centre	18 475						**18 475**	18 426						**18 426**
Financial assets at fair value through profit or loss														
- Financial assets held for trading purposes						46 813	**46 813**						42 305	**42 305**
- Financial assets at fair value through profit or loss						1 717	**1 717**						1 556	**1 556**
Derivative hedging instruments														
Financial assets at fair value through other comprehensive income														
- Debt instruments at fair value through other comprehensive income (recyclable)						477	**477**		51	109	393			**553**
- Equity instruments at fair value through other comprehensive income (non-recyclable)						6 069	**6 069**						5 575	**5 575**
Securities at amortised cost		2 276	6 432	21 545	19 900		**50 153**		3 473	6 714	23 469	17 644		**51 299**
Loans and advances to credit and similar institutions at amortised cost	10 764	2 302	2 158	7 171	2 538	476	**25 409**	13 846	930	602	6 959	2 839	1 149	**26 324**
Loans and advances to customers at amortised cost	20 951	33 267	29 001	55 480	58 135	15 363	**212 196**	20 212	37 788	29 281	53 728	53 604	14 856	**209 469**
Revaluation adjustment for portfolios hedged against interest rate risk														
Financial investments from insurance operations														
Current tax assets						1 099	**1 099**						1 290	**1 290**
Deferred tax assets						2 537	**2 537**						2 443	**2 443**
Prepayments, accrued income and other assets						7 822	**7 822**						8 377	**8 377**
Investments in companies accounted for using the equity method						967	**967**						1 216	**1 216**
Investment property						3 381	**3 381**						3 434	**3 434**
Property, plant and equipment						8 642	**8 642**						8 561	**8 561**
Intangible assets						1 409	**1 409**						1 293	**1 293**
Goodwill						1 018	**1 018**						1 032	**1 032**
TOTAL ASSETS	**50 190**	**37 845**	**37 591**	**84 196**	**80 573**	**97 790**	**388 184**	**52 484**	**42 242**	**36 706**	**84 550**	**74 086**	**93 087**	**383 154**
Central banks, public treasury, postal check service														
Financial liabilities at fair value through profit or loss														
Amounts due to credit and similar institutions	10 069	48 791	5 203	8 564	569		**73 196**	10 040	41 854	5 296	8 445	96		**65 731**
Amounts due to customers	206 499	11 275	19 574	1 330		2	**238 681**	204 631	18 081	22 743	715		10	**246 179**
Debt securities issued		1 386	5 940	2 724			**10 050**		1 467	2 434	5 267			**9 168**
Payable tax liabilities						1 440	**1 440**						1 552	**1 552**
Deferred tax liabilities						1 167	**1 167**						1 179	**1 179**
Adjustment accounts and other liabilities						15 945	**15 945**						13 943	**13 943**
Provisions						1 673	**1 673**						1 459	**1 459**
Subordinated debt and special guarantee funds		238	1 000	4 400	6 500		**12 138**		1 201		5 400	5 500		**12 101**
Equity						33 894	**33 894**						31 841	**31 841**
TOTAL LIABILITIES	**216 568**	**61 691**	**31 717**	**17 018**	**7 069**	**54 121**	**388 184**	**214 671**	**62 603**	**30 472**	**19 827**	**5 596**	**49 984**	**383 154**
LIQUIDITY GAPS	**-166 378**	**-23 846**	**5 875**	**67 177**	**73 503**	**43 669**		**-162 187**	-20 362	**6 234**	**64 723**	**68 490**	**43 103**	

V. FINANCING ANG GUARANTEE COMMITMENTS

5.1. FINANCIAL COMMITMENT

	Dec-23	Dec-22
Financing commitments given	**18 416 674**	**20 503 847**
To credit institutions	900 643	1 466 539
To customers	17 516 031	19 037 308
Credit lines opened		
Other commitments given to customers		
Financing commitments received	**1 372 902**	**1 416 417**
From credit institutions	1 372 902	1 416 417
From customers	-	-

» Financing commitments given to credit and similar institutions

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

» Financing commitments given to customers

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

» Financing commitments received from credit and similar institutions

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

5.2. GUARANTEE COMMITMENTS

	Dec-23	Dec-22
Guarantee commitments given	**32 287 326**	**32 594 082**
To credit institutions	9 326 586	10 438 991
To customers	22 960 740	22 155 091
Sureties provided to administrative and tax authorities and other sureties		
Other guarantees given to customers		
Guarantee commitments received	**111 703 378**	**107 493 452**
From credit institutions	107 761 167	103 586 844
From government and other guarantee institutions	3 942 211	3 906 608

» Guarantee commitments given to credit and similar institutions

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

» Guarantee commitments given to customers

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

» Guarantee commitments received from credit and similar institutions

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

» Guarantee commitments received from the State and other organisations

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

VI. SALARY AND EMPLOYEE BENEFITS

6.1. DESCRIPTION OF CALCULATION METHOD

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

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

» Caisse Mutualiste Interprofessionnelle Marocaine (CMIM) scheme

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

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

6.2. SYNTHESIS AND DESCRIPTION OF PROVISIONS OF EXISTING SCHEMES

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

	Dec-23	Dec-22
Provision for retirement and similar benefits	487 740	476 642
Provision for special long service award		
Other provisions		
TOTAL	**487 740**	**476 642**

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

6.2.2. Basic assumptions underlying calculations

The following table provides an analysis of sensitivity to the two main actuarial assumptions used to calculate the cost of benefit schemes (post-employment benefits and long service awards) at 31 December 2023:

End-of-career bonus	**Rate variation -50 pb**	**Rate variation +50 pb**
Discount rate	11 265	-10 339
Wage growth	-11 060	11 973
Long-service award	**Rate variation -50 pb**	**Rate variation +50 pb**
Discount rate	14 190	-13 244
Wage growth	-15 526	16 601

Economic assumptions	**Dec-23**
Discount rate	2,43%
Long-term wage growth (inflation included)	2%
Growth in employer's social security contributions	10,96%
Demographic assumptions	
Retirement terms	Voluntary resignation
Retirement age	60
Mortality table	PM 60/64 - PF 60/64

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

6.2.3. COST OF POST-EMPLOYMENT BENEFIT SCHEMES

	Dec-23	Dec-22
Standard expense for the period	-44	-37 663
Interest expense	-11 054	-11 550
Funds' expected rate of return		
Additional benefits		
Other		53 547
Net cost for the period	-11 098	4 334
Of which expense related to retirement and similar benefits		
Other		

6.2.4. CHANGES IN THE PROVISION RECOGNISED ON THE BALANCE SHEET

	Dec-23	Dec-23
Actuarial liability at start of period	**476 643**	**526 965**
Standard expense for the period	31 829	32 499
Interest expense	11 054	11 550
Actuarial gains/losses	-	-53 547
Other actuarial differences	-	-45 988
Amortisation of net gains/losses		
Benefits paid	-31 785	-20 077
Additional benefits		
Other	-	25 241
Actuarial liability at end of period	**487 741**	**476 643**
Of which expense related to retire-ment and similar benefits		
Other		

VII. ADDITIONAL INFORMATION

7.1. CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

7.1. CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

	Dec-23	Dec-22
SHARE CAPITAL (MAD)	2 125 656 420	2 087 698 270
Number of ordinary shares outstanding during the year	212 565 642	208 769 827
NET INCOME ATTRIBUTABLE TO SHARE-HOLDERS OF THE PARENT COMPANY (MAD)	2 662 159 550	2 304 612 879
Earnings per share (MAD)	12,52	11,04
DILUTED EARNINGS PER SHARE (MAD)	12,52	11,04

7.1.2. CHANGES IN SHARE CAPITAL

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

TRANSACTIONS ON CAPITAL	In number	Unit value	In MAD
Number of shares outstanding at 31 December 2018	179.463.390	10	1.794.633.900
Number of shares outstanding at 31 December 2019	199.820.500	10	1.998.205.000
Number of shares outstanding at 31 December 2020	205.606.648	10	2.056.066.480
Number of shares outstanding at 31 December 2021	205.606.648	10	2.056.066.480
Number of shares outstanding at 31 December 2022	208.769.827	10	2.087.698.270
Number of shares outstanding at 31 December 2023	212.565.642	10	2.125.656.420

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

7.2. SCOPE OF CONSOLIDATION

Name	Business sector	Controlling interest (%)	Ownership (%)	Consolidation method
BANK OF AFRICA	Banking			Parent Company
BMCE CAPITAL	Investment banking	100,00%	100,00%	Fully consolidated
BMCE CAPITAL GESTION	Asset management	100,00%	100,00%	Fully consolidated
BMCE CAPITAL BOURSE	Securities brokerage	100,00%	100,00%	Fully consolidated
MAROC FACTORING	Factoring	100,00%	100,00%	Fully consolidated
MAGHREBAIL	Leasing	52,47%	52,47%	Fully consolidated
SALAFIN	Consumer lending	61,96%	61,96%	Fully consolidated
BMCE EUROSERVICES	Financial institution	100,00%	100,00%	Fully consolidated
LCB Bank	Banking	39,42%	39,42%	Fully consolidated
BMCE BANK INTERNATIONAL HOLDING	Banking	100,00%	100,00%	Fully consolidated
BANK OF AFRICA EUROPE	Banking	100,00%	100,00%	Fully consolidated
BOA GROUP	Bank holding company	72,41%	72,41%	Fully consolidated
LOCASOM	Car rental	100,00%	97,39%	Fully consolidated
RM EXPERTS	Debt collection	100,00%	100,00%	Fully consolidated
OPERATION GLOBAL SERVICE	Back-office banking services	100,00%	100,00%	Fully consolidated
FCP OBLIGATIONS PLUS	Mutual fund management	100,00%	100,00%	Fully consolidated
BOA UGANDA	Banking	92,24%	78,63%	Fully consolidated
BANK AL KARAM	Participatory Banking	100,00%	100,00%	Equity method
BANQUE DE DEVELOPPEMENT DU MALI	Banking	32,38%	32,38%	Equity method
EULER HERMES ACMAR	Insurance	20,00%	20,00%	Equity method
EURAFRIC INFORMATION	IT Services	41,00%	41,00%	Equity method
AFRICA MOROCCO LINKS	Shipping	51,00%	51,00%	Equity method

BANK OF AFRICA holds 39.42% of LCB Bank's voting rights and has a controlling interest in this subsidiary as per the criteria outlined in IFRS 10.

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

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

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

7.2.1. Related-party balance sheet items

Relationship between BANK OF AFRICA and consolidated companies.

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

7.3. DIRECTORS' REMUNERATION

7.3.1. DETAILS OF DIRECTORS' REMUNERATION

	dec-23	dec-22
Short-term benefits	10 315	9 782
Post-employment benefits	347	263
Other long-term benefits	2 892	2 746

Short-term benefits relate to the fixed remuneration inclusive of social security contributions received by the main Executive Corporate Officers in respect of the 2022 financial year .

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

7.3.2. LOANS GRANTED TO DIRECTORS

	dec-23	dec-22
A. Short-term loans	34 905	34 467
B. Mortgage loans	3 334	4 487
TOTAL	**38 239**	**38 954**

7.3.3. ATTENDANCE FEES PAID TO MEMBERS OF THE BOARD OF DIRECTORS

	dec-23		
	Gross amount	With holding tax	Net income paid
Individuals and legal entities resident in Morocco	11 297	3 197	**8 100**
Non-resident individuals and legal entities	1 412	212	**1 200**
TOTAL	**12 709**	**3 409**	**9 300**

	dec-22		
	Gross amount	With holding tax	Net income paid
Individuals and legal entities resident in Morocco	9 613	2 563	**7 050**
Non-resident individuals and legal entities	3 823	573	**3 250**
TOTAL	**13 436**	**3 136**	**10 300**

7.4. RELATED PARTY

7.2.2. Related party profit and loss items

	Parent company O CAPITAL (ex FINANCECOM)	Sister companies	Companies consolidated according to the equity method	Companies consolidated through full integration
Assets				
Loans, advances and securities	3 190 925	2 532 849	116 593	12 301 687
Current accounts	390 925	534 075	104 171	1 824 697
Loans	2 800 000	298 745	12 422	9 775 724
Securities		1 700 029		701 266
Finance leases				
Miscellaneous assets				25 308
Total	**3 190 925**	**2 532 849**	**116 593**	**12 326 995**
Liabilities				
Deposits	-	129 709	62 783	11 600 220
Current accounts		129 709	62 783	1 824 687
Other borrowings				9 775 532
Debt securities				701 266
Miscellaneous liabilities				25 509
Total	**-**	**129 709**	**62 783**	**12 326 995**
Financing and guarantee commitments				
Commitments given			2 031	662 901
Commitments received				662 901

7.4.2. RELATED PARTY PROFIT AND LOSS ITEMS

	Parent company (FINANCECOM)	Sister companies	Companies consolidated according to the equity method	Companies consolidated through full integration
Interest and similar income	-85 167	-63 599		-453 371
Interest and similar expenses				515 506
Fees (income)		-53 737		-299 856
Fees (expenses)				75 865
Services provided				
Services procured	50 263			
Lease income		-24 370	-7 092	-214 465
Other		80 476		376 328

VIII - NOTE CONCERNING RISKS

8.1. RISK MANAGEMENT POLICY

8.1.1. Risk categories

8.1.1.1. Credit risk

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

8.1.1.2. Market risk

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

8.1.1.3. Global liquidity and interest rate risk

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

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

8.1.1.4. Operational risk

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

8.1.1.5. Country risk

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

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

8.1.2. Risk management organization

8.1.2.1. Risk control bodies

◗ Group Risk Division

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

- Defining BANK OF AFRICA Group's risk policy;

- Definition and management taking and monitoring of commitments;

- Implementing of a credit risks control system, market transactions and operational risks;

The Group Risk division is composed of four entities:

- Group Risk management
- Monitoring commitments
- Commitments analysis
- Group Permanent Control.

8.1.2.2. Governance bodies

◗ Group Risk Committee

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

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

◗ Group Audit and Internal Control committee

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

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

◗ Executive Committee - Morocco & International

The Executive Committee - Morocco & International is responsible for the Declination in equity and operational measures of the Group's strategy and monitoring.

◗ The Steering Committee and Group Risk Management

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

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

8.1.2.3. Credit Committees

◗ Senior Credit Committee

The Senior Credit Committee reviews and approves, on a weekly basis, credit applications from customers of the bank and of the Group within its delegated powers. Operating rules and powers differ depending on the degree of risk incurred as well as the nature of the bank's credit portfolio segment in question - business, corporate or Personal & Professional banking customers.

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

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

Regional Credit Committee

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

8.1.2.4. Supervisory Committee for Sensitive Accounts

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

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

8.2. CREDIT RISK

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

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

8.2.1. Credit decision cycle

8.2.1.1. General principles

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

- All credit requests adhere to the same approval process which ensures that the Troïka principle is respected (minimum requirement). Therefore, at least 3 people, one of which is from the Risk Division, should approve all credit requests except for some predefined specific cases;

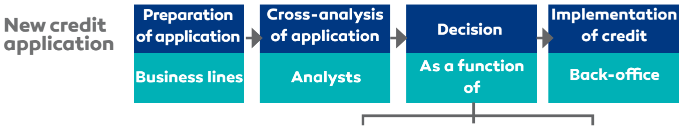
- The Decision, jointly taken by the Risk and Commercial Divisions – which includes at least one preliminary counterfactual analysis – applies to the applications assigned to the local Decision committees as well as to the central Decision committees. This involves a multilevel pyramid structure, where the higher level acts as an arbitrator in the event that consensus is not reached;

- The Risk Division can use the escalation procedure (n+1) if there is a disagreement with the Commercial Division.

- Appeal to the highest authority having ruled on any other case of a related case with the highest level of high delegation (in case of a group).

8.2.1.2. Credit approval process

The following diagram provides an overview of the creditapproval process :



- The Commercial Division in charge of customer relations is responsible for preparing the credit application;

- Counterfactual analysis of the credit application is performed by credit analysts from the entity's Risk Division;

- The Decision is jointly taken by the Risk and Commercial Divisions, based on their respective levels of delegation;

- The loan is actually implemented by the back-office, which is a unit independent from the Risk and Commercial Divisions.

8.2.1.3. Decision making and choice of circuits

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

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

8.2.1.4. Delegation

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

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

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

8.2.1.5. Approval rules

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

The present delegation system defines the following decision levels:

- At local branch level;

- At "hub" level (BOA Group and Europe);

- At central BANK OF AFRICA level.

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

8.2.1.6. Credit application contents

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

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

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

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

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

8.3. RATING MODEL

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

8.3.1. Key rating rules

8.3.1.1. Rating's uniqueness

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

8.3.1.2. Rating's integrity

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

8.3.1.3. Rating's singularity

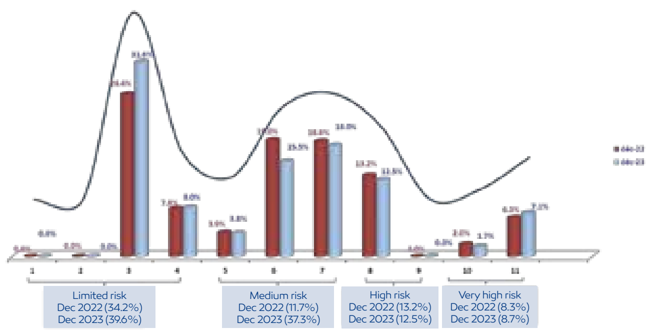
A counterparty code is assigned to each of the Bank's counterparties. The rating of each third party is carried out using the counterparty reference code in such a manner that, for all third parties (the counterparty type is single and unique), the assessment will be carried out by using a single rating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

8.3.2. Rating scale

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

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

As of 31 December 2023, the breakdown of the portfolio by asset class was as follows :



8.3.3. Retail customer scoring system

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

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

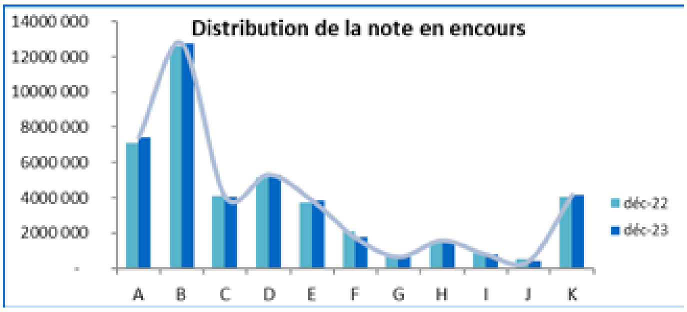
The behavioural score, for open accounts, is a dynamic risk assessment based on a customer's behaviour.

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

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

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

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



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

New and existing customers are assigned a credit approval score.

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

8.4. CREDIT RISK CONTROL AND MONITORING PROCEDURE

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

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

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

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

- Performs pre-checks ;

- Performs post-checks ;

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

- Fixes and monitors concentration limits;

- Detects and monitors accounts showing anomalies and high-risk accounts;

- Categorised the portfolio based on regulatory criteria and proposes provisioning;

- Performs stress tests;

- Produces regulatory reports and internal steering reports.

8.4.1. Pre-checks

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

These checks are imple mented by the Group Risk Division. They mainly relate to:

- Credit proposal data:

- Compliance with the appropriate delegation level;

- Legal documentation compliance;

- Conditions and reservations expressed before initial use of funds or the facility ;

- Data entered in the information systems.

8.4.2. Post-checks

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

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

8.4.2.1. Portfolio monitoring

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

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

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

8.4.2.2. Concentration limits

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

- Individual counterparties ;

- Interest groups ;

- Counterparties belonging to the same industry or country.

8.4.2.2.1. Individual counterparties

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

The following table shows commitments to the bank's main debtors at the end of December 2023:

	Dec 23	
	Amount	% of the total
Commitments to 10 largest customers	19 757	15.54%
Commitments to 20 largest customers	27 035	21.27%
Commitments to 100 largest customers	47 162	37.11%

8.4.2.2.2. Interest groups

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

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

8.4.2.2.3. Counterparties belonging to the same company

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

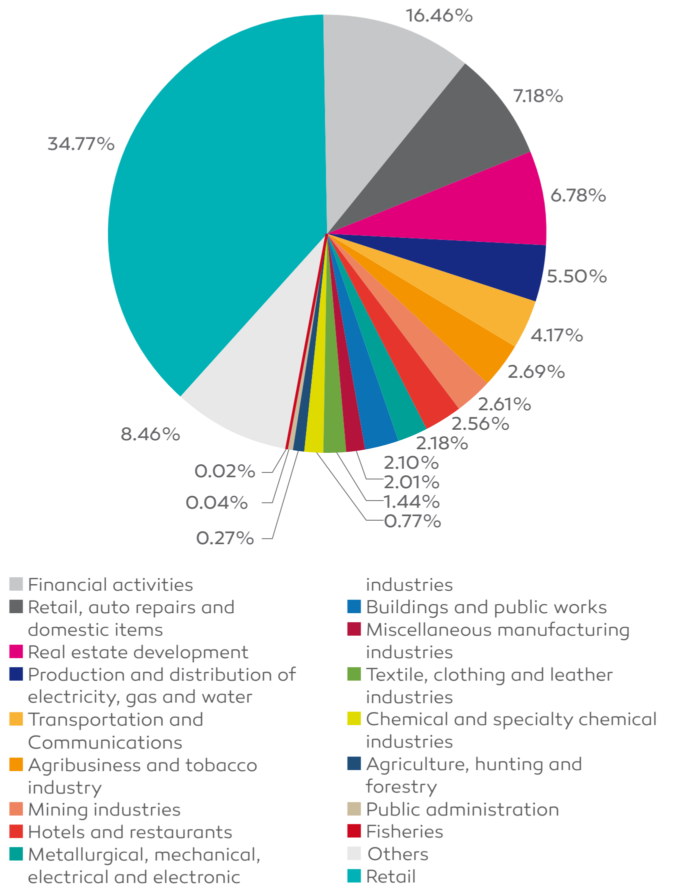
The objective is to model default risk using appropriate econometric techniques, using a random variable dependent, whose value is the result of the enumeration of realization of fault events.

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

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

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

The breakdown of activities at the end of December 2023 is as follows:



8.5. COUNTRY RISK

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

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

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

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

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

BANK OF AFRICA Group commitments are mainly with corporates and sovereign clients. These commitments are subject to :

- Post-rating authorisation and fundamental analysis of each counterparty ;

- Continuous monitoring through reports that provide an overview of BANK OF AFRICA Group's commitments.

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

• Exposure limits by country

As part of the Country Risk Management process, the Group's banking subsidiaries are required to calculate country limits by considering qualitative and quantitative criteria when appraising risk and the extent to which the bank is capitalised.

As such, country limits are set on the basis of each country's risk profile, quantitative and qualitative indicators as well as past consolidated levels of exposure.

These limits are regularly reviewed and readjusted in the wake of an updated appraisal of each country and the occurrence of any factor likely to substantially impact the former (suspension, reduction or even removal). These macro-limits are proposed by Group Risks and submitted for approval by the Group Risks Committee.

• Country risk mapping

The Bank's country risk appraisal is based on the ratings of external rating agencies (e.g. S&P) which provide a rating for more than 80% of the world's countries and have a high level of expertise and know-how on the issues and future challenges faced by countries.

The Bank uses ratings from Coface, a credit insurer, for those countries not rated by S&P. Country reports published by BANK OF AFRICA's Economic Intelligence Centre (CIE) are also used to provide further insight as well as providing inputs for risk mapping.

The Bank's risk mapping system sees countries assigned a specific risk profile on a 6-category scale: Excellent risk profile, Very good, Good, Moderate, High and Extreme. This scale is benchmarked to S&P's rating with each tranche referring to a precise level of risk. This approach enables the Bank to appraise risk accurately.

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

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

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

• Ensure income stability when interest rates change, thereby maintaining net interest income and optimising the economic value of equity;

• Ensure an adequate level of liquidity, thereby enabling the Bank to meet its obligations at any given time and protecting it from any eventual crisis;

• Ensure that the risk inherent in its foreign exchange positions does not have a negative impact on the Bank's profit margins;

• Steer the bank's strategy so as to take full advantage of growth opportunities available in the market.

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

• Set asset-liability policy ;

• Organise and direct asset-liability sub-committees;

• Possess in-depth knowledge of types of risk inherent in the Bank's operations and keep abreast of any changes in these risks based on financial market trends, risk management practices and the Bank's operations ;

• Review and approve procedures aimed at limiting the risks inherent in the Bank's operations in terms of credit approval, investments, trading and other significant activities and products;

• Master the reporting systems that measure and control the main sources of risk on a daily basis ;

• Review and approve risk limits periodically given changes to the institutional strategy, approve new products and respond to important changes in market conditions;

• Ensure that the different business lines are properly managed by HR, the latter possessing a high level of competence, experience and expertise in relation to supervised activities.

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

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

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

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

Liquidity Risk

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

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

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

The following two major sources may generate liquidity risk :

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

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

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

- The Liquidity Coverage Ratio (LCR) was 125% on a consolidated basis at 31 December 2023, above the 100% regulatory limit set by Bank Al-Maghrib.

- The profile of cumulative impasses: the technique of periodic or cumulative impasses / Gap in dirhams and currencies, makes it possible to assess the level of liquidity risk incurred by the Bank in the short, medium and long term.

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

Interest Rate Risk

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

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

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

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

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

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

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

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

Sensitivity of the value of the banking portfolio

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

At 31 December 2023, with the trading book portfolio excluded, the impact from a 200-basis points change in interest rates on net interest income was an estimated at MAD +0.061 billion or +1.35% of projected net interest income (and MAD -0.066 billion for an interest rate variation of -200 basis points, i.e. -1.48% of projected net interest income).

The change in the economic value of shareholders' equity in the event of a 200-basis points shock was an estimated MAD 1.246 billion or 8.97% of regulatory capital.

8.7. MARKET RISK

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

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

Mapping of financial instruments

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

Fixed income Instruments	I- Corporate and interbank loans/borrowings
	Fixed rate (MAD and foreign currencies)
	Floating rate (MAD and foreign currencies)
	II-Treasury bills and negotiable debt instruments
	II-1 Sovereign securities
	Fixed rate (MAD and foreign currencies)
	Floating rate (MAD and foreign currencies)
	II-2 Securities issued by credit institutions and companies
	Fixed rate (MAD and foreign currencies)
	Floating rate (MAD and foreign currencies)
	III- Stock lending/borrowing
	Stock lending/borrowing
	Repos/Reverse repos
	IV- Interest rate derivatives (MAD and foreign currencies)
	Interest rate swaps
	Swap futures
	Forward Rate Agreement
Mutual funds	Money market mutual funds
	Bond mutual funds
	Equity mutual funds
	Composite mutual funds
Foreign Exchange Instruments	I-Foreign exchange
	FX spot
	FX forwards
	II-FX derivatives
	FX swaps
	Foreign exchange options
Equity Instruments	Equities
	Equity/index derivatives
Commodity Products	Commodity futures
	Commodity options
	Commodity swaps

8.7.1. Market risk management policy

8.7.1.1. Governance

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

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

8.7.1.2. Description of the Market Risk Management Policy

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

- Limits ;
- Risk indicators ;
- Capital requirements ;

8.7.1.2.1. Limits

◗ Counterparty limits in market transactions

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

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

◗ Market limits

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

• Stop-loss limits

• Position limits

• VaR limits

• Trading limits.

Market limits are determined using VaR. The system for managing limits is dynamic and takes into account fluctuations in various risk factors as well as existing correlations so as to best appraise the extent to which the trading portfolio is diversified.

◗ Regulatory limits

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

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

8.7.1.2.2. Risk indicators

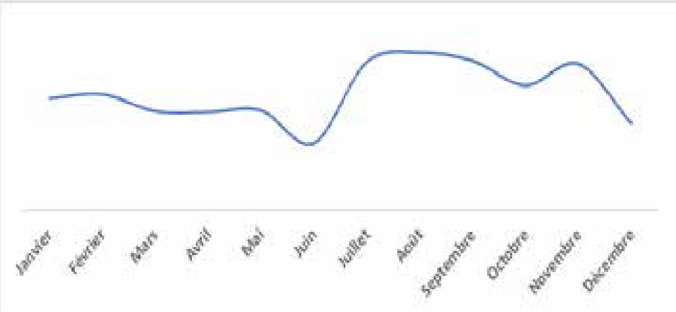
Different risk indicators reflecting the level of exposure to market risks are used within BANK OF AFRICA Group as follows :

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

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

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

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



◗ Stressed VaR

The Group has established different scenarios for calculating stressed VaR.

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

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

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

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

◗ Stress-testing by risk factor

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

As at 31 December, 2023, the results of the stress tests were as follows:

a- Fixed income portfolio

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

This scenario would result in a MAD 84 million impact on the P&L.

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

This scenario would result in a MAD 167 million impact on the P&L.

b- Equity portfolio

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

This scenario would result in a MAD 10 million impact on the P&L.

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

This scenario would result in a MAD 16 million impact on the P&L.

c- Foreign exchange

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

This scenario would result in a MAD 8 million impact on the P&L.

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

This scenario would result in a MAD 17 million impact on the P&L.

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

8.8. OPERATIONAL RISK

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

8.8.1. Operational risk management policy

8.8.1.1. Operational risk management objective

The operational risk management policy has the following objectives:

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

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

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

8.8.1.2. Classification

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

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

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

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

8.8.1.2.2. Operational risk management organisation

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

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

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

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

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

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

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

8.8.1.2.3. Governance of operational risk management

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

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

These committees are tasked with periodically:

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

8.8.1.3. Fundamental methodology principles

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

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

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

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

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

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

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

8.8.1.4. Operational risk control and mitigation

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

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

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

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

8.8.2. Business continuity plan

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

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

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

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

• BANK OF AFRICA has a moral responsibility to allow its customers access to the funds that they have entrusted to it. Any breach of this obligation in times of crisis may have an impact on public order.

This principle shall prevail above any other.

• BANK OF AFRICA must guarantee its commitments towards Morocco's interbank clearing system;

• BANK OF AFRICA intends, as a priority, to comply with every one of the existing legal and contractual commitments entered into (relating to loans and other commitments) before it enters into any other commitment;

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

• BANK OF AFRICA Group's existing customers take priority over all others benefiting from its services.

• Services are provided along the entire chain from frontoffice to back-office e.g. from branch level up until recognition in accounting terms.

8.9. ICAAP SYSTEM

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

The Internal Capital Adequacy Assessment Process (ICAAP) enables the Bank to define a capital structure, dynamic projections of solvency ratios and additional capital requirements.

To complement this process, the Bank carries out simulations and stress tests based on various criteria to assess the impact of risk factors on its resilience in terms of equity.

The introduction of a risk appetite framework has been achieved by incorporating two frames of reference :

- A risk appetite framework which defines the governance and organisational scheme, the definition process and the Bank's risk appetite;

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

The Risk Department ensures that the risk appetite system is properly aligned to the capital allocation process and limits system.

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

8.10. INTERNAL CRISIS RECOVERY PLAN (PRCI)

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

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

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

The work carried out has enabled the Group to draw up an inventory of which businesses are considered as significant, which operations are fundamental and which functions are critical in the event of a major crisis. Crisis scenarios have been drawn up and simulations and impact calculations carried out.

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

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

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

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

8.11. CORPORATE SOCIAL RESPONSABILITY

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

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

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

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

8.12. MEASUREMENT OF CAPITAL ADEQUACY

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

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

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

Level of exposure related to counterparty risk consistent with methods applied to off-balance sheet items

CREDIT RISK-WEIGHTED ASSETS	31/12/2023
Type of Exposure	Risk-Weighted Assets post-CRM
Balance-sheet items	198 804
Off balance sheet items: financing commitments	7 359
Off balance sheet items: guarantee commitments	11 995
Counterparty Risk: temporary disposals of securities relating to the bank portfolio	-
Counterparty Risk: temporary disposals of securities relating to the trading portfolio	364
Counterparty Risk: derivative products relating to the bank portfolio	-
Counterparty Risk: derivative products relating to the trading portfolio	358
Other assets/Other items	32 296
Delivery and settlement risk	132
Total	**251 309**

(in millions)

Capital adequacy and composition

BANK OF AFRICA's share capital stood at MAD 2 125 656 420 made up of 212 565 642 ordinary shares, each with a nominal value of 10 dirhams. The shares are fully paid-up. Each ordinary share entitles the holder to one voting right.

At 31 December 2023, total perpetual subordinated debt reached close to MAD 6.4 billion.

Measurement of capital adequacy

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

The circulars governing these Declarations are as follows:

• Circular No. 26/G/2006 relating to calculating capital requirements based on the standardised approach for hedging credit institutions' credit, market and operational risks;

• Circular No. 8/G/2010 relating to calculating capital requirements based on internal approaches for hedging credit institutions' credit, market and operational risks

• Circular No. 14/G/13 relating to capital requirements for credit institutions

Composition of capital and capital adequacy ratio

Tier 1 capital	**26 440**
Items to be included in Tier 1 capital	**29 755**
Share Capital	2 126
Consolidated reserves, including premiums related to share capital and not included in hidden reserves	21 011
Retained earnings	13
Net income for the previous period	2 662
Minority interests	3 944
Items to be deducted from Tier 1 capital	**3 316**
Good will	1 018
Other adjustments to Tier 1 capital	1 478
Immobilisations	790
Other deductions	29
Additional core capital	**3 500**
Perpetual subordinated debt	3 500
Tier 2 capital	**5 914**
Perpetual subordinated debt	5 036
Revaluation differences	665
Hidden reserves	212
Total	**35 854**

Capital Requirements by Risk Type	December. 2023
Risk-weighted credit risks	251 309
Risk-weighted market risks	8 850
Risk-weighted operational assets	28 289
Total risk-weighted assets	288 448
Tier 1 Capital	29 940
Tier 1 Capital ratio	10.4%
Total capital	35 854
Capital adequacy ratio	12.4%

18-month forward-looking ratios

Parent company	Dec-23	juin-24	Dec-24	juin-25
Regulatory Capital	14 203	14 179	13 920	14 438
Tier 1 Capital	17 703	18 179	18 420	18 938
Tier 2 Capital	22 546	22 510	22 238	23 425
Risk-weighted assets	149 775	153 221	155 214	156 597
CET1 Ratio	9.5%	9.3%	9%	9.2%
Tier 1 Capital Ratio	11.8%	11.9%	11.9%	12.1%
Capital Adequacy Ratio	15.1%	14.7%	14.3%	15%

Consolidated	Dec-23	juin-24	Dec-24	juin-25
Regulatory Capital	26 440	28 375	29 895	32 363
Tier 1 Capital	29 940	32 375	34 395	36 863
Tier 2 Capital	35 854	37 775	39 282	42 419
Risk-weighted assets	288 448	298 078	305 624	311 918
CET1 Ratio	9.2%	9.5%	9.8%	10.4%
Tier 1 Capital Ratio	10.4%	10.9%	11.3%	11.8%
Capital Adequacy Ratio	12.4%	12.7%	12.9%	13.6%