

RATING ACTION COMMENTARY

Fitch Affirms Bank of Africa at 'BB'; Outlook Stable

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Fitch Ratings - Paris - 17 Dec 2025: Fitch Ratings has affirmed Bank of Africa's (BOA) Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'BB' with Stable Outlooks. Fitch has also affirmed BOA's Government Support Rating (GSR) at 'bb' and Viability Rating (VR) at 'bb-'.

KEY RATING DRIVERS

BOA's IDRs are driven by potential support from the Moroccan authorities, as reflected in the bank's GSR of 'bb'. The Stable Outlooks mirror those on the sovereign ratings.

BOA's VR considers its solid franchise in Morocco and its pan-African presence, which brings diversification benefits to the business model. BOA's healthy performance and sound funding and liquidity are balanced by weaker, but improving, capital ratios and asset quality. Its National Rating reflects its creditworthiness relative to other Moroccan issuers'.

Moderate Probability of Government Support: The Moroccan authorities have a high propensity to support the banking system due to high contagion risk in the sector and the importance of the banking system in building the domestic economy. However, their financial flexibility and ability to provide support remains only moderate. BOA's 'bb' GSR is in line with the GSR for domestic systemically important banks, reflecting our view of the bank's systemic importance as underscored by the bank's 14% market share.

Good Growth Opportunities: Morocco's favourable operating environment is underpinned by sound GDP growth (2026F: 3.9%), macroeconomic stability, and ambitious infrastructure projects that boost credit demand. Diversified economic drivers and ongoing public investment support banking sector performance, while prudent regulation strengthens banks' resilience to potential asset quality shocks, both domestically and in sub-Saharan Africa.

Solid Franchise: BOA has a solid franchise and domestic systemically important bank status in Morocco with a 14% market share. It operates across 32 countries, mostly in Africa, with contributions from operations outside Morocco representing about half of the group's net income.

Higher Risk Profile Than Peers: BOA's risk profile is higher than domestically-focused peers' due to a large presence in higher-risk markets outside Morocco. However, risks are mitigated by improved risk controls across the group and cautious growth. Ongoing efforts to clean up the balance sheet, including reducing legacy exposures and strengthening asset quality, reinforce the bank's overall risk profile.

Asset-Quality Weaknesses: BOA's Stage 3 loans ratio (end-1H25: 10.5%) is undermined by high impairments at some African subsidiaries and at some specialised financial companies in Morocco. Reserve coverage of Stage 3 loans by total reserves (end-1H25: 88%) is reasonable.

Healthy Profitability: In 9M25, net income attributable to shareholders of the parent company was up 12% year-on-year, led by strong trading revenue and contained operating expenses. This offset a 7% increase in impairment charges. Overall, the bank reported an annualized 15% return on equity in 9M25, one of the highest in the sector.

Improved Capitalisation: BOA's common equity Tier 1 (CET1) ratio improved to 9.7% at end-1H25 (end-2024: 9.5%) but was lower than the average for Morocco's seven largest banks (10.9%). However, we expect it to improve to about 10% at end-2026, owing to sound internal capital generation, ongoing risk-weighted asset optimisation, and potential capital-raising.

Healthy Funding and Liquidity: BOA is primarily funded by stable customer deposits (end-3Q25: 68% of non-equity funding) and deposit concentration is low by African standards. Liquidity is adequate, with an 88% loans/deposits ratio and a 181% liquidity coverage ratio at end-1H25. BOA's consolidated gross loans/customer deposit ratio (88% at end-1H25) is one of the lowest in the sector and has consistently remained below 90% over the past four years.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

BOA's IDRs would be downgraded should the state's ability or propensity to support the bank diminished. A downgrade of the Moroccan sovereign ratings would trigger a downgrade of the bank's GSR and IDRs.

BOA's VR could be downgraded if asset quality deteriorates markedly, resulting in a significant weakening of profitability and capital position. In particular, the VR could be downgraded if the CET1 buffers over the minimum regulatory requirement fall below 50bp on a sustained basis or if capital encumbrance through unreserved Stage 3 loans increases materially.

The National Ratings could be downgraded if Fitch believes that the bank's creditworthiness has weakened relative to other Moroccan issuers'.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of BOA's Long-Term IDRs could primarily be driven by an upgrade of the GSR, which in turn would require an upgrade of the sovereign's Long-Term IDRs.

An upgrade of the VR could stem from a material reduction in the bank's exposure to weak sub-Saharan African markets, combined with a sustained strengthening of the bank's asset quality and capitalisation.

The National Rating could be upgraded if Fitch believes that the bank's creditworthiness has improved relative to other rated Moroccan issuers'.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

BOA's Long-Term Foreign-Currency IDR (xgs) is at the level of the VR. Its Long-Term Local-Currency IDR (xgs) is in line with its Long-Term Foreign-Currency IDR (xgs).

BOA's Short-Term Foreign- and Local-Currency IDRs (xgs) are mapped to its Long-Term Foreign- and Local-Currency IDRs (xgs), respectively.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

BOA's Long-Term IDRs (xgs) could be downgraded if the VR is downgraded. Its Short-Term Foreign- and Local-Currency IDRs (xgs) are primarily sensitive to changes in its Long-Term Foreign- and Local-Currency IDRs (xgs), respectively, and could be downgraded if the Long-Term IDRs (xgs) are downgraded and the new Long-Term ratings map to lower Short-Term ratings in accordance with Fitch's criteria.

An upgrade of BOA's Long-Term IDRs (xgs) would require a VR upgrade. Its Short-Term Foreign- and Local-Currency IDRs (xgs) could be upgraded if the Long-Term IDRs (xgs) are upgraded and the new Long-Term ratings map to higher Short-Term ratings in accordance with Fitch's criteria.

VR ADJUSTMENTS

The operating environment score of 'bb-' is above the 'b' category implied score due to the following adjustment reasons: sovereign rating (positive), and macroeconomic stability (positive), and geographical scope (negative).

The capitalisation and leverage score of 'bb-' is above the 'b & below' category implied score due to the following adjustment reason: historical and future metrics (positive).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

BOA's IDRs are linked to the Moroccan sovereign ratings.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕		PRIOR ↕
Bank of Africa	LT IDR	BB Rating Outlook Stable	BB Rating Outlook Stable
	Affirmed		
	ST IDR	B Affirmed	B
	LC LT IDR	BB Rating Outlook Stable	BB Rating Outlook Stable
	Affirmed		

LC ST IDR	B	Affirmed	B
Natl LT	AA(mar) Rating Outlook Stable	Affirmed	AA(mar) Rating Outlook Stable
Natl ST	F1+(mar)	Affirmed	F1+(mar)
Viability	bb-	Affirmed	bb-
Government Support	bb	Affirmed	bb
LT IDR (xgs)	BB-(xgs)	Affirmed	BB-(xgs)
ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[National Scale Rating Criteria \(pub. 22 Dec 2020\)](#)

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Rating Criteria: Climate Vulnerability Signals \(pub. 08 Dec 2025\)](#)

ADDITIONAL DISCLOSURES

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Bank of Africa

EU Issued, UK Endorsed

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