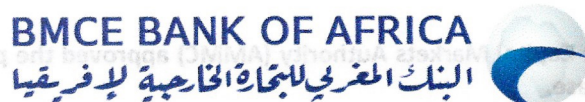


Banque Marocaine du Commerce Extérieur



Summary Prospectus

CAPITAL INCREASE IN TWO TRANCHES:

- **TRANCHE I: OPTION OF CONVERTING 2018 DIVIDENDS INTO ORDINARY SHARES**
 - **TRANCHE II: CASH CONTRIBUTIONS**

Maximum total number of shares to be issued: 10,535,508 new shares

- **Tranche I: 4,985,094 new shares**
- **Tranche II: 5,550,414 new shares (3 new shares for 97 pre-emptive subscription rights)**

Issue price: 180 dirhams

Par value: 10 dirhams

Total maximum transaction size, including issue premium: MAD 1 896 391 440

- **Tranche I maximum size, including issue premium: MAD 897,316,920**
- **Tranche II maximum size, including issue premium: MAD 999,074,520**

Subscription period: 9-31 July 2019 inclusive

ADVISORY INSTITUTION	COORDINATING INSTITUTION	BOOK-RUNNER
BMCE CAPITAL CONSEIL	BMCE BANK OF AFRICA البنك المغربي للتجارة الخارجية إفريقيا	BMCE CAPITAL BOURSE

Moroccan Capital Markets Authority (AMMC) approval visa

In accordance with the provisions of the AMMC circular, published in application of Article 5 of Dahir No. 1-12-55 of 28 December 2012 promulgating Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering, this prospectus has been approved by the AMMC on 25 June 2019 with reference No. VI/EM/017/2019.

WARNING




25 June 2019, the Moroccan Capital Markets Authority (AMMC) approved the prospectus relating to BMCE Bank of Africa's capital increase.

The AMMC-approved prospectus is available at any time at BMCE Bank of Africa's head office, on its website at <https://www.ir-bmcebankofafrica.ma/fr/note-dinformation-2019>, and from its advisory institution. It is also available at up to 48 hours' notice from those institutions responsible for taking subscription orders.

The prospectus is available to the general public at the head office of Casablanca Stock Exchange and on its website at www.casablanca-bourse.com. It is also available on the AMMC website at www.ammc.ma.

This summary prospectus has been translated by Intelligent Lingua Limited for which the said translator and BMCE Bank of Africa are jointly responsible.

In the event of any discrepancy between the contents of this summary prospectus and that of the AMMC-approved prospectus, the latter alone shall be deemed authoritative.

Book-Runner	Coordinating Institution	Advisory Institution
 BMCE CAPITAL	 BMCE BANK OF AFRICA	 BMCE CAPITAL

SECTION I: TRANSACTION OVERVIEW

I. Offer structure

The maximum size of the share capital increase (Tranches I and II) referred to in this prospectus is MAD 1,896,391,440, divided into two tranches as follows:

- **Tranche I: Transaction providing the option of converting 2018 dividends into ordinary shares**

Assuming that all BMCE Bank of Africa's existing shareholders were to exercise the option of fully converting their 2018 dividend entitlement into ordinary shares of the company, then the total maximum subscription size for Tranche I of the capital increase referred to in this prospectus would be MAD 897,316,920 (excluding statutory deductions).

Tranche I of the capital increase referred to in this prospectus involves issuing up to 4,985,094 new shares at an issue price of 180 dirhams i.e. a par value of 10 dirhams per share and an issue premium of 170 dirhams per share.

It shall be expressly understood that the size of the Tranche I subscription may range from MAD 0 to MAD 897,316,920 (excluding statutory deductions), depending on the extent to which shareholders subscribe for new shares issued under Tranche I.

Subscription by shareholders to Tranche I will result in the share capital increasing by up to MAD 49,850,940 as far as par value is concerned and by up to MAD 847,465,980 as far as share premium is concerned i.e. a total of MAD 897,316,920.

Dividends paid in respect of Treasury stock will be allocated to retained earnings on the payment date¹.

Tranche I maximum size (MAD)	
Number of shares (end-March 2019)	179,463,390
Dividend per share	5 dirhams per share
Distribution of gross dividends	MAD 897,316,950
Tranche I maximum size	MAD 49,850,940 (par value) and MAD 847,465,980 (share premium)

- **Tranche II: contributions in cash**

Assuming that Tranche II of the capital increase referred to in this prospectus were to be fully subscribed, then the maximum size of the said tranche would be MAD 999,074,520.

Tranche II of the capital increase referred to in this prospectus involves issuing up to 5,550,414 new shares at an issue price of 180 dirhams i.e. a par value of 10 dirhams per share and an issue premium of 170 dirhams per share.

Subscription by shareholders to Tranche II will result in the share capital increasing by up to MAD 55,504,140 as far as par value is concerned and by up to MAD 943,570,380 as far as share premium is concerned.

¹ Prior to the transaction referred to in this prospectus, BMCE Bank of Africa does not own Treasury stock

II. Transaction aims

Through this transaction, BMCE Bank of Africa aims to:

- Enable incumbent shareholders to bolster their holding in the company (if they so wish);
- Finance the strategic development plan for the period 2019-2021 while supporting the Group's domestic and overseas growth strategy;
- Bolster the Bank's capital to enable it to meet banking and financial requirements;
- Finance BMCE Bank of Africa's day-to-day business operations.

It is worth noting that the financing aspect of BMCE Bank of Africa's strategic development plan assumes an injection of MAD 6.5 billion of Tier 1 capital over the period 2019-21, mainly via:

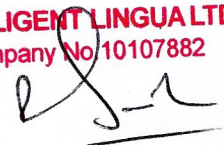
- **Transactions that are scheduled to take place in 2019:**
 - ✓ Capital increase amounting to just under MAD 900 million in 2019 through the option of converting dividends into shares;
 - ✓ MAD 1 billion capital increase via a public offering in 2019;
 - ✓ CDC Group plc acquiring a stake of about 5% in BMCE Bank of Africa, totalling the dirham equivalent of USD 200 million;
 - ✓ Strategic partnership agreement signed between BMCE Bank of Africa and CDC Group plc, the UK's development finance institution;
An Extraordinary General Meeting will be held with a view to authorising the new capital increase reserved solely for CDC Group plc.
- **Forthcoming transactions in 2020-21:**
 - ✓ Capital increase amounting to just under MAD 900 million in 2020 through the option of converting dividends into shares;
 - ✓ Capital injection, if needed, amounting to an additional MAD 2 billion overall:
 - MAD 1 billion by issuing perpetual subordinated debt with a loss absorption provision/AT1 capital
 - MAD 1 billion via a new share reserved solely for the Bank's employees.

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

III. Transaction schedule

Subscribers may subscribe by placing an order with the order-taking institutions. The following table outlines the transaction schedule:

Stage	Date
Casablanca Stock Exchange receives the complete transaction dossier	25 June 2019
Casablanca Stock Exchange issues an approval notice and transaction schedule	25 June 2019
AMMC approves the prospectus	25 June 2019
Prospectus excerpt published on BMCE Bank of Africa's website	25 June 2019
- Capital increase notice published in the Official Bulletin - Notice relating to the dividend payment published	26 June 2019
BMCE Bank of Africa publishes a press release in a journal containing legal notices	27 June 2019
Dividend detachment: Share price adjusted, and order book purged	03 July 2019
Detachment of pre-emptive subscription rights: - Theoretical value of the subscription right published - Share price adjusted - Order book purged	04 July 2019
- Subscription period opens - Dividend conversion period opens - Trading in subscription rights	09 July 2019
- Subscription period closes - Dividend conversion period closes	31 July 2019
Subscription rights cancelled	01 August 2019
Co-ordinating institution receives the total amount of subscription orders	06 August 2019
Subscriptions centralised and allocated	07 August 2019
Surplus allocated to Tranche II subscribers	08 August 2019
Meeting of the Board of Directors for the purpose of ratifying the capital increase	08 August 2019
Casablanca Stock Exchange receives: (i) the minutes of the Board meeting for the purpose of ratifying the capital increase (ii) the results of the capital increase	15 August 2019
Dividend payment in cash by the issuer	15 August 2019
Delivery of new shares to custodians	16 August 2019
New shares admitted for trading on the 1 st line Share capital increase on the Exchange registered Transaction results published by the Casablanca Stock Exchange in the Official Bulletin	19 August 2019
Transaction results published by the issuer	23 August 2019



IV. Securities on offer

1. Features of the securities on offer

Tranche I: Capital increase by converting 2018 dividends into shares

Tranche I features	
Type of securities issued	BMCE Bank Of Africa shares, each of the same class
Legal form	Bearer, in entirely non-physical form and eligible for Maroclear clearing
Tranche I maximum size	MAD 897,316,920 including MAD 49,850,940 par value and MAD 847,465,980 of share premium
Maximum number of shares issued	4,985,094 new shares
Issue premium	180 dirhams per share
Par value (per share)	10 dirhams per share
Issue premium (per share)	170 dirhams per share
Restrictions on the issued shares	The shares will be fully paid-up and free of all restrictions
Entitlement date	1 January 2019
Subscription period	9-31 July 2019 inclusive
Shares' tradability	The issued shares referred to in this prospectus will be freely tradable on the Casablanca Stock Exchange
Date new shares listed	19 August 2019
Payment method for shares	By converting 2018 dividends into ordinary shares
Trading in new shares	The new shares issues under Tranche I of this share capital increase will be admitted for trading on the 1 st line alongside the existing shares listed on the Casablanca Stock Exchange
ISIN code for shares	MA0000011835
Rights attached to the securities issued	All shares confer equal rights as far as the distribution of profits is concerned as well as the distribution of dividends on liquidation. The new shares will not be entitled to profits in respect of financial year 2018. Each share entitles its holder to one voting right at shareholder meetings. There are no shares with double voting rights.



Tranche II: Capital increase in cash

Features of Tranche II	
Type of securities issued	BMCE Bank Of Africa shares, each of the same class
Legal form	Bearer, in entirely non-physical form and eligible for Maroclear clearing
Tranche II maximum size	MAD 999,074,520 including MAD 55,504,140 par value and MAD 943,570,380 of share premium
Maximum number of shares issued	5,550,414 new shares
Issue premium	180 dirhams per share
Par value (per share)	10 dirhams per share
Issue premium (per share)	170 dirhams per share
Restrictions on the issued shares	The shares will be fully paid-up and free of all restrictions
Entitlement date	1 January 2019
Subscription period	9-31 July 2019 inclusive
Shares' tradability	The issued shares referred to in this prospectus will be freely tradable on the Casablanca Stock Exchange
Payment method for shares	Cash
Trading in new shares	The new shares issues under Tranche II of this share capital increase will be admitted for trading on the 1 st line alongside the existing shares listed on the Casablanca Stock Exchange
Pre-emptive subscription rights	<p>As far as subscription for new shares under Tranche II of the share capital increase referred to in this prospectus is concerned, the pre-emptive subscription rights reserved for the shareholders pursuant to Article 189 of Act No. 17-95 relating to limited companies, amended and completed, will be maintained on the basis of one pre-emptive subscription right for every share currently held.</p> <p>During the entire subscription period, shareholders' pre-emptive subscription rights will be freely tradable on the Casablanca Stock Exchange on the same terms as trading in BMCE Bank of Africa stock.</p> <p>Shareholders' pre-emptive subscription rights must be exercised during the subscription period. Failing that, they will be forfeited.</p> <p>Holders of pre-emptive subscription rights may irreducibly subscribe on the basis of 3 new shares for 97 pre-emptive subscription rights (SFCM has waived its right to exercise 4 pre-emptive subscription rights).</p> <p>Furthermore, each shareholder may, if so desired, choose to waive its pre-emptive subscription rights.</p> <p>Subscription for new shares is solely reserved for existing shareholders of the company and holders of pre-emptive subscription rights. Consequently, the latter will have a right to irreducibly subscribe for the new shares to be issued.</p> <p>Shareholders will also have a right to reducibly subscribe, with the aim of allocating the shares that have not been assigned on the basis of exercising the right to irreducibly subscribe. Subscription rights will be awarded pro-rata to their current shareholding up to the amount applied for but avoiding fractional attribution.</p> <p>The number of pre-emptive subscription rights that may be exercised must not exceed the maximum number required to ensure subscription for a whole number of new shares. Shareholders or those wishing to cede their pre-emptive subscription rights who do not have a sufficient number of pre-emptive subscription rights to be able to obtain a whole number of new shares, on the basis of subscribing irreducibly, may purchase or sell their pre-emptive subscription rights under normal market conditions during the subscription period.</p>

	<p>Pre-emptive subscription rights forming fractional shares may be ceded or supplemented on the market during the subscription period. The theoretical price for such pre-emptive subscription rights (PSR) is calculated as follows:</p> $PSR = (\text{Closing price of BMCE Bank of Africa's shares on the day prior to the detachment of the PSR} - \text{Issue price}) \times \left(\frac{\text{Number of new shares to be issued under Tranche II}}{\text{Number of existing shares} + \text{Number of new shares under Tranche II}} \right)$
Date new shares listed	19 August 2019
ISIN code for shares	MA0000011835
Trading in PSR	Trading cycle: Price-fixing Ticker: SBCEA Name: DS BCE 3/97 2019
Order book purged	The order book in BMCE Bank of Africa shares will be purged 4 July 2019
Rights attached to the securities issued	<p>All shares confer equal rights as far as the distribution of profits is concerned as well as the distribution of dividends on liquidation. The new shares will not be entitled to profits in respect of financial year 2018.</p> <p>Each share entitles its holder to one voting right at shareholder meetings. There are no shares with double voting rights.</p>

SECTION II: BMCE BANK OF AFRICA OVERVIEW

I. General information

Company name:	Banque Marocaine du Commerce Extérieur/BMCE Bank/BMCE Bank of Africa
Head office:	140, avenue Hassan II, Casablanca.
Telephone:	05 22 49 80 04/03
Fax:	05 22 26 49 65
Website:	www.bmcebank.co.ma
Legal form:	Public limited company with a board of directors
Date of incorporation:	31 August 1959
Life:	99 years
Trade Register registration number:	27,129 Casablanca
Financial year:	From 1 January to 31 December
Purpose: (Article from the Memorandum and Articles of Association)	<p>BMCE Bank of Africa's purpose, under Dahir No. 1-14-193 of 1st Rabi I 1436 enacting Act No. 103-12 relating to credit institutions and similar organisations, is to:</p> <ul style="list-style-type: none"> ▪ Conduct any type of banking, foreign exchange, treasury, guarantee, acceptance, discount, rediscount, current account overdraft transactions and any form of short-, medium- and long-term lending; contract any loan and any commitment in any currency; buy, sell or dispose of any movable or immovable property; conduct any type of transit, fee-based or precious metals transaction; ▪ Make any investment, subscription, stock market or other purchase or sale in cash or using futures in any type of security or other financial instrument; ▪ Make, hold or manage investments in any banking, financial, real estate, industrial or commercial undertaking for its own account or on behalf of third parties; ▪ And, generally, conduct any banking, financial, commercial, industrial, movable and immovable transaction that may be directly or indirectly related to its purpose.
Share capital at 30 May 2019	MAD 1,794,633,900 comprising 179,463,390 shares, each with a par value of 10 dirhams
Legal documents:	The Company's legal documents, including the Memorandum and Articles of Association, the minutes of general meetings and the statutory auditors' reports, may be consulted at BMCE Bank of Africa's head office
List of applicable legislation:	<p>By virtue of its legal form, BMCE Bank is governed by Moroccan law and Act No. 17-95, amended and completed;</p> <p>By virtue of its business activity, BMCE Bank is governed by Dahir No. 1-14-193 of 1st Rabi I 1436 enacting Act No. 103-12 relating to credit institutions and similar organisations (Banking Act);</p> <p>By virtue of its shares being listed on the Casablanca Stock Exchange, BMCE Bank is subject to all legal and regulatory provisions relating to financial markets including:</p>

- Dahir No. 1-93-211 of 21st September 1993 relating to the Stock Exchange, amended and completed by Acts 34-96, 29-00, 52-01, 45-06 and 43-09;
- General Rules of the Stock Exchange approved by Decree No. 1268-1208 of 7th July 2008 of the Minister of the Economy and Finance, amended and completed by Decrees of the Minister of the Economy and Finance No. 1156-10 of 7th April 2010, No. 30-14 of 6th January 2014 and No. 1955-16 of 4th July 2016
- Dahir enacting Act No. 1-93-212 of 4th Rabi II 1414 (21st September 1993), amended and completed by Acts No. 23-01, 36-05 and 44-06;
- The AMMC's General Rules, approved by Decree No. 2169-16 of the Minister of the Economy and Finance;
- Dahir No. 35-96 relating to the setting up of a Central Securities Depository and the establishment of a general system for registering securities in accounts, amended and completed by Act No. 43-02;
- General Rules of the Central Securities Depository approved by Decree No. 932-98 of the Minister of the Economy and Finance of 18th hijra 1418 (16th April 1998), amended and completed by Decree No. 1961-01, published in the Official Bulletin No. 4966 and Decree No. 77-05 of 17th March 2005;
- Dahir No. 1-04-21 of 21st April 2004, enacting Act No. 26-03 relating to public offerings and amended by Act No. 46-06;
- Act No. 44-12 relating to public offerings and information required of legal entities and organisations making a public offering;
- Act No. 43-12 relating to the AMMC;
- The AMMC circular, amended and completed.

By virtue of its certificate of deposit issuance programme, BMCE Bank of Africa is subject to Act No. 35-94 relating to negotiable debt securities and BAM Circular No. 2/G/96 of 30th January 1996 relating to certificates of deposit and its amendment.

Tax regime: BMCE Bank of Africa, as a credit institution, is liable to payment of corporation tax (37%) and VAT (10%)

Competent court in the event of litigation: Casablanca Commercial Court



II. Ownership structure

1. Ownership structure

At 31 May 2019, BMCE Bank Of Africa's share capital stood at MAD 1,794,633,900 comprising 179,463,390 fully paid-up shares, each with a par value of 10 dirhams.

It is worth recalling that BMCE Bank of Africa underwent a 10-for-1 stock split 22 September 2008 which resulted in each share having a par value of MAD 10 versus MAD 100 previously, in accordance with the provisions of Act No. 20-05, amending and completing Act No. 17-95 of 30 August 1996 relating to limited companies.

Table 1 Ownership structure at 31 May 2019

Shareholder	Number of shares owned	% of share capital	% of voting rights
Controlling interest	65 253 407	36.36%	36.36%
RMA*	53 640 851	29.89%	29.89%
Financecom	10 453 351	5.82%	5.82%
Société Financière Crédit du Maghreb (SFCM)	1 159 205	0.65%	0.65%
Long-term shareholders	79 434 585	44.26%	44.26%
Banque Fédérative du Crédit Mutuel	47 029 054	26.21%	26.21%
Caisse de Dépôt et de Gestion	15 638 328	8.71%	8.71%
MAMDA/MCMA	9 395 940	5.24%	5.24%
CIMR	7 371 263	4.11%	4.11%
Others	34 775 398	19.38%	19.38%
BMCE Bank employees	2 275 314	1.27%	1.27%
Free-float	32 500 084	18.11%	18.11%
Total	179 463 390	100%	100%

Source: BMCE Bank

(*) including dedicated funds

III. Board of Directors

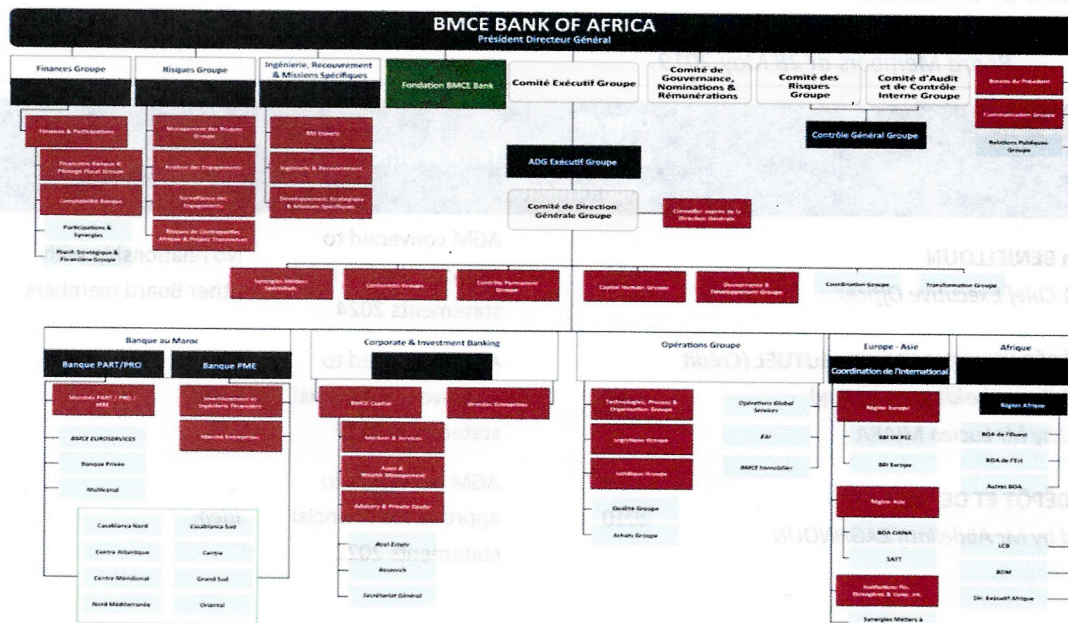
Table 2 Board Members at 28 May 2019

Director	Date of initial appointment	Term of office expiry	Relationship
Mr Othman BENJELLOUN <i>Chairman & Chief Executive Officer</i>	1995	AGM convened to approve the financial statements 2024	No relationship with other Board members
BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL (Crédit Mutuel/CIC Group holding company) <i>represented by Mr Lucien MIARA</i>	2005	AGM convened to approve the financial statements 2019	<i>Idem</i>
CAISSE DE DÉPÔT ET DE GESTION <i>represented by Mr Abdellatif ZAGHNOUN</i>	2010	AGM convened to approve the financial statements 2021	<i>Idem</i>

RMA represented by Mr Zouheir BENSAID	1995	AGM convened to approve the financial statements 2024	<i>Idem</i>
FINANCECOM represented by Mr Hicham El AMRANI	2001	AGM convened to approve the financial statements 2020	<i>Idem</i>
Mr Azeddine GUESSOUS <i>Intuitu personae</i>	2017	AGM convened to approve the financial statements 2022	<i>Idem</i>
Mr François HENROT <i>Independent Director</i>	2016	AGM convened to approve the financial statements 2021	<i>Idem</i>
Mr Brian C. Mck. HENDERSON <i>Independent Director</i>	2016	AGM convened to approve the financial statements 2021	<i>Idem</i>
Mr Philippe DE FONTAINE VIVE <i>Independent Director</i>	2016	AGM convened to approve the financial statements 2021	<i>Idem</i>
Mr Christian de BOISSIEU <i>Independent Director</i>	2016	AGM convened to approve the financial statements 2021	<i>Idem</i>
Mr Abdou BENSOUDA <i>Intuitu personae</i>	2018	AGM convened to approve the financial statements 2023	<i>Idem</i>
Mr Brahim BENJELLOUN TOUMI Group Chief Executive Officer	2004	AGM convened to approve the financial statements 2021	<i>Idem</i>

Source: BMCE Bank

IV. BMCE Bank of Africa’s organisational structure (May 2019)



Source: BMCE Bank



SECTION III: BMCE Bank of Africa's business activity

1. Loan growth

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

Table 3 Net loans by customer type for the period 2016-2018

MAD M	2016	2017	Change	2018	Change
Loans and advances to credit institutions and similar institutions	28 710	31 189	8.60%	26 271	-15.77%
Loans and advances to customers	116 660	118 101	1.20%	112 236	-4.97%
Operating loans	31 744	26 761	-15.70%	23 799	-11.07%
Consumer loans	9 743	9 586	-1.60%	8 830	-7.88%
Equipment loans	18 910	22 069	16.70%	21 570	-2.26%
Property loans	37 666	40 410	7.30%	40 373	-0.09%
Other loans²	15 154	15 105	-0.30%	11 974	-20.73%
Accounts receivable acquired through factoring	669	861	28.70%	2 515	192.13%
Accrued interest receivable	654	725	10.90%	712	-1.81%
Non-performing loans	2 120	2 583	21.80%	2 462	-4.67%
Total loans	145 370.00	149 290.00	2.70%	138 508	-7.2%

Source: BMCE Bank (parent company)³

At 31 December 2017, outstanding loans rose by 2.7% to MAD 149,290 million. This was primarily due to a 16.7% increase in equipment loans to MAD 22,069 million and 7.3% growth in property loans to MAD 40,410 million, offset by a 15.7% fall in operating loans to MAD 26,761 million.

At 31 December 2018, outstanding loans fell by 7.2% to MAD 138,508 million. This was primarily due to a (i) an 11.1% drop in operating loans to MAD 23,799 million (ii) a 7.9% decline in consumer loans to MAD 8,830 million against a backdrop of balance sheet optimisation so as to enable the Bank to meet its regulatory capital requirements and (iii) a 2.3% fall in equipment loans to MAD 21,570 million and a 20.7% decline in other loans to MAD 2,515 million due to a decrease in resales with customers. Loans and advances to credit and similar institutions fell by 15.77% to MAD 26.3 billion.

Accounts receivable acquired through factoring rose sharply (+192% year-on-year) in 2018 (the year in which VAT credits were included), primarily due to the repayment of a VAT credit of almost MAD 1.2 billion in relation to OCP.

2. Customer deposit growth

The following table shows customer deposit growth by product type for the period 2016-18:

Table 4 Customer deposit growth by product type

M MAD	2016	2017	Change	2018	Change
Sight deposits in credit	67 872	73 426	8.20%	73 361	-0.09%
Savings accounts	22 063	23 436	6.20%	24 130	2.96%
Term deposits	30 656	28 847	-5.90%	23 482	-18.60%
Other accounts in credit	9 957	9 640	-3.20%	7 309	-24.18%
Accrued interest payable	576	466	-19.10%	478	2.49%
Total customer deposits	131 124	135 815	3.60%	128 759	-5.20%

Source: BMCE Bank (parent company)

² Primarily reverse repurchase agreements

³ Includes BMCE S.A., BMCE Tangier Offshore and BMCE Paris

SECTION IV: Financial information

Table 1 Consolidated balance sheet over the period 2016-2018

ASSETS (MAD K)	2016	2017	Change	01/01/2018 FTA IFRS 9	2018	Change
Cash and balances with central banks, the Treasury and post office accounts	12 155 637	15 497 685	27.49%	14 490 894	14 310 554	-1.24%
Financial assets at fair value through profit or loss	38 890 923	34 002 616	-12.57%		0	
- Financial assets held for trading				33 808 089	25 104 686	-25.74%
- Other financial assets at fair value through profit or loss				1 437 396	1 011 536	-29.63%
Derivative instruments for hedging purposes	2 938		-1		0	
Available-for-sale financial assets	8 317 725	10 531 128	26.61%		0	
Financial assets at fair value through equity					0	
- Debt instruments recognised at fair value through recyclable equity				1 335 403	1 402 639	5.03%
- Debt instruments recognised at fair value through non-recyclable equity				4 048 481	3 986 053	-1.54%
Held-to-maturity investments	25 136 170	23 016 078	-8.43%			
Securities at amortised cost				26 449 553	25 315 848	-4.29%
Loans and advances to credit and similar institutions at amortised cost	21 221 229	25 177 051	18.64%	25 147 124	21 250 394	-15.50%
Loans and advances to customers	179 774 222	183 814 990	2.25%	181 984 271	179 302 874	-1.47%
Revaluation difference (assets) for interest rate-hedged portfolios						
Investments of insurance companies						
Current tax assets	414 191	855 725	106.60%	855 725	783 556	-8.43%
Deferred tax assets	521 548	793 123	52.07%	1 802 409	1 615 532	-10.37%
Regularisation accounts and other assets	6 440 776	6 095 077	-5.37%	6 095 077	7 199 267	18.12%
Non-current assets held for sale	-	0			0	
Investments in companies accounted for under the equity method	631 268	643 037	1.86%	643 037	874 360	35.97%
Investment property	3 746 146	3 824 439	2.09%	3 824 439	3 730 378	-2.46%
Property, plant and equipment	6 988 825	7 302 800	4.49%	7 302 800	7 640 031	4.62%
Intangible assets	828 970	937 808	13.13%	937 808	987 571	5.31%
Goodwill	852 310	852 310	0.00%	852 310	1 032 114	21.10%
Total Assets	305 922 878	313 343 867	2.43%	311 014 816	295 547 393	-4.97%

Source: BMCE Bank – Consolidated financial statements under IFRS

LIABILITIES (MAD K)	2016	2017	Change	01/01/2018 FTA IFRS 9	2018	Change
Amounts owing to central banks, the Treasury and post office accounts	-					
Financial liabilities at fair value through profit or loss	2 098 276	1 768 686	-15.70%			
- Financial liabilities held for trading				37 094		

- Financial liabilities at fair value through profit or loss						1 737 600	
Derivative instruments for hedging purposes	-	6008					
Debt securities issued	13 186 303	15 101 490	14.50%	15 101 490	13 582 981		-10%
Amounts due to credit and similar institutions	49 708 268	44 958 940	-9.60%	44 958 940	43 725 210		-3%
Amounts due to customers	190 050 335	198 783 598	4.60%	198 783 598	192 474 205		-3%
Revaluation difference (liabilities) for interest rate-hedged portfolios	-						
Current tax liabilities	641 287	740 856	15.50%	740 856	769 014		4%
Deferred tax liabilities	1 198 242	1 598 944	33.40%	1 601 333	1 179 765		-26%
Regularisation accounts and other liabilities	14 278 900	13 419 677	-6.00%	13 419 677	9 350 024		-30%
Amounts due relating to non-current assets held for sale	-						
Technical provisions for insurance contracts	-						
General provisions	685 204	832 490	21.50%	1 087 637	1 039 395		-4%
Subsidies, assigned public funds and special guarantee funds	-						
Subordinated debt	10 493 376	11 448 754	9.10%	11 448 754	9 585 289		-16%
TOTAL AMOUNTS DUE		288 659 443		288 916 979	271 705 883		-6%
Shareholders' equity							
Share capital and related reserves	13 299 090	13 748 403	3.40%	13 748 403	14 365 774		4%
Consolidated reserves	-						
- Attributable to shareholders of the parent company	2 934 250	2 427 415	-17.30%	2 788 767	1 584 607		-43%
- Attributable to minority interests	4 520 991	4 625 624	2.30%	4 420 422	3 977 575		-10%
Gains or losses recognised directly through equity							
- Attributable to shareholders of the parent company	-9 794	495 942	-51.637	596 815	593 531		-1%
- Attributable to minority interests	3 323	543 259	16248.50%	543 430	511 300		-6%
Net income for the period	-						
- Attributable to shareholders of the parent company	2 036 186	2 036 321	0.00%		1 831 171		-10%
- Attributable to minority interests	798 641	807 460	1.10%		977 552		21%
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	23 582 687	24 684 424	4.70%	22 097 837	23 841 510		8%
TOTAL Liabilities	305 922 878	313 343 867	2.40%	311 014 816	295 547 393		-4.97%

Source: BMCE Bank – Consolidated financial statements under IFRS



Table 2 Income statement over the period 2016-2018

MAD K	2016	2017	Change	2018	Change
<i>Interest and similar income</i>	14 505 242	14 895 644	2.69%	14 934 916	0.26%
<i>Interest and similar expenses</i>	-5 259 644	-5 220 279	-0.75%	-5 252 749	0.62%
NET INTEREST INCOME	9 245 598	9 675 365	4.65%	9 682 167	0.07%
<i>Fees received</i>	2 572 675	2 732 308	6.20%	2 990 545	9.45%
<i>Fees paid</i>	-455 730	-315 612	-30.75%	-477 341	51.24%
NET FEE INCOME	2 116 945	2 416 696	14.16%	2 513 204	3.99%
<i>Net gains or losses resulting from net hedging positions</i>					
<i>Net gains or losses on instruments at fair value through profit or loss</i>	982 990	506 845	-48.44%	136 275	-73.11%
<i>Net gains or losses on assets/liabilities held for trading</i>				138 632	
<i>Net gains or losses on other assets/liabilities at fair value through profit or loss</i>				-2 357	
<i>Net gains or losses on investments in associates and joint ventures through equity</i>				226 865	
<i>Net gains or losses on debt instruments through recyclable equity</i>					
<i>Remuneration from equity instruments recognised through non-recyclable equity</i>				226 865	
<i>Net gains or losses on available-for-sale financial assets</i>	229 923	228 257	-0.72%		
<i>Gains or losses resulting from de-recognition of financial assets at amortised cost</i>					
<i>Gains or losses resulting from the reclassification of financial assets at amortised cost as financial assets at fair value through profit or loss</i>					
<i>Gains or losses from the reclassification of financial assets through equity as financial assets at fair value through profit or loss</i>					
<i>Net income from insurance operations</i>					
<i>Income from other operations</i>	884 515	1 036 084	17.14%	1 137 982	9.83%
<i>Expenses from other operations</i>	-469 956	-495 692	5.48%	-463 024	-6.59%
NET BANKING INCOME	12 990 015	13 367 555	2.91%	13 233 468	-1.00%
<i>General operating expenses</i>	-6 678 453	-7 015 278	5.04%	-7 194 827	2.56%
<i>Amortisation, depreciation and impairment of tangible and intangible assets</i>	-696 947	-747 408	7.24%	-620 980	-16.92%
GROSS OPERATING INCOME	5 614 615	5 604 869	-0.17%	5 417 661	-3.34%
<i>Cost of risk</i>	-1 616 531	-1 794 180	10.99%	-1 833 379	2.18%
OPERATING INCOME	3 998 084	3 810 689	-4.69%	3 584 281	-5.94%
<i>Share of net income of companies accounted for under the equity method</i>	103 652	12 827	-87.62%	61 804	381.83%
<i>Net gains or losses on other assets</i>	-111 741	14 815	-113.26%	6 210	-58.08%
<i>Changes in goodwill</i>	-31 514	0			
PRE-TAX INCOME	3 958 481	3 838 331	-3.04%	3 652 295	-4.85%
<i>Corporation tax</i>	-1 123 654	-994 550	-11.49%	-843 574	-15.18%
NET INCOME	2 834 827	2 843 783	0.32%	2 808 722	-1.23%
<i>Net income attributable to minority interests</i>	798 641	807 460	1.10%	977 552	21.07%
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	2 036 186	2 036 323	0.01%	1 831 170	-10.07%

Source: BMCE Bank



Table 3 Consolidated balance sheet over the period 2018 - Q1 2019

ASSETS (MAD K)	2018	Q1 2019	Change
Cash and balances with central banks, the Treasury and post office accounts	14 310 554	13 594 549	-5.0%
Financial assets at fair value through profit or loss	26 116 222	36 119 595	38.3%
Financial assets at fair value through equity	5 388 692	5 484 837	1.8%
Derivative instruments for hedging purposes	0	0	-
Securities at amortised cost	25 315 848	27 986 003	10.5%
Loans and advances to credit institutions	21 250 394	20 600 417	-3.1%
Loans and advances to customers	179 302 874	181 498 328	1.2%
Revaluation difference (assets) for interest rate-hedged portfolios	0	0	-
Current tax assets	783 556	428 634	-45.3%
Deferred tax assets	1 615 532	1 624 190	0.5%
Regularisation accounts and other assets	7 199 267	7 180 646	-0.3%
Non-current assets held for sale	0	0	-
Investments in companies accounted for under the equity method	874 360	879 954	0.6%
Investment property	3 730 378	3 825 956	2.6%
Property, plant and equipment	7 640 031	8 633 662	13.0%
Intangible assets	987 571	1 047 717	6.1%
Goodwill	1 032 114	1 032 114	0.0%
TOTAL ASSETS	295 547 393	309 936 602	4.9%

Source: BMCE Bank – Consolidated financial statements under IFRS

LIABILITIES (MAD K)	2018	Q1 2019	30/06/18
Amounts owing to central banks, the Treasury and post office accounts	0	0	-
Financial liabilities at fair value through profit or loss	0	0	-
Derivative instruments for hedging purposes	0	0	-
Amounts due to credit and similar institutions	43 725 210	50 921 422	16.5%
Amounts due to customers	192 474 205	194 354 888	1.0%
Debt securities issued	13 582 981	14 077 676	3.6%
Revaluation difference (liabilities) for interest rate-hedged portfolios	0	0	-
Current tax liabilities	769 014	416 431	-45.8%
Deferred tax liabilities	1 179 765	1 175 113	-0.4%
Regularisation accounts and other liabilities	9 350 024	14 015 235	49.9%
Amounts due relating to non-current assets held for sale	0	0	-
Liabilities relating to insurance contracts	0	0	-
General provisions	1 039 395	1 047 462	0.8%
Subsidies, assigned public funds and special guarantee funds	0	0	-
Subordinated debt	9 585 289	9 791 400	2.2%
Share capital and related reserves	14 365 774	14 371 896	0.0%
Consolidated reserves			



Summary Prospectus: Capital increase in two tranches

- Attributable to shareholders of the parent company	1 584 607	3 285 077	107.3%
- Attributable to minority interests	3 977 575	4 690 806	17.9%
Unrealised or deferred gains or losses, attributable to shareholders of the parent company	593 531	589 497	-0.7%
Unrealised or deferred gains or losses, attributable to minority interests	511 300	506 738	-0.9%
Net income for the period			
- Attributable to shareholders of the parent company	1 831 171	454 401	-75.2%
- Attributable to minority interests	977 552	238 560	-75.6%
Consolidated shareholders' equity	23 841 510	24 136 975	1.2%
TOTAL LIABILITIES	295 547 393	309 936 602	4.9%

Source: BMCE Bank – Consolidated financial statements under IFRS



Table 4 Income statement over the period Q1 2018 – Q1 2019

MAD K	Q1 2018	Q1 2019	Change
<i>Interest and similar income</i>	3 565 909	3 682 205	3.3%
<i>Interest and similar expenses</i>	-1 234 729	- 1 247 356	1.0%
NET INTEREST INCOME	2 331 180	2 434 849	4.4%
<i>Fees received</i>	684 070	732 508	7.1%
<i>Fees paid</i>	-74 597	- 106 417	42.7%
NET FEE INCOME	609 473	626 091	2.7%
<i>Gains or losses on financial instruments at fair value through profit or loss</i>	165 183	159 609	-3.4%
<i>Net gains or losses on financial assets at fair value through equity</i>	20 388	40 342	97.9%
INCOME FROM MARKET OPERATIONS	185 543	199 951	7.8%
<i>Income from other operations</i>	213 099	203 761	-4.4%
<i>Expenses from other operations</i>	- 112 810	- 122 772	8.8%
NET BANKING INCOME	3 226 485	3 341 880	3.6%
<i>General operating expenses</i>	- 1 655 530	- 1 725 094	4.2%
<i>Amortisation, depreciation and impairment of tangible and intangible assets</i>	- 189 446	- 218 522	15.3%
GROSS OPERATING INCOME	1 381 509	1 398 264	1.2%
<i>Cost of risk</i>	- 494 867	- 471 388	-4.7%
OPERATING INCOME	886 642	926 876	4.5%
<i>Share of net income of companies accounted for under the equity method</i>	12 470	16 116	29.2%
<i>Net gains or losses on other assets</i>	1 572	- 5 539	-452.4%
<i>Changes in goodwill</i>			-
PRE-TAX INCOME	900 684	937 453	4.1%
<i>Corporation tax</i>	- 204 654	- 244 492	19.5%
NET INCOME	696 030	692 961	-0.4%
<i>Net income attributable to minority interests</i>	254 902	238 560	-6.4%
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	441 128	454 401	3.0%

Source: BMCE Bank



SECTION V: Risks

I. Risks relating to the Bank and its industry

1. Counterparty risk management

Loans distributed by the Bank (consolidated basis) to customers and to credit institutions totalled MAD 215 billion in 2018 versus MAD 218 billion the previous year.

BMCE Bank is determined to further develop its coverage of SMEs and PMIs. This segment offers better margins and potential opportunities not only in terms of bank lending but also in advisory services in financing and restructuring.

Since 2015, the entire banking industry has seen portfolio quality deteriorate modestly. The impact on our subsidiaries has been more moderate, the exception being Ghana, Kenya and Mali, resulting in improved risk management.

Non-performing loans have risen faster than loan growth, due in particular to the introduction of the Group's Convergence policy and a stricter regulatory environment. The Group's non-performing loan ratio was 8.2% in 2018 versus 7.6% in 2017.

In the face of rising non-performing loans, loan-loss provisioning has increased significantly. As a result, the Group's loan-loss coverage ratio was a satisfactory 66% in 2018 versus 64% in 2017.

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

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

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

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

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

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

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

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

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

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

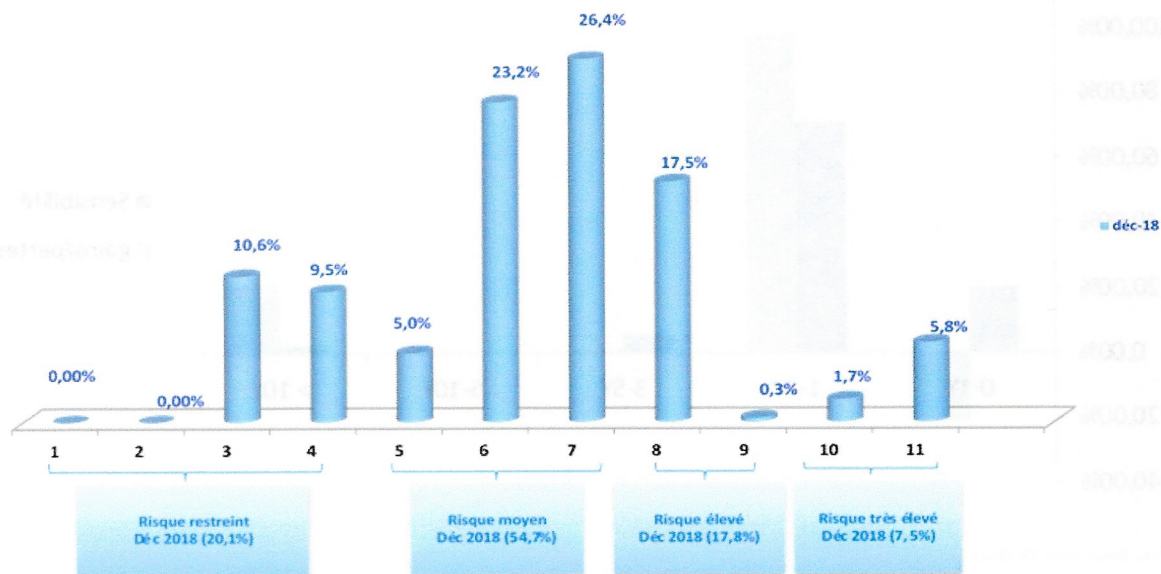
BMCE Bank of Africa Group has adopted an 11-level ratings scale to attribute a final counterparty rating:

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
	Average 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

"Healthy" ratings	1	Increasing probability of default (PD)
	2	
	3	
	4	
	5	
	6	
	7	
	8	
"In default" ratings	9	Pre-doubtful
	10	Doubtful
	11	Irrecoverable

Source: BMCE Bank Of Africa

The following chart shows the breakdown of loan commitments by risk category at 31 December 2018:



Source: BMCE Bank Of Africa

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

2. Interest rate risk and liquidity risk

1. Liquidity risk analysis

Monetary liabilities stood at MAD 11,504 million with an equivalent duration of 1.24 days while liquid assets totalled MAD 21,972 million.

It is also worth pointing out that Treasury bonds accounted for 93% of the Bank's fixed income assets, implying almost full liquidity. This asset category amounted to MAD 4,320 million.

2. Investment portfolio risk analysis

As far as the investment portfolio's cost of risk is concerned, impairment provisions rose by 7.5% to MAD 415 million at 31 December 2017 versus MAD 480 million at 31 December 2016.

3. Interest rate risk analysis

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

These assets are mainly financed by short-term liabilities with a duration of 1.24 days.

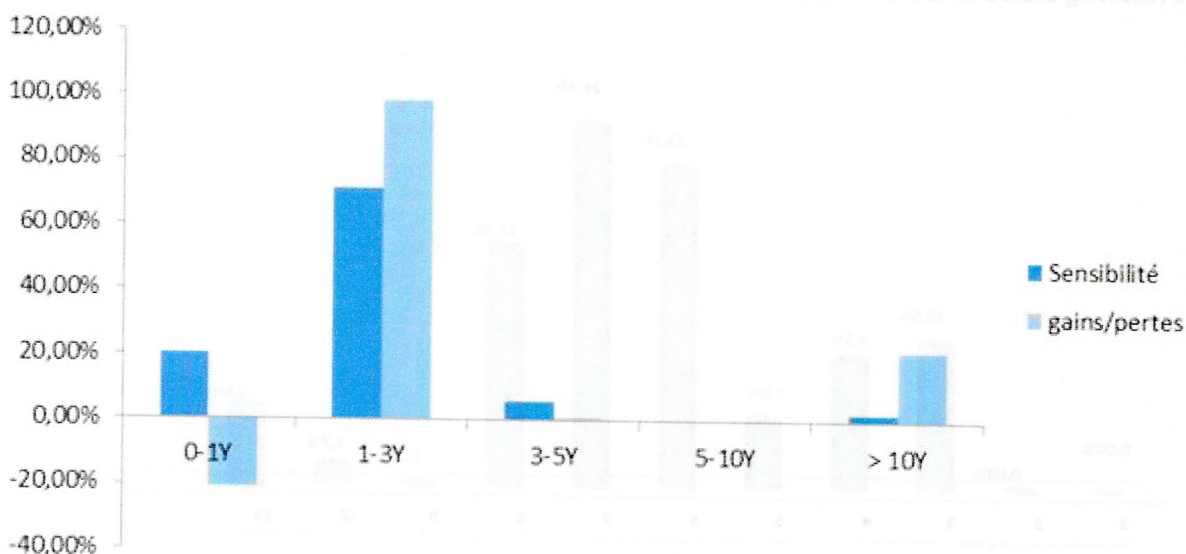
At 31 December 2018, the fixed income portfolio had an average duration of 2.31 years and an average sensitivity of 2.24 years. Its market value was MAD 4,320 million.

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

A parallel 100 bps move in interest rates would result in an average loss of MAD 99 million.

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

BMCE Bank of Africa's fixed income portfolio's sensitivity spectrum at 31 December 2018



Source: BMCE Bank Of Africa

1) Foreign exchange risk

Table 9 Foreign exchange risk by currency

Currency	Foreign currency position*	Equivalent MAD (K) value	% Shareholders' equity
EUR	137.17	1,502.35	8.57%
LYD	0.00	0.03	0.00%
SEK	5.56	5.95	0.03%
CHF	0.39	3.82	0.02%
TND	-	8.74	0.05%
CAD	1.00	7.05	0.04%
DZD	3.91	0.32	0.00%
KWD	0.51	16.01	0.09%
SAR	12.92	32.94	0.19%
AED	13.27	34.55	0.20%
JPY	63.44	5.51	0.03%
DKK	5.61	8.23	0.05%

NOK	7.37	8.12	0.05%
USD	82.03	784.66	4.48%
GBP	1.48	18.08	0.10%

Source: BMCE Bank Of Africa

(* Assets-liabilities in the same currency +/- net forward commitments +/- options delta - Data at 31/12/2018

The net balance of positions was as follows:

- For long positions: MAD 2,428 million or 13.8% of net shareholders' equity;
- For short positions: MAD 9 million or 0.05% of net shareholders' equity.

The following table shows that BMCE Bank of Africa remains with the prudential limits established by Bank Al-Maghrib which are set at 10% of shareholders' equity per foreign currency and 20% for foreign currencies as a whole.

3. Regulatory risk

Local subsidiaries as well as the Economic Intelligence Centre are constantly monitoring regulatory developments in those countries in which the Group has operations. The results are regularly shared with the Risk departments, as part of the Group risk community, so as to estimate the potential impact on subsidiaries' loan portfolios and on the Group as a whole. These factors are taken into consideration when setting exposure limits on a parent and consolidated basis.

Table 10 Capital adequacy ratio at 31 December 2018 (Basel III) on a consolidated basis

	Risk-weighted assets (MAD K)
Weighted credit risk	200 532 446
Weighted market risk	7 928 949
Weighted operational risk	23 582 527
Total risk-weighted assets	232 043 923

Source: BMCE Bank of Africa

Table 11 Minimum capital adequacy ratio

	Total (MAD K)
Tier 1 capital	22 226 234
Eligible capital	29 282 799
Total risk-weighted assets	232 043 923
Minimum capital adequacy ratio	12.6%

Source: BMCE Bank of Africa

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

This ratio was 12.6% on a consolidated basis at 31 December 2018.

The following table shows BMCE Bank of Africa Group's projected capital adequacy ratio until 30 June 2020:

Table 12 Projected minimum capital adequacy ratio

Individual	June-19	Dec-19	June-20
Tier 1 capital ratio	9.5%	12.1%	12.7%
Capital adequacy ratio	13.9%	16.4%	16.6%

Consolidated	June-19	Dec-19	June-20
Tier I capital ratio	9.6%	10.8%	11.4%
Capital adequacy ratio	12.5%	13.6%	13.9%

Source: BMCE Bank Of Africa

BMCE Bank of Africa's projected capital ratios on an individual and consolidated basis for 2018 remain above the current regulatory minimum requirements of 9.0% for the Common Equity Tier 1 ratio (CET1) and 12% for the capital adequacy ratio thanks to the Group's internal capital management policy.

It is worth noting that the financing plan has been factored in from December 2019.

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

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

The risks retained with regard to Pillar 2, for which capital requirements need to be potentially quantified, include interest rate, liquidity, customer concentration, geographical concentration, sector concentration, country, structural exchange rate, non-compliance, legal and reputational risk.

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

The Bank may decide to reduce its exposure to the most significant risks.

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

Since the methodology for calculating the risk buffer has already been determined, the current focus is on gauging capital requirements and on determining and deciding on the capital buffer to be factored into BMCE Bank of Africa's capital adequacy ratio.

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

Bank Al-Maghrib, assuming a macro-prudential supervisory role, may request that credit institutions establish a capital buffer known as a 'counter-cyclical capital buffer' on an individual and/or consolidated basis. The said buffer, ranging from 0% to 2.5% of risk-weighted risks, will be constituted from Tier 1 core capital.

Through the amendment of Circular 19G and Circular 26G which come into force in 2019, the prudential treatment of non-operating assets (AIHE) and the provisioning of watch-list relationships will be uniform across the entire banking industry. The Bank has anticipated these amendments coming into force by factoring in the effects of these regulatory changes into its financing plan (Strategic Development Plan).



4. Operational risk

In line with regulations, BMCE Bank of Africa Group defines operational risk as the risk of loss due to inadequate or failing internal procedures, systems failure or external events that are liable to impact the smooth running of the business.

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

- Identify and appraise operational risks;
- Appraise the control environment;
- Implement and monitor preventive and/or corrective measures to mitigate the major risks identified.

Operational risks or losses may be analysed and categorised on the basis of qualitative and quantitative criteria such as cause, effect (financial impact or otherwise), rating, qualification and level of control and are classified by Basel event type.

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

The Compliance-Convergence programme, which began in 2015, has seen BMCE Bank of Africa Group deploy its norms and standards across almost the entire group. The aforementioned standards have been deployed by a total of 25 out of 27 subsidiaries, thereby ensuring consistent policy implementation across the Group, non-compliance risk mitigation as well being able to correct all identified shortcomings.

The same system, which meets international standards, has been universally deployed by the Group's African subsidiaries. As far as Europe is concerned, BMCE Euroservices, the Group's payment subsidiary, remains the only subsidiary yet to deploy the system, which is scheduled for July 2019. An ongoing monitoring process has been introduced to ensure that the various policies adopted may be adapted to the regulatory changes that may arise over time.

Regarding compliance with US FATCA regulations, it is worth noting that, since early 2018, BMCE Bank has initiated a Group-wide project with the help of a world-renowned consulting firm with recognised expertise in this area. All subsidiaries which had to be certified by the end of 2018 have now been certified. Since FATCA certification takes effect from the date that an institution is registered on the US tax authorities' website ('Effective Date'), the other Group entities that are liable will have to be certified on a gradual basis prior to 2021. It should be noted that five other entities are currently undergoing certification, a process which should be complete by end-June 2019. In short, BMCE Bank Of Africa Group is fully compliant with FATCA requirements.

5. Non-operating asset risk

BMCE Bank of Africa possesses a stock of non-operating property assets that were acquired as dation-in-payment. As a result, the Bank is exposed to the risk of not being able to sell these assets or of having to dispose of them at a loss.

BMCE Bank of Africa's non-operating property portfolio was valued at MAD 5.2 billion at 31 December 2018. The sum of MAD 5.2 billion includes assets recognised under the Bank's non-operating assets as well as assets held by the Group's property subsidiaries.

6. Country risk

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

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

Despite slower growth in many countries, inflation is on the rise. There are many reasons for this such as highly volatile food prices, the withdrawal of subsidies in rentier states as well as sharp currency devaluations which have a major impact on the price of imported goods.

The response of governments to high inflation may vary from introducing exchange controls (Angola, Nigeria, Zambia) or raising key interest rates.

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

As part of its strategic development plan, BMCE Bank is studying various scenarios including bolstering and/or maintaining its presence in a number of countries and withdrawing from other countries.

II. Risk factors relating to the financial instruments on offer

Liquidity risk associated with the stock:

Subscribers in BMCE Bank of Africa shares are subject to liquidity risk on the stock market. The stock's liquidity may be momentarily affected as a function of market conditions and its offer price. A shareholder that wishes to rapidly sell his or her holding in BMCE Bank of Africa may, under certain circumstances, may see liquidity decline.

However, BMCE Bank of Africa's stock is one of the flagship listings on the Casablanca Stock Exchange and is highly liquid by comparison with all other listed stocks on the Casablanca Stock Exchange.

The number of outstanding shares constituting the free float stood at 32,325,890 shares at 31 March 2019 or 18% of BMCE Bank of Africa's share capital, ensuring an ample level of liquidity and mitigating any financial risk.

Volatility risk associated with the stock:

As BMCE Bank of Africa shares are listed on the Casablanca Stock Exchange, they are governed by the rules of supply and demand as far as its quote is concerned. Share prices are to a large extent determined by investors' expectations of future earnings. As a result, as a function of investor perceptions about a stock, the latter may experience significant fluctuations depending on a number of factors (announcements, earnings releases, prospects, development strategy, etc.). An investor may therefore see the value of the stock fall or rise on the Moroccan stock market.

The risk of investment loss

An investor-shareholder in BMCE Bank of Africa, just like any shareholder in any other company (listed or unlisted), incurs the risk of losing some or even all of the original investment. This is the inherent risk as a shareholder if the price trend were to become negative.

WARNING

The above information only partially represents the prospectus approved by the Moroccan Capital Markets Authority (AMMC) 25 June 2019 with reference No. VI/EM/017/2019.

The AMMC recommends that interested parties read the complete prospectus which is available to the general public in French.